# 'BEST PRACTICE'?
# *THEN WHY DO IT PROJECTS REPEATEDLY FAIL?*

A White Paper from VIP Software

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With the ever-changing insurance market, insurance leaders understand the need to modernize their technology by leveraging more modern platforms. They also understand that emerging technologies have added significant complexity requiring multiple parties, multiple systems integrations and various regulatory requirements.  The industry has come a long way in adopting good project management procedures to modernize legacy systems, and build new platforms and systems.  Some have even adopted the concept of project management offices to formalize procedures into a repeatable format within their organizations.  Project managers from both internal and vendor organizations boast about their adherence to 'best practice' in project development and product delivery.  The buzz phrase, 'best practice' has become a standard not only in the insurance industry, but in all industries.  So, what exactly does it mean to follow 'best practice'?  And, if project managers are onboard with 'best practice' techniques in the delivery of projects, then why are critical projects still failing and causing significant losses, often widespread in the industry?

Let's first define 'best practice' in project management.  Simply defined, these are techniques or methodologies based on research and numbers of successful projects that have resulted in delivered systems that exceed expectations.  According to the American Productivity and Quality Center, the three main barriers to adoption of 'best practice' techniques are: a lack of knowledge by project teams of current and proposed business processes; limited desire to make necessary changes to adopt the methodology; and unskilled technology resources working on delivering projects.  Let's define these barriers:

*Lack of knowledge of business processes:* Project teams are reluctant to take the time to document the current processes, both automated and manual.  The question is: how you can determine future processes and if you are not familiar with how current processes work?

*Limited desire to make necessary changes*: Insurers who do not embrace the changes in the industry and who insist on doing things the way they have always done them -- especially in working with technology teams -- often times cause their own failures.  Change is, as they say, inevitable.  How an insurer adopts the changes in methodology says a great deal about their views on technology and their definition of 'best practice.'

*Unskilled technology resources:* New technologies require IT professionals to keep pace with developments in the industry.  Gone are the days when an IT development team knows only its area of expertise.  Modern technology requires broader, skill-based developers who are experienced in integrating applications to different delivery platforms and who understand, at minimum, how the software fits into the environment.

Taking this a step further, even if all of these barriers have been overcome and project teams have adhered to best practices, they still seem to miss the mark in delivering products and platforms that meet expected results.  In other words, ***there are still a significant number of projects that fail.***

IT leaders explain that overcoming the main barriers and adhering to 'best practice' techniques sometimes are just not enough.  In analyzing failed projects, PMI Institute provided a white paper on the topic of quality of project delivery. Within the study, key adopters discussed three key factors they found in failed projects: scope issues, quality of developed products and continuous performance measurements.

*Scope issues:* The insurance industry, in a push to catch up to advances in technology and gain a competitive edge quickly, chooses to define the entire scope of large systems in the initial delivery of a project.  Technology vendors take on engagements and often times neglect to spend sufficient time in the up-front planning and requirements-gathering phases of projects.  The primary reasons given for this lack of time commitment are aggressive schedules to complete the work and an effort to minimize cost for the client.  The result is a lack of understanding of detailed requirements from a business perspective.  Even though the technology meets 'best practice' in system development, it fails in satisfying the ***speed, scalability and performance*** the client needs to meet the demands of the ever-changing insurance industry.  Many times, encompassing all of the system at once leads to significant delays, missed deadlines, inefficient processes and poor performing systems.

Vendors who encourage and adopt solutions offering small, repeatable processes and using a more agile approach to delivering value to the market are paving the way to successful outcomes, with pleased customers.  Results are demonstrated by the speed at which insurers can offer their policy holders and agents convenient applications in newer technologies that are delivered on multiple platforms, such as laptops, tablets and even mobile devices.  The ability to incrementally add applications on an as-needed basis is then easier with good planning and best practice throughout the process.  ***VIP Software*** provides applications that have surpassed client expectations each time, with its white-glove approach to delivery and in-depth understanding of the insurance industry – a critical component to success.  Products from VIP Software ***deliver speed, productivity and significant value to property and casualty companies*** that are working diligently to modernize the way they analyze their data and interact with agents, vendors and consumers.

*Quality of developed products:* Failed projects often times point directly to the quality of the products developed.  Poor quality of the product is frequently a result of the project team's unclear understanding of the needs of the organization.  Business analysts who generally have the responsibility to provide process flows of current and future state of an application may not be insurance savvy.

They will provide good form and best practice in documentation, but either define requirements in a vacuum, not understanding the full picture, or they lack clarity in how to improve current processes related to the main focus for insurers, i.e. claims, underwriting, regulatory, etc. The result is poor quality in product delivery that does not satisfy the client's needs. *VIP Software* has industry experts with experience in both technology and in property and casualty insurance. Products such as *Bill Audit Pro* enable carriers to scale their claims departments to handle increased claims volume, by modernizing the way insurers collaborate with third parties through automated invoicing, detailed reporting and real-time correspondence to resolve claims quickly.

It is evident that solutions must deliver real value to the insurer with improvements in ease of use of existing processes. Without such improvements, products delivered will merely put a band aid on the current situation, not allowing the organization to leap forward competitively.

*Performance measurements:* Failed project delivery is a result of a lack of continuous monitoring of progress to catch defects and issues within the delivery life cycle. Proven is the fact that without measuring performance of project teams and their progress, projects fail a significant number of times. Project management requires constant telescoping of people, timelines and budget. Proper project management techniques and tools are a necessity, not a luxury, and they must be appropriate for newer delivery techniques. Ensuring the organization or the vendor has access to today's tools to monitor progress is essential to the health of any project.

Along with proper measurement, there must be honest, open dialogue from all involved. Without input from users, project team members, vendors, etc., improper processes, lack of understanding of requirements and issues may not be uncovered. Vendors engaged in project and product delivery assume that projects are on track and running smoothly if they have no feedback from the organization. Honest and frequent collaboration is key, but sometimes project managers are not up to speed in use of good tracking tools and lack the ability to ask the right questions of their clients.

*VIP Software* has online tools for capturing and storing documents, monitoring progress and collaborating across all affected areas, not only for project management, but for all insurance departments. *InsureBridge* is a collaborative tool provided to property and casualty insurers that has significantly improved the timeliness and accuracy of documentation and collaboration. Most valuably, the product reinforces the importance of sharing content securely, both internally and with third-party contributors.

Project managers in today's ever-changing business world must keep pace and focus on the barriers and shortcomings of failed projects to learn and understand how to overcome them in product and project delivery.  It's no longer enough to follow IT industry 'best practice'.  What's needed now is to understand the insurance industry, governmental regulations and how to bring speed, scalability and performance along with more agile, modernized technology and tools to meet the demands of insurers and their partners.

*VIP Software* is an industry leader in property and casualty insurance technology that works with carriers to ensure alignment between the technology roadmap and the business objectives. To learn more visit www.vipsoftware.com.

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