



# TRANSFORMATION

By: JoAnna Bennett and Mark O'Brien, O'Brien Communications Group,  
Kurt Diederich and Scott Hinz, Finys

Conversations abound around things like operational and digital transformation, and insurers are responding to market opportunities and customer demands with talk about reinventing themselves. This interview presents the perspective of two people in the operational trenches: Kurt Diederich, president and CEO of Finys, and Scott Hinz, director of sales and marketing at Finys. They sat down with JoAnna Bennett and Mark O'Brien from O'Brien Communications Group (OCG) to share their thoughts on the realities of operational and digital transformation.

**OCG:** A recent story on CNBC said GE, Ford, and other major companies spent \$1.3 trillion on transformation initiatives over the past year. Seventy percent of those initiatives failed. The insurance industry hasn't spent that kind of money on transformation initiatives of any sort. But what do you think is contributing to all these failures?

**Kurt:** Though the costs of operational and digital transformation are usually undisclosed, I hear about an alarming amount of money, and failures, associated with transformation projects in our industry. Almost 40 percent of our new customers over the past four years came from prior failed implementations. That kind of missing the mark is attributable to under-estimation of the effort and time transformation takes, along with an inability to visualize what being *transformed* will mean to your organization. A lot of deliberation goes into undertaking large transformation projects, especially in the insurance industry, without defining the goals. If the strategic goals are defined first, a strategic plan for achieving them — what needs to be done — can be developed. Then a more sound tactical plan — how it will get done — can be put in place.

**Scott:** In the absence of objectives, as the saying goes, if you don't know where you're going, any road will get you there. It'll also get you lost, off track, over budget, and ultimately on to at least some degree of failure.

**OCG:** Let's assume you're correct. When companies read, hear, or experience pressure about having to transform or re-invent themselves, what should they do? What kinds of questions should they ask themselves?

**Kurt:** I'd start by accepting change as a constant. If you're not changing or acknowledging the need to change, you probably won't be around to ask too many questions anyway. But if you accept change as a constant, I'd be asking: "What are we doing right? What's working? What objectives are we achieving? How satisfied are our customers? What do we have to do in the short term? What do we have to consider over the longer term?" Asking those kinds of questions will spare you the pressure you'd otherwise put on yourself and preclude you from having to go from Point A to Point Z in one drastic leap.

**OCG:** What do you think Scott? Are Kurt's suggested starting points correct?

**Scott:** What Kurt's suggesting is the most practical, lowest-risk way to accommodate change. Change is inevitable anyway. No one who thought the IBM Selectric typewriter was high-tech thinks that anymore. The

accommodation of those technological changes was gradual. There wasn't any overnight shift from typewriters to IBM Displaywriters to PCS everywhere all at the same time. People and companies kept pace as they could and as they needed to. And nobody called it a transformation or a re-invention. If it was called anything at all, it was *change and progress*.

**OCG:** Let's accept the premise that most insurance companies need to transform or re-invent themselves to keep pace with changing customer expectations and market demands or for any other reason. First question: Is that a valid premise?

**Kurt:** If the notion that change is constant is valid, then yes. *Transform* or *re-invent* might overstate the need in some cases. But the fact is that outdated systems are far less likely to have the functional capabilities required to keep pace with changing demands, market opportunities, and customer expectations.

**OCG:** Second question: If, as Kurt suggests, the premise that most insurance companies need to keep pace with change and continually evolve, what should they do?

**Scott:** Start by identifying the ways in which they're lagging behind functionally and operationally. Prioritize them. Then begin attacking them, recognizing that — because change is constant — the process of modernizing is not one and done. *Set it and forget it* won't work anymore. The only effective response to change is change — vigilance and adaptation.

**OCG:** Any conversation about transformation or re-invention inevitably comes around to technology. Is technology the basis for either of those things? Can it be? Should it be?

**Kurt:** This isn't something readily or easily acknowledged. But the insurance industry doesn't exist to introduce or pioneer technology. It exists to provide financial protection. It's used technology for decades. But it isn't and never will be a pioneer of technology. Nevertheless, insurers do have to keep the technology they use up to date and functionally capable. They have to monitor its usage. And they have to bear in mind that practicality has a considerably longer shelf-life than the latest Big Thing. That may come across as tough talk. But since we serve the insurance industry, it's also tough love.

**Scott:** Speaking of practicality, is any industry more practical than insurance? Insurance has to be practical by definition. Given that, the industry certainly needs to keep its eye on emerging technologies and be in a position to adopt the things that make sense.



## It's our responsibility to our customers to put them in the best position to accommodate change."

— Scott Hinz

But its first look has to be at reliable ways to serve its constituents and minimally risky ways to deliver its products and services.

**OCG:** Starting sometime last year, many people, no doubt, were offering their predictions for the future of insurance, for trends we'll see in 2020. Granting the fact that we're well into 2020 — and at risk of putting you on the spot — what do you think we'll see?

**Kurt:** Given the evolving nature of technology and the ever-increasing rate of change, we can expect several things to become increasingly prevalent. With IoT and Big Data feeding telematics devices and precipitating usage-based insurance, we'll see more individualized rates as standard personal-lines products, in particular, become ever-more commoditized.

**Scott:** And given the conservative nature of an industry as highly regulated as insurance, technology and innovation will always be adopted judiciously. Insurers have been historically slow to change as they develop and distribute products, update operational efficiencies, and modernize the platforms they use to process business. Implementations will still have to be conducted deliberately, carefully, and expertly. And insurers will still need to experiment, test, re-calculate, and redirect to make sure insurance works the way the policyholders who buy it want it to and need it to — in a way that also yields positive outcomes for insurers' operations.

**OCG:** Those points are very well taken, gentlemen. In light of them is there anything like a bottom line to be drawn?

**Kurt:** The ball on which we all should be keeping an eye is the present. We can keep the other eye on the future. But there's work to be done right now. The prognosticators will continue to make a living by prognosticating. If there weren't a market for it, they wouldn't do it. But the rest of us in the industry — insurers and vendors — still have to do what we do in the best interests of policyholders, or we'll all be out of business. More specifically, carriers need to recognize the fact that their systems have to be capable of delivering what policyholders are demanding today. If they don't have them or the capability to add them, alarm bells should be going off.

**Scott:** Nothing and no one is transformed or reinvented overnight. But change is constant. It can't be ignored. It's part of the cost of doing business. We see it as our jobs to set our customers up for the future, but first they need to get their houses in order. In other words, it's our responsibility to our customers to put them in the best position to accommodate change, whether that change be in product development, market opportunities, the desires of their agents and policyholders, or technology.

JoAnna Bennett and Mark O'Brien are partners in O'Brien Communications Group (OCG), a brand-management and marketing communications firm. OCG helps companies position their brands effectively and persuasively — so effectively that, in almost 20 years in business, nine of OCG's client companies have been acquired by other companies. OCG's Rule #1 is, "If we're not having fun, we're doing it wrong." Learn more on OCG's website: [obriencg.com](http://obriencg.com). O'Brien Communications Group is a B2B brand-management and marketing-communication firm. They can be reached at [www.obriencg.com](http://www.obriencg.com).



Kurt Diederich is president and CEO of Finys, which he co-founded in 2001. He has more than 25 years of experience in developing and delivering software to the property/casualty insurance industry. Kurt started his career building custom applications for insurance carriers including claims, policy, billing processing systems, and web front ends. Over the years, he built his knowledge of insurance and spearheaded the architecture and development of Finys. In addition to his experience building the organization, he has expertise in every aspect of the product-development lifecycle, including system and database architecture, software development, software deployment, and infrastructure management.



Scott Hinz joined Finys in 2015 as director of sales and marketing. With more than 16 years' experience in the property/casualty insurance, he's helped privately held and publicly traded organizations attain their growth objectives. Scott brings strong expertise in opening new markets, long-term strategic planning, and customer service. Before joining Finys, he held sales and marketing leadership positions for insurance software organizations in the United States and Canada.



Finys is the developer of the Finys Suite, a core processing system for property/casualty insurance. They can be reached at [www.finys.com](http://www.finys.com).