

# THE PROBLEM WITH MINIMUM VIABLE PRODUCTS

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Agile methodologies unwittingly encourage quitting behaviors with 'Minimum Viable Product' approaches to get live quickly with a solution. *MVPs are appealing as insurers benefit from early feedback, lessons learned and accrue benefits early in the project.* However, to be truly digital, there needs to be a final 'target' state vision of which incremental MVPs are pieces.

In the quest to achieve this goal, many insurers end up implementing 'band-aid' solutions: solutions resolving an immediate pain point but never revisited, optimized, or fully leveraged. MVPs in production becomes the final goal instead of incremental progress.

Examples of industry 'Band-aids:'

## 1) Electronic Documents

Implementing e-documents grants both clients and advisors the ability to view policy documents online and comes with potentially large cost savings:

- *Reducing multipage document printing – the 2018 IIABA Agency Universe Study ('AUS') indicates that 38 percent of brokers have seen significant cost savings by using electronic documents and that 44 percent of insured as just as likely to accept e-documents as paper*
- *Reducing collation services*
- *Saving courier charges*
- *Reducing privacy breach or data loss by transmitting policy images securely by electronic means – the AUS indicates that over one-quarter of all brokers polled rank, ensuring confidential data transmission is a 'top 5' tech challenge*
- *Promoting self-service reduces call center and technical support traffic*

Could we go further? Why do many carriers stop here?

Similar business cases exist for implementing other e-documents: claim notices, billing statements policy wordings, etc. Once insurers implement one kind of e-document, they can drive further benefits by applying an enterprise-wide view to determine where else can they use the same resources and knowledge to implement similar capabilities.

Business cases become difficult for these documents due to their lower frequency. However, **it is no longer a one-time fix**. It is a robust solution optimized across a variety of processes creating implementation efficiency and process consistency. With each additional document type, the cost of implementing goes down with improved knowledge and processes.

## 2) Insurance Portals

Rating Aggregator solutions allow advisors, on behalf of clients, to access accurate quote comparisons across multiple products, offerings and carriers.

Rating workflows are implemented 'headless' – meaning no user interfaces. Rates are 'retrieved and rendered' in the advisors' management or aggregator site. We have, (and have had for some time) the skills and tools to provide "SEMCI" – single-entry multi-carrier interfaces – on rate requests and responses.

Why then do carriers still build advisor portals if the industry has the infrastructure and capability to implement headless transactions directly to and from advisor systems?

Again, we are not applying an ‘enterprise-wide’ view by identifying the skills we built to deliver headless transactions and optimal advisor experiences.<sup>1</sup> We never adopted what we learned to other processes, or re-assessed the initial decision to implement the portals.<sup>2</sup> Imagine the process savings if all transactions could be seamless to advisors – reducing training costs, eliminating errors, providing real-time client experiences and reduced support costs for carriers.

### 3) Third-Party Data

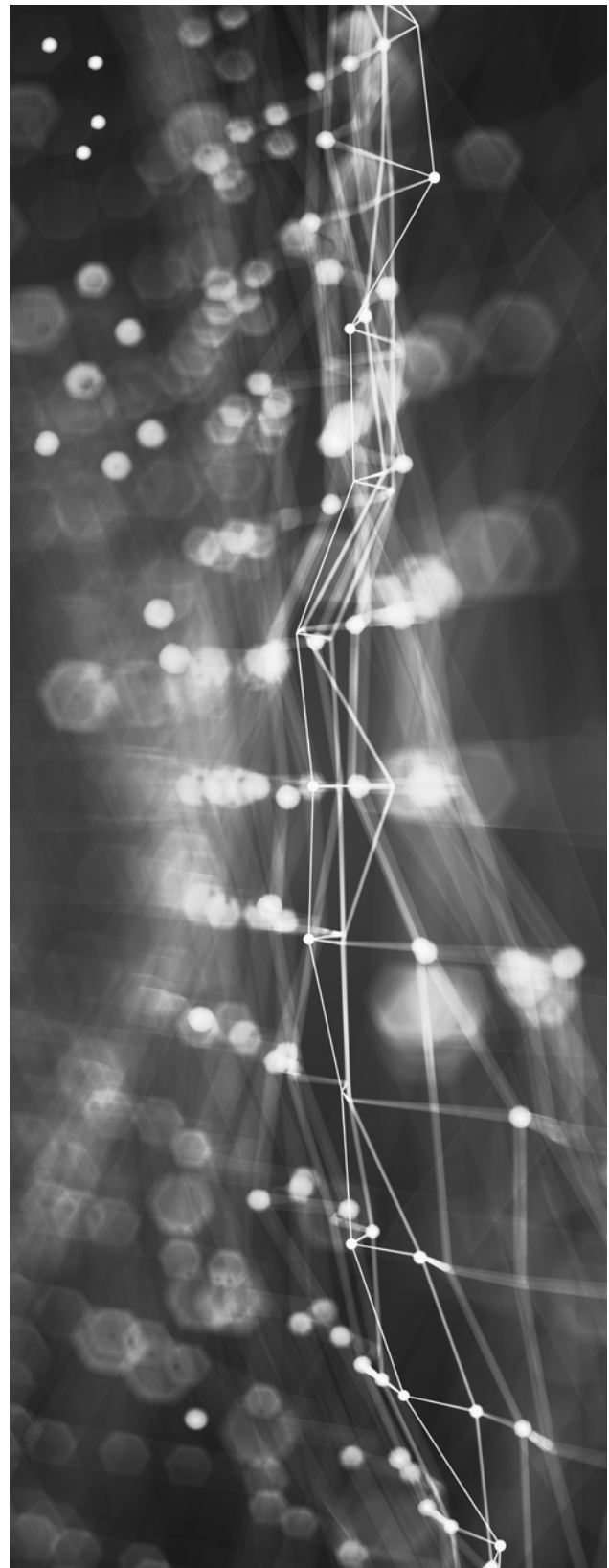
Third-party systems provide valuable information that insurers cannot directly collect, i.e. property hazard assessments – flood, credit estimates, property assessment estimates, roofing details and rental income projection for entire neighborhoods. *Insurance actuaries build comprehensive predictive analytics rating systems, claims solutions and catastrophe models from past experiences layered with detailed third-party data.*

Insurance companies often utilize the core data and rating models but ignore integrated solutions, options, and data points throughout the process, instead relying on client data. Why not optimize the experience by leveraging as many data points and interactions as possible? Even with errors in the data, asking the client about the age of their neighborhood sewer system or condo’s electrical service is not guaranteed to be accurate either.

To fully utilize the data, why not explore alternate uses such as marketing?

Consider offering informed next-best-action recommendations. Insurers can make inferences about the customer and supplement with strategic questions to gather information. By combining the data and analyzing the risk profile, we can find the perfect product, coverage, deductible for the client’s needs accurately rated. **Every interaction should be an opportunity to optimize value for the customer and the business.**

Fully utilizing additional third-party solutions in phases such as prospecting, sales, quoting, rating and renewing will be worth the incremental cost, as the system and knowledge are already in place to utilize it.



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1. [The Digital Dilemma](#)

2. [A New Evolution of Insurance User Experiences](#)

So why do we move-on after implementing band-aid solutions?

### **The Case for Band-aids**

Band-aids and MVPs get solutions to market quickly, providing users with elevated experiences in fast and affordable ways. MVPs test if the solution will be well-received by broader audiences. Gathering feedback from the initial solution before a larger, more robust long-term solution is developed reduces the risk of low engagement. Leadership can take opportunities to understand missing links and adjust the target state vision.

Additionally, demonstrating continuous improvement can boost the reputation of an insurer in the eyes of its stakeholders and customers. By staying ahead of the technology curve compared to others in the market, insurers ultimately make a positive impact on their brand.

Despite these counterarguments, long-term vision and an enterprise-wide approach should take priority over short-term fixes and band-aid temptations. The final state vision encourages the progress towards the overall optimal state, managing the incremental steps with occasional urgent detours, versus moving from fire to fire.

### **Leading Practices**

Moving beyond band-aids and MVPs to achieve goals of long-term growth and sustainability requires the insurer to:

- Design clear target visions anticipating the needs of users
- Generate improved returns on investments by implementing MVPs, iterating and improving the processes and rolling out additional benefits

- Leverage existing base infrastructure wherever possible
- Explore for opportunities to layer additional functionality and future options when selecting new infrastructure, platforms or core systems
- Reduce cost to implement by re-using the knowledge and team reducing training time, implementation learning curves and change management efforts
- Improve adoption rates by providing additional features and functional improvements to engage users regularly

Leading insurers deliver intelligent operations by providing intuitive user experiences and simplified processes, driving optimal returns. They do this by efficiently leveraging all their resources, including systems, people and processes and driving metrics such as reducing cost to implement, optimizing return on investment and increasing adoption rates. MVPs and Band-aids are tools in a wider package of long-term objectives and digital strategy.

Truly outstanding insurers plan their vision, the path to achieve their goals and focus on execution excellence.

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