



Developing a Successful Product

Southeast Actuaries Conference

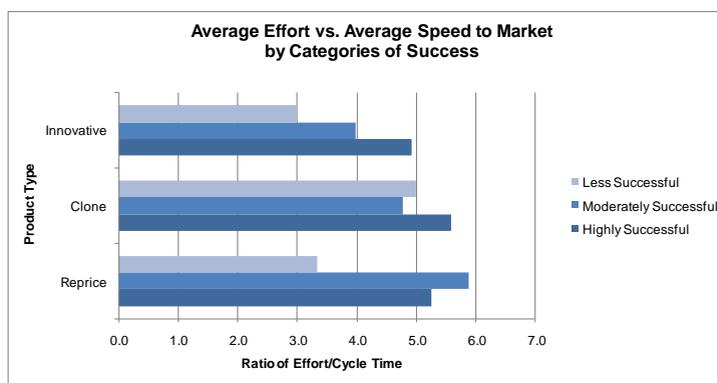
Fall Meeting

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Speed to market is generally not a predictor of product success



So what tools contribute to product success?

Tools contributing to product success

- Research & Development
- Business Case
- Process Flow
- Project Plan
- Post-Project Team Survey
- Post-Launch Scorecard

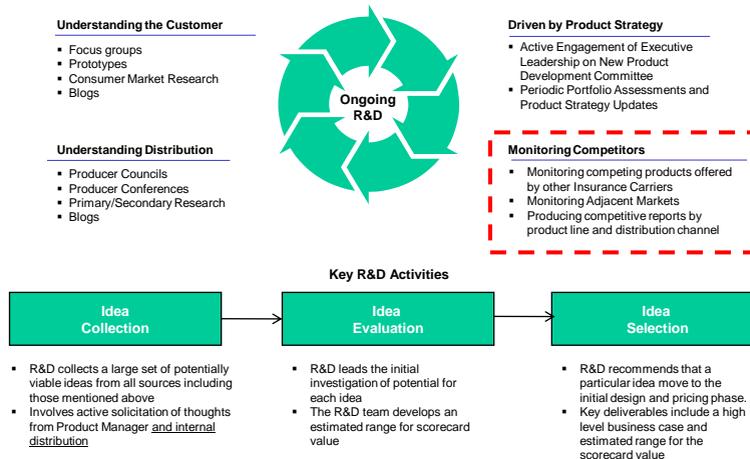
Research & Development

R&D is essential to a constant flow of ideas

Lessons learned from successful companies

- Perform primary and secondary research on distribution
- Even for companies that use third-party distribution perform primary and secondary research on the customer
- Have a disciplined approach to tracking competitors' products, capabilities, and plans
- Have a rigorous process for scoring and prioritizing ideas

Elements of successful R&D



Business Case

Build an effective business case

1. External Market Analysis

Market Structure	▪ Conduct a Market Opportunity Assessment
Competitive Environment	▪ Develop competitor profiles
Environmental Scan	▪ Identify and analyze emerging issues
Customer Needs Analysis	▪ Conduct a customer needs assessment
Distribution Channel Analysis	▪ Suitability, cost-benefit and risk by distribution channel

2. Internal Analysis

Strategic Focus	▪ Assess fit with business strategies
Desirability Analysis	▪ Assess risk characteristics
Product Features	▪ Summarize features
Distribution Requirements	▪ Describe channel selections
Capability Requirements	▪ Summarize capabilities and needed investments

Build an effective business case

3. Strategic Risk Assessment

Fit in Product Portfolio

- Conduct a Market Opportunity Assessment

4. Economic Model

Profitability

- Determine revenue and expenses

5. Implementation Strategy

Approach

- Outline implementation needs and post-implementation monitoring

Build an effective business case

Lessons learned from successful companies

- Have a clearly articulated, broadly understood and accepted product strategy
- Have the discipline to make sure that an idea fits the strategy
- Demonstrate a disciplined examination of ideas, with active involvement of executive leadership with a clearly defined process
- Involve the distribution channel
- Leverage the insights provided by all key stakeholders, including operations and systems, during the development of the business case

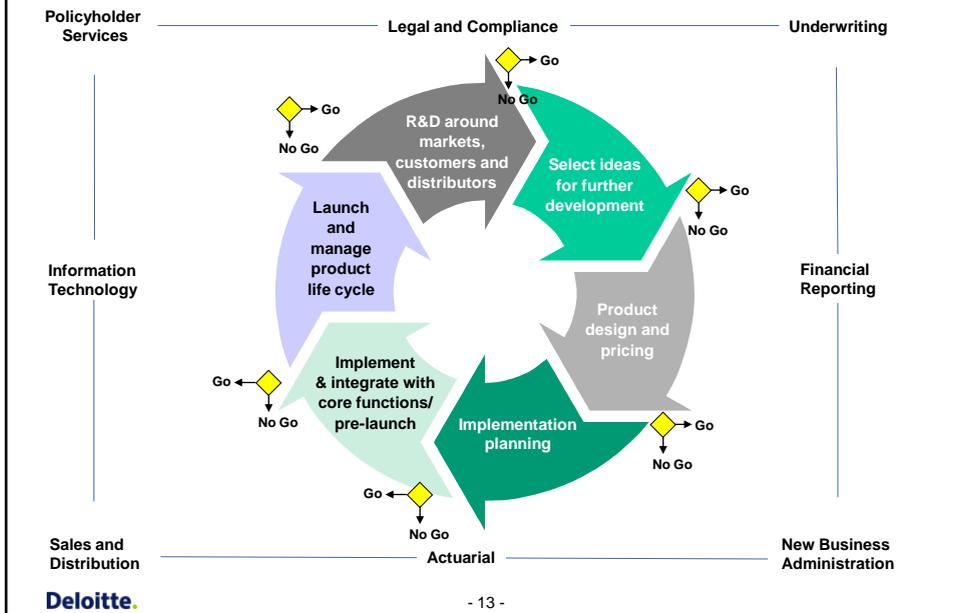
Process Flow

Process Flow

Lessons learned from successful companies

- Have a well documented, repeatable process that includes all those involved in the total end-to-end process
- Introduce products on a regular cycle as opposed to on an ad-hoc basis
- Build and sustain producer commitment to the new product, from research through launch
- Focus on establishing a reputation with producers for delivering quality, error free products on time rather than a focus on speed to market

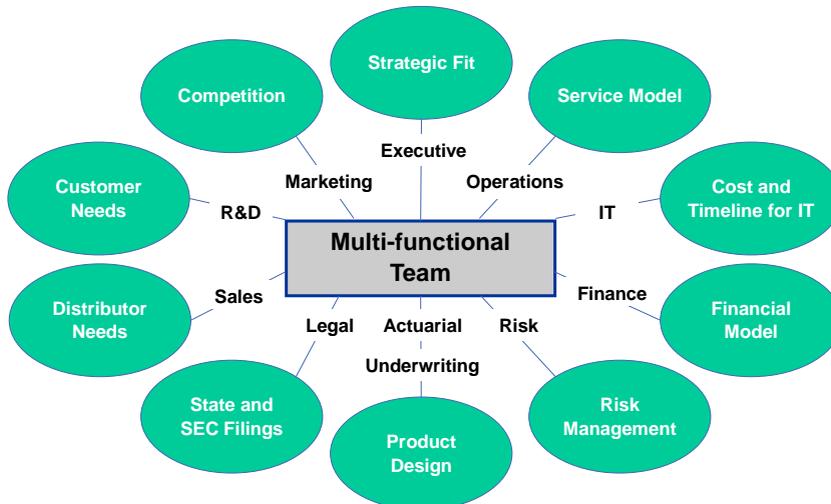
Integrate and collaborate across functions



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Invite the right parties to the table at the beginning

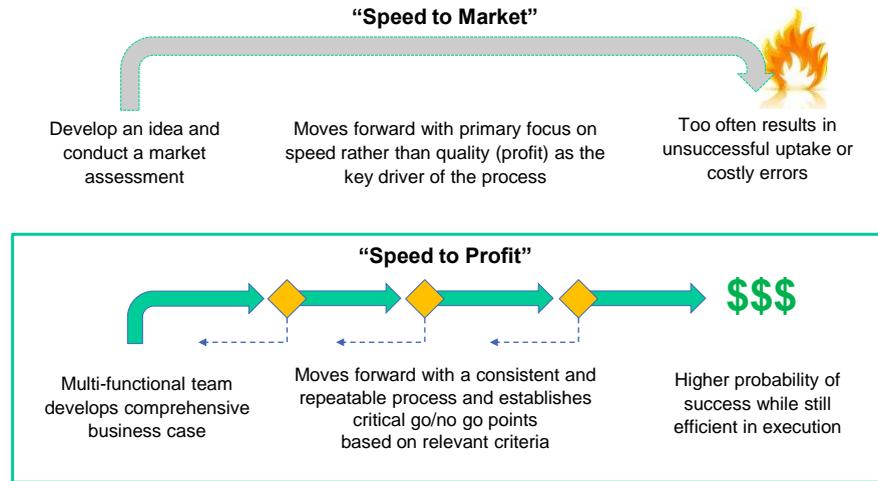
Bringing a product to market is a multi-functional endeavor. How can products go to market today without understanding...



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Establish key decision points from beginning to end

Establish key decision points as the fact base develops



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Project Plan

Project Plan

Lessons learned from successful companies

- For each task put the accountable party (name names)
- Include dependencies
- Build in time for the actuarial models, which will depend upon new to industry (innovative), new to company, revision
- Include deliverables for each phase
- Have a disciplined approach during implementation

Project Plan

ILLUSTRATIVE

Task Name	Duration	Start	Finish	Predecessors	3rd Quarter			4th Quarter			1st Quarter		
					Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Phase 1: Stream Kick-Off, Requirements and Design													
Deloitte to develop and deliver the Scoring Engine Requirement Questionnaire	5 days	Mon 8/2/10	Fri 8/6/10	4									
Discussions regarding Scoring Engine Requirements Questionnaire	2 days	Mon 8/9/10	Tue 8/10/10	44									
Deloitte to develop and deliver Technical and Functional Requirements Document for all LOB	6 days	Wed 8/11/10	Wed 8/18/10	45									
Client to review and approve Technical and Functional Requirements Document for all LOB	10 days	Thu 8/19/10	Wed 8/11/10	46									
On-Site Design Working Sessions													
Discuss and document of data extraction and load process from Client host systems	2 days	Thu 8/19/10	Fri 8/20/10	48									
Discuss database design	2 days	Thu 8/19/10	Fri 8/20/10	48									
Discuss and document high-level Class Diagram documenting the Scoring Engine architecture	2 days	Thu 8/19/10	Fri 8/20/10	48									
Deloitte to develop and deliver Draft Master Design Document	5 days	Mon 8/23/10	Fri 8/27/10	48									
Client to review and approve Draft Master Design Document	10 days	Mon 8/30/10	Fri 9/10/10	52									
Deloitte to develop and deliver Quality Assurance (QA) and Quality Control (QC) Test Plan	10 days	Mon 8/23/10	Fri 9/3/10	48									
Client to review and provide feedback regarding QA/QC Test Plan	10 days	Mon 8/30/10	Fri 9/17/10	54									
Phase 2: Scoring Engine Development													
Client to finalize External Data contracts as necessary based on Data Specs	4 wks	Fri 10/9/10	Thu 10/7/10	4FS-4 wks									
Finalize data transfer process and data structure for Experian production data	1 wk	Fri 10/8/10	Thu 10/14/10	57									
Create Scoring Engine Reference Database	1 wk	Mon 9/6/10	Fri 9/10/10	53FF									
Create Summary Data Tables	10 days	Mon 9/13/10	Fri 9/24/10	53									
Deloitte to develop and deliver Pseudo Code for Data Aggregation and Model Variable Creation	10 days	Mon 10/11/10	Fri 10/22/10	52, 59FF									
Develop Renewal Business Scoring Engine													
Renewal Business Scoring Engine Database Components													
Develop Additional Tables, Packages, Functions, and Views to Load and Store External Data Sources for Renewal Business	3 days	Mon 10/25/10	Wed 10/27/10	61, 58									
Develop Renewal Business Model Variables	4 days	Thu 10/28/10	Tue 11/2/10	64									
Develop Renewal Business Stored Procedures	4 days	Mon 10/25/10	Thu 10/28/10	61									
Reason Message Calculations	4 days	Wed 11/17/10	Mon 11/22/10	161									
Load Renewal Business Scoring Engine to Client IT network for further testing	2 days	Tue 11/23/10	Wed 11/24/10	67									
Develop New Business Scoring Engine													
New Business Scoring Engine Database Components													
Reason Message Calculations	4 days	Wed 11/17/10	Mon 11/22/10	161									
Develop Code to Produce and Store Reason Codes	3 days	Wed 11/17/10	Fri 11/19/10	161									
Load New Business Scoring Engine to Client IT network for further testing	2 days	Mon 11/22/10	Tue 11/23/10	75									

Post-Project Team Survey

Post-Project Team Survey

Lessons learned from successful companies

- Perform a Post-Project Team Survey
- The survey should focus on the process as much as the Product Manager
- Meet to discuss the survey results and discuss lessons learned

Post-Project Team Survey

The Product Development Team would like to gather your feedback on how effectively we have met your needs and to help us understand how effective these projects were as we move into the next initiative.

Please complete the survey by emailing or sending it interoffice to Jane Doe by month dd, yyyy. Your survey and comments will remain anonymous; please be open and honest. Thank you!

Team Name _____

Project Manager Assessment		Rarely	Seldom	Occasionally	Often	Consistently
1	The project manager communicated expectations of the team as a whole and for individual team					
2	The project manager was knowledgeable about the subject matter and the business.					
3	The project manager offered support and encouragement to team members.					
4	The project manager fostered an open environment for discussion. (ideas welcomed and acknowledged, equality within the group, equal floor time).					
5	Updated documentation (meeting agendas/minutes, project plan, process flows) was provided in a timely manner for all team members.					
6	The project manager contributed to the success in meeting milestone dates and the overall launch date.					

Additional comments on project manager: _____

Team Performance		Rarely	Seldom	Occasionally	Often	Consistently
1	Team members exhibited a common understanding of our goals.					
2	Team members were actively committed to achieving our goals.					
3	The goals of individuals supported the goals of the team.					

Post-Project Team Survey (cont.)

Team Performance		Rarely	Seldom	Occasionally	Often	Consistently
4	Roles in this team were clearly defined and understood.					
5	People with different roles worked collaboratively.					
6	If there is a conflict in regard to roles, it was discussed and resolved.					
7	Team meetings were highly-productive.					
8	In meetings, we followed the agenda and managed our time well.					
9	Discussions in meetings supported our objectives and stayed on track.					
10	When I had something to contribute, team members really listened to me.					
11	There was an appropriate balance of participation in team discussions.					
12	We used active listening (paraphrasing/summarizing) to increase communication effectiveness.					
13	We were effective at making decisions.					
14	We involved the right people when making decisions.					
15	When striving for consensus, differences of opinion were encouraged and explored.					
16	We used a structural approach to solving problems.					
17	When conflicts arose, all opinions were heard and given consideration.					
18	Conflicts were task related rather than interpersonal.					
19	Conflicts were resolved in ways that benefited the team versus 1 or 2 individuals.					
20	Team members followed through on individual tasks.					
21	There was an air of energy and excitement in our team.					
22	Team members were genuinely supportive of each other.					

Please provide details for either recognizing an individual team member(s) or offering constructive feedback.

How might the Project Development group improve the experience to meet future goals and improve the experience?

Any additional comments about any item not specifically addressed? On the process?

Post-Launch Scorecard

Post-Launch Scorecard

Lessons learned from successful companies

- Actively manage the lifecycle of a product
- Tie metrics back to original Business Plan

Metrics Scorecard

Financial

- Sales
- Earnings
- Mix of business...

Assumption Validation

- Age, size and funding distributions
- Underwriting mix
- Fund allocations
- Persistency, mortality...

Operational

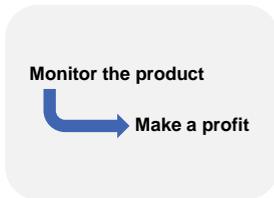
- Unit costs
- Error rates
- System efficiency...

Customer/Producer

- Satisfaction
- Ease of sales process
- Behaviors in line with expectations...

Monitor throughout the product lifecycle

Success in execution requires careful monitoring of the product post-launch



- *What is the appropriate frequency for touch points?*
- *Who should be involved in the monitoring process?*
- *Which metrics are critical for measuring financial success?*
- *Which metrics are critical for measuring competitive success?*
- *What are the triggers for action?*
- *What is the feedback from producers?*
- *Was the launch campaign appropriate?*

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