Innovate while maintaining process excellence – is this possible?

Case study of an agile transformation roadmap

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Market Unit CH - Individual Life
04.04.2013
Swiss Life Switzerland

§ Swiss Life is one of Switzerland's leading providers of life and pensions and financial solutions

§ Fourth largest institutional asset manager in Switzerland.

§ Market share 27% (individual & group)

§ An important real estate owner in Switzerland.

§ Swiss Life has around 2300 employees and 570 financial advisors in its Swiss Market division.
One million private clients (policy holder) and 38 000 corporate clients (group life)
Swiss Life: Comprehensive offering

- Financial protection in the event of disability or death - Life insurance (unit-linked and traditional)
- Mortgages
- Fund savings and fund investments
- Property and asset protection
- Income protection
- Retirement provisions
- Wealth accumulation
- Residential property: buying, selling and renovating
- Pension planning
Our life insurance market is shrinking

Vision - Future
...to comprehensive financial solution provider

Emotional Level

Transform

Caramba
Vorsorge eröffnen.

Growth through Extension of the Business Model und Customer Orientation

Today
From monoliner «Pure Life Insurance»...
Growth through following options…

- Optimizing current Business Model
- Extention of the value chain
- Extention product-offerings
- New markets
- Financial Security

Value-Chain

<table>
<thead>
<tr>
<th>Sales</th>
<th>Customer Product &amp; Service management</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other (Non-Financial)</td>
<td>Property Market</td>
<td>Life Insurance</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>Savings, Credit-and Asset-Mgmt</td>
<td>None-Life (P+C)</td>
</tr>
</tbody>
</table>

Services & Products
Delivering “Life Insurance Products” with predictive and very reliable waterfall process.

- Strongly process orientated
- 3-4 new products
- 6 Releases per year
- Consolidated, standardized technology
- High automation level

Very predictive and reliable process in terms of timeline and resources

Low risk and high security

Very high quality standard

Clear skills & behaviour in the development process
The challenge before us...

Keep Status Quo!

Challenge: Innovate!

Agile & Scrum?
Agenda – Agile Transformation Roadmap

Swiss Life
Initial-Position & Business Driver

Scrum – Incubation

Large scale agile

Integration in Line-Organisation

2011 2012 2013
Kickstart agile transformation: innovation with Scrum?

PoC Scrum:
• Process and IT & Business Innovation
• Time2Market: PoC 6-7 Weeks
• 2 Teams:

End Customer (Policy Holder)

Partner APP (Broker)

• External Scrum Coach
PoC with Scrum successful

<table>
<thead>
<tr>
<th>Process innovation</th>
<th>Introduction of Scrum</th>
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</thead>
<tbody>
<tr>
<td>Business innovation</td>
<td>multi-access, mobile: anywhere, anytime</td>
</tr>
<tr>
<td>IT - Innovation</td>
<td>Expose services to Customer, iOS</td>
</tr>
<tr>
<td>Time2Market</td>
<td>Delivery in 7 weeks</td>
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</table>

- External Scrum Coach
**Do's & Don'ts introduction of Scrum**

**Experiences from the *Proof of Concepts***

### Do's

- Strong Top-Level management support
- Role specific training and ongoing coaching
- Focus on 1 project / 1 product / 1 role
- Collocation of PO, SM & Team
- Direct end customer and user involvement

### Don'ts

- Start too quickly (minimal setup)
- Multiple product-owner per team
- < 100% availability of product owner
- NOT adhering to scrum-process
- Too high expectation

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Top-Management support and clear allocation of the team

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Lessons learned
Agenda – Agile Transformation Roadmap

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2011 2012 2013
Caramba – large scale agile program setup

4 C = Communication | Collaboration | Contact Center | CRM

Headcount: 60+
6 Scrum-Teams
Power of a good vision

Visions:

1. **Product vision** for alignment of the team-member
2. **Overall business vision** on program-level for alignment of teams
3. **IT-Vision**: alignment of technology roadmap

Don’t underestimate the power of a good vision! Invest in upfront high-level target architecture!
Business vision and big-picture

- Wahrnehmen
- Informieren
- Kontaktieren
- Vertrauen
- Eröffnen
- Entwickeln
- Begeistern

Inbound
Outbound

Customer Journeys and Touch-points
Multi-Access-Organisation
New leading process: Market approach

<table>
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<th>Marketing</th>
<th>Beratung und Verkauf</th>
<th>Betreuung</th>
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<td>Kunden-segmentierung</td>
<td>Verkaufsförderung</td>
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Kundenhistorie
Messung und Steuerung
## Aligment of teams

### Leading Process

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### Messen und Steuerung

- **Up-Selling**
- **Cross-Selling**
- **Experimente**
- **Betreuungs-Konzept**
- **PKP**
- **3a Attacker**
- **Fonds-Tracker**

- **CLM**
- **Internet Segment**
- **Sales- und Betreuungs-Prozess**
- **Direkt Verkauf**
- **Erschliessung Touchpoints**
- **Experten**
- **Betreuung**
- **Self-Service**
- **Alerts**

### Contribution of the projects to the big-picture
IT-Vision: alignment of technology

High level Target Architecture
Still valid after 18 months
The program delivers...
Despite successful delivery of products - new challenges

• Rising conflict between Line- and Program-Organisation
  • Acceptance problems
  • Program perceived as “2nd World”
  • Conflicting objectives, misunderstanding

• Issues with transition of delivered products into line organisation (Business & IT)
  • Business: Low adoption of the delivered products into daily business- and operation-model
  • Low effect on top and bottom line

We are too fast!
For real transformation - we have to increase traction with line organisation
Swiss Life

Initial Position & Business Driver

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Large scale agile

Integration in Line-Organisation

2011 2012 2013
Common model for mutual understanding – product lifecycle framework

1) Wichtig: Der Markt entwickelt das Angebot von Invent nach Deploy

Business Sicht

- **Develop new Business Opportunities**
- **Verification of ideas**
- **Experiment and learn**
- **Quick and easy**

Deploy

- **Opportunity is successful**
- **Increased business criticality**
- **Pressure to optimize and manage (Business und IT)**

Manage

- **Standardize**
- **Managed risks and processes**
- **Low unit costs (Cash-Cow)**

Offload

- **Low differentiation**
- **Declining profitability**
- **Sourcing**
- **EOL**

Impact on

1. **Operating-Modell**
2. **People und Skills**
3. **Finance**
4. **Steering**

$\rightarrow$

Differentiation

Risk

BS

Emerging Business

Mature Business

Deploy

Manage

Invent

Offload

1) Wichtig: Der Markt entwickelt das Angebot von Invent nach Deploy

2) Business Sicht
Beside status quo – establish new «disruptiv» approach

«Evolution» AND «Disruptiv»

**Maintain status quo «evolution»**
- Established and successful
  - High trust and security
  - Low risk
  - High process-maturity and automation

**Establish new „disruptiv“ approach**
- Learning and agile
  - Time2Market and moving target
  - Experiment and learn
  - Close collaboration with business and end-customer

Operating Model with two approaches
### Positioning of products in model (extract)

#### Example: CRM:
- 700 productive User
- Mission critical for «Sales Process»
- Scrum-Team with operational responsibility
- On-going Innovation in Caramba

#### Example: Chat
- Pilot Phase: 5 Agents in Service Centre
- 40 Chats / Week

<table>
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<th>BS²</th>
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<td></td>
<td>Deploy</td>
<td>Manage</td>
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<td>v+ : SL CRM</td>
<td>DOC : Ablösung STM</td>
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<td>DOC : Neue Produkte Weiterentwicklungen</td>
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**Risk**

- Differentiation
Deploy – the most interesting and challenging
Here is the transformation happening!

Active Transformation in Intersection

- Requirements from both worlds (line & program)
- On-going Innovation but business critical and productive
- High dependencies with regular release cycle

Introduction of an Release Train with Feature Portfolio Management
**Release train with CRM-Product**

- **STC Caramba**
- **Business Stakeholder**
  - AD
  - MC
  - CLM
  - P

- **Release Train Board**
  - Realease Train 4C
  - CRM

- **Delivery Team CRM**
  - Backlog-Team

- **Delivery Team X**

**Requirements:** Epic and Feature
**Acceptance, Rollout / Training**
**Ensure effect on business process**
**Value Driven Priorities**
**Manage dependencies**
**Ensure coherent Business- and IT-Architecture**

**Strategy and budget**

**Implement in Sprints:**
- Team Backlog
- Release und Rollout
Lessons learned – 3 months release train

- Bring the work to the team, not the team to the work
  - Feature Entry criteria (e.g. “ready to groom” & “ready to sprint”)
- Standardize epics and features to uncover redundancies
  enable process harmonization
  - Ensure common understanding on common terms
    (e.g. Information object model and / or dictionary)
  - Use an stable framework as structuring element
    (e.g. process steps, domain model)
- Visualize the epic and feature portfolio

- Use «Strict Order» not «Priority» per stakeholder!
- Only focus on “Order 1..5” - prioritize based on vision

“Agile” requires a much higher discipline - and immediately shows the forming problems!
Any further questions?

Was it worth it? – Yes
Would you do it again? – Yes

But it’s still a long and dirty way to go!
Further crosslink products and integrate with processes of daily business