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Case Study: CNA Insurance Deploys A Smart Combination Of PLM Processes And Technology

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EXECUTIVE SUMMARY

To support its \$10-billion property and casualty insurance business, CNA Insurance needed a way to tame its product data complexity and drive better turnaround time for new product introductions and changes. By combining foundational product life-cycle management (PLM) technology with pivotal process redesign work, this carrier is capitalizing on the benefits of lower data management costs, greater product reuse, and faster speed-to-market. How did CNA get there? By executing several best practice principles such as designing its systems for people, building the product architecture for change, and driving significant process improvement through better collaboration across the development process.

CNA'S CHALLENGE: LEVERAGE BETTER PRODUCT DATA FOR FASTER SPEED-TO-MARKET

CNA Insurance is a long-standing property and casualty insurer with more than \$10 billion in annual premium revenues. In 2005, this Chicago-based institution embarked on a comprehensive review of its product development technology and processes with the goal of addressing two persistent operating challenges:

- **A need for better management of product information.** Historically, most of CNA's enterprise product information had been embedded in lines of software code residing in myriad policy administration systems. As a result, underwriters, product managers, and other business users, rather than brokering everyday tasks through IT, commonly resorted to spreadsheets and emails to manage and collaborate on products.
- **Delays in new product introductions and changes.** With an average delivery time ranging from 54 to 140 days, CNA also suffered from a recurring inability to rapidly introduce products. Even routine product changes required significant time to define, develop, and test systems to ensure product compliance with numerous state-by-state regulations.

BEST PRACTICES: CNA BLENDS PLM TECHNOLOGY WITH PIVOTAL PROCESS REDESIGN

Starting with its specialty business division, CNA sought to solve both challenges by implementing a configurable product life-cycle management (PLM) repository and — more importantly — aligning this tool with broader improvements to the product development process itself.

Best Practice No.1: Externalize Product Data Into A Common Repository

By implementing a common, configurable product data repository, CNA sought to capitalize on this tool's potential to provide the benefits of greater product reuse and lower data management costs. However, with thousands of different products across its various lines of business — including 128 marketable products in the specialty business alone — the company faced a daunting task in replicating its myriad legacy product information in a new systems environment. CNA ensured that the implementation added business value by adhering to several best practice principles. As it worked to create its new repository, CNA:

- **Designed the repository interface for people.** Early on, CNA recognized that putting its product information into a configurator would add little value unless the business would consistently use and maintain that configurator. Although distilling complex product elements such as business rules into more-visual, user-friendly formats can be tricky, CNA succeeded in putting all its information into a referenceable “product manual” that underwriters and other business users can easily understand.
- **Built the product architecture for reuse.** After identifying all the various sources of its legacy product data (e.g., numerous policy administration systems, manual spreadsheets, etc.), CNA assigned dedicated product architects — folks with both strong business and product data savvy — to invest the upfront time to thoroughly analyze that data. The architects then constructed reusable product hierarchies with clearly defined points of configuration that could accommodate many different marketable products.¹ Once this architecture design was soundly complete, the architects acted as “governors of the product definition” to help implement and manage ongoing changes to these product hierarchies in Camilion Solutions’ ProductAuthority system.²

Best Practice No. 2: Drive More Collaboration Across The Development Process

Before implementing any technology, CNA conducted a yearlong analysis of its current product development activities in order to better understand its performance gaps as well as educate its business stakeholders on their various roles and responsibilities in the overall process. As CNA’s assistant vice president for product management explained: “We didn’t realize what it truly takes to create or change a product. People were amazed when they finally understood the role that they play in the development process.”

With this knowledge in hand, CNA leveraged several best practices to formulate and implement improved, collaborative “to-be” business processes in conjunction with its technology investments. As it moved forward with its PLM initiative, CNA made sure to:

- **Sell the business on the PLM initiative’s tangible benefits.** The product management team recognized the need to have strong buy-in on the business value of the initiative from

both senior management and business users. Therefore, when presenting the initiative to management, the team communicated its baseline measures for current product development speed to “open eyes and set the hook.” When targeting business users, the team positioned the changes in terms of individual context and visibility. According to CNA’s assistant vice president of product management, “It’s sometimes hard to get passionate about product development, but when people see what it means to them and how a better process can really help, it gets better.”

- **First implement the process, and then automate with systems.** Only after the education and to-be process improvements were in place did CNA seek to automate its development activities through system-driven workflows. The result? Users have a clearer understanding of their role in the process, use workflows as a way to escape the ambiguity of “the email world,” and have better visibility into the overall process.
- **Avoid sacrificing quality for speed.** Speed matters, but CNA recognized that companies that focus on it disproportionately may lose sight of the overall goal:

“If I hit my launch date but then have to go back and rework the product, I have essentially blown my speed-to-market. Using the workflows, having people understand the product, and having the product well defined, well configured, and well tested — that is all part of quality-to-market.” (Assistant vice president for product management, CNA)³

NEXT STEPS: CNA PLANS TO BUILD ON GAINS THROUGH MORE DOWNSTREAM INTEGRATION

Although the company has already seen significant benefits from its PLM initiative, CNA understands that a large opportunity still exists in integrating its product repository to downstream policy administration systems — a move that will avoid unnecessary handoffs to IT and put business users directly in charge of product information. Although the work depends on an ongoing, parallel initiative to rationalize disparate policy administrative systems, CNA expects the full solution to cut its delivery time from the current range of 54 to 140 days to a period closer to 15 to 60 days.⁴

ENDNOTES

- ¹ In CNA’s business context, a product hierarchy is composed of component structures (e.g., rate tables or common statistics calculations, business rules logic, customer questionnaires, other forms, etc.), component values (e.g., information to be preloaded in each of these structures), and logic for when to load or not load each component into a reusable product model.
- ² “Design for people” and “build for change” are key principles of the broader emergence of Dynamic Business Applications among enterprise apps. See the September 24, 2007, “[The Dynamic Business Applications Imperative](#)” report.

- ³ See “Faster, Better Cheaper: Successful product development efforts are based on more than an ability to deliver quickly. They also support efficient, quality-focused and transparent processes,” *Insurance and Technology*, October 2008 (www.insurancetech.com).
- ⁴ “Coordinate with the product repository road map” is also a recognized best practice. See the April 10 2009, “Best Practices: Forrester’s Best Practices Framework For Adopting PLM In Services Organizations” report.