



A playbook for transformational change

In change, communication is king, but do blueprints say enough to deliver real results?

**NEVER MIND
THE TRANSFORMATION**

HERE'S THE

playbook

Altus

MAKING FINANCIAL
SERVICES FASTER



Altus Consulting is a specialist provider of consultancy services to the Insurance sector.

We help clients achieve operational excellence and improved returns through a combination of market insight, proven industry models, and technology expertise.

For more details of these services please visit our website altus.co.uk

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Introduction – Does ‘one-size-fits-all’ deliver for anyone?

Making transformational change is vital in the lifecycle of any business or market. Whether to gain an advantage over the competition, or as a last roll of the dice to remain relevant, there comes a time when ‘business as usual’ becomes untenable.

We know change is hard, but don’t just take our word for it. A McKinsey study found that just 26% of major transformation initiatives succeed. Of course, there are many reasons a transformation programme could fall flat, but a common theme is that the aspirational fails to connect with the practical. In other words, it’s one thing to lay out the transformational changes and promise sunlit uplands, but another thing explaining how to practically deliver them.

The Future at Lloyd’s programme and its associated ‘blueprints’ set out the changes required to digitise the Lloyd’s insurance market and make it ‘better, faster, and cheaper’, but without a playbook to deliver the ‘how’, will it really deliver the transformation required?

In this whitepaper we examine the opportunities and limitations of the Future at Lloyd’s programme, and explore how and why a playbook could be the key to unlocking the promises of transformation.

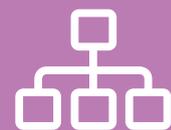
The Altus Definition

Blueprint



A top line strategic vision of where we need to get to, and what we need to do to get there

Playbook



An executable and repeatable plan detailing the what, why, when and who, and most importantly the how. Diagrams and schematics are often used to visually plot the route to a successful outcome.

The rise of the music streaming giants: a lesson for Lloyd's?

The cautionary tale offered by the music industry over the last few decades could be informative to Lloyd's in its efforts to modernise through its Future at Lloyd's vision.

Just a few decades ago, we all went out and bought vinyl records, which were gradually superseded by cassette tapes and CDs. Different format, but ultimately a similar model. Then came the bombshell.

The industry was hit by the cataclysmic impact of music streaming. The switch was not just about swapping one medium for another; streaming changed how people consume music and, in turn, how it is made, marketed and perceived.

Yet even when it was clear that streaming was going to transform the industry, many left it too late to adapt and remodel. The vinyl market still exists of course; and for purists, collectors and DJs, vinyl remains the medium of choice. However, it is a quaint corner of the market that has been changed beyond all recognition by the streaming giants.

“We need to start delivering”

Sheila Cameron

CEO, LMA

Chair, London Market Data Council

Source: Insurance Insider

Could Lloyd's become an LP record in a digital streaming world?

Could the same slide to niche status happen to Lloyd's if the market doesn't heed the warning signs and embrace the wave of transformational technology its rivals are already deploying? It's not unimaginable to see the market being left as a provider of niche and specialist services while nimble, tech-savvy competitors whittle away at the mainstream of its business. In some estimations, we have around five to ten years for the current business model to function, before it begins a slide into (at best) a more minor role or (at worst) irrelevance.

We know that Lloyd's continues to retain its position as the world's leading specialty market, but we also know that it's still reliant on broadly manual processes and traditional ways of doing business, making it a relatively costly and time-consuming place to do business.

There are positives to the tried-and-trusted ways of doing things – just as there's much to be said for the smooth tones of vinyl – but that isn't enough to halt change. Sometimes ease of access, convenience and cost are what matters most to customers. Are market participants doing enough to move with the times?

The rise of the music streaming giants: a lesson for Lloyd's? (Cont.)

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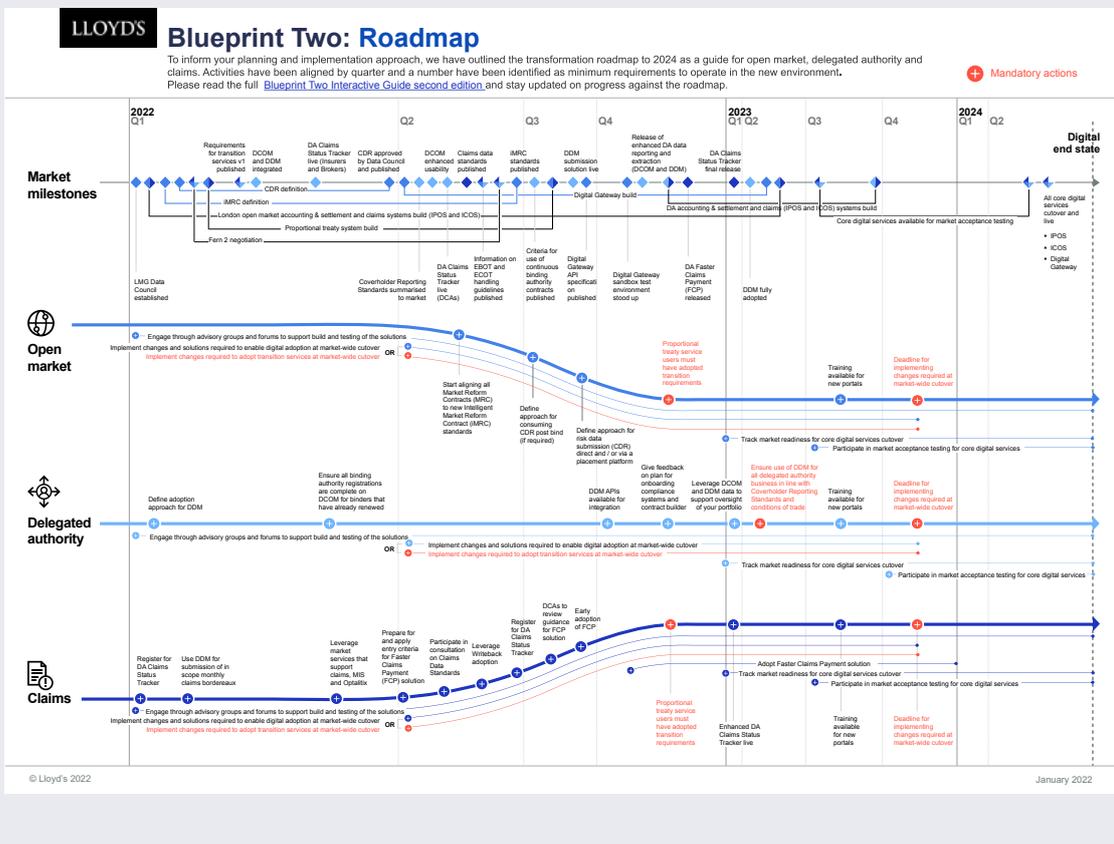
Lloyd's has a blueprint for the future, we now need a playbook to realise it

In its Future at Lloyd's vision, Lloyd's has issued blueprints and guidance that set out a vision for what needs to happen, but there is still no clear sense of how it will be achieved. There is no one-size-fits-all solution; each organisation will need to develop its own strategies for navigating the road ahead.

The scale of the task should not be underestimated, but no progress will be made without a specific and deliverable plan. Every organisation needs an individualised playbook that maps out its plan for transformation, identifying goals, roles and skills and importantly, any gaps.

But first, how has Lloyd's reached this crunch point, what do the blueprints promise, and what are their potential limitations? How do you fulfil your promises and minimise any limitations in the execution? Through visualising change – something we at Altus know only too well.

The Lloyds Blueprint



Interactive Guide, published Jan 2022: <https://www.lloyds.com/about-lloyds/future-at-lloyds/about>

The Lloyd's Blueprints: a refresher

“2022 is an important year of change for our market, so it's vital that organisations begin preparing to adopt the solutions; the success of our market depends on it. Our hope is that this detail allows everyone to prepare the ground within your own business to be ready as the solutions are rolled out, inspiring confidence in the significant change we're delivering through Blueprint Two.”

John Neal
CEO, Lloyd's

The Lloyd's of London Blueprints set out a vision for the future of the industry. Greater use of technology would make placing through Lloyd's more flexible and less costly, modernising the market so that it can stay ahead of competitors and harness innovation.

The [process began in May 2019](#) with a prospectus on the Future at Lloyd's, followed by Blueprint One in September 2019 and Blueprint Two in November 2020. An Interactive Guide aimed at providing practical, detailed information for insurance leaders followed in May 2021 and a second edition was released in January 2022.

LLOYD'S

The prospectus promised that the market would be 'nimble and faster', using technology, innovation and flexible capital to improve services, products and insight.

Blueprint One developed this vision by identifying four key goals: offering better solutions to the risks faced by customers; delivering better products and services to customers and capital providers; simplifying the way the marketplace works by being more efficient and reducing costs; and building an inclusive culture.

Blueprint Two attempted to transpose these aspirations into real-world solutions by specifying the changes that would be needed to deliver the vision. However, it did narrow the scope. The document set out plans for reducing the claims lifecycle and simplified the delegated authority ecosystem. At the heart of the plans is greater use of technology, which will enable digitised services and innovation in service provision.

[Read Blueprint Two](#)

The updated Interactive Guide, recognising the partnership with the key market contractor DXC, seeks to add further detail to the Blueprint, assigning key dates and deliverables so the workstreams involved are clearer.

[Read the interactive guide](#)

The latest iteration adds another two years to the process. A roadmap spanning Q2 2022 to Q2 2024 identifies key milestones in three key categories of open market, delegated authority and claims. It identifies mandatory actions, while videos, articles and case studies aim to encourage market participants to develop their own modernisation programmes. The goal is to transition to fully digital services in Q2 2024. Although there is a reference to 'transition services' for organisations that do not meet this deadline, it is not clear what form this would take.

[Read the roadmap](#)

Why does Lloyd's need to embark on a transformation programme?

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The London market is in a strong position, but there are considerable challenges too. As illustrated by the [London Matters 2020 Report](#), London remains the (re)insurance hub of the world, attracting large and specialty buyers from across the globe because of its capacity and expertise.

It had been predicted that other regional hubs such as Bermuda, Switzerland and Singapore would have grown their market share of GWP at London's expense, but in fact London's market share has remained **relatively steady** since 2010.

However, London's market share of reinsurance premiums has reduced from 14.7% in 2015 to 12.5% in 2018. There has also been a loss of market share on placements. While neither of these things are irreversible, the gradual decline of vinyl should provide a lesson: those that fail to adapt to changing consumer behaviour and evolving technology will eventually fall by the wayside.

Competition on all fronts

Challenges for the London market include companies around the world preferring to retain business locally, protectionist policies that seek to reduce access to London markets, the cost of capital and the regulatory environment – countries like Bermuda and Singapore have more relaxed approaches to alternative capital, for example.

The cost of doing business in London is also higher than in other markets. For now, the benefits of the London market (not least the concentration of talent in the square mile) outweigh the costs. However, should things continue the way they are, there's bound to be a tipping point. The question is where.

Lloyd's also needs to tread carefully when it comes to the major multiplatform carriers in the market. While these businesses will remain with Lloyd's for as long as they see a benefit, if the operating environment becomes too cumbersome, many will vote with their feet and place business on their other platforms.

Then there is the issue of Brexit to consider. With the loss of EU passporting provisions and many companies setting up European offices in response, business previously written in London is increasingly finding its way to other markets.

Increasing volumes of data and transactions

The speed of the sector – more transactions, more processes, more and more data – is already putting operating systems under strain and the volume will only grow. The complexity of trading has also increased; companies are more valuable and trading in assets that are less tangible. Organisations that fail to future-proof their systems for this rising tide could soon be floundering.

The move towards a data first, digital-led market requires organisations to be capable of actually making data-driven decisions. Whether that is internal portfolio analysis or external third-party data, the move from experience- to empirical-based decision-making requires systems and solutions to be joined up.

Acceleration towards digital technology post-pandemic

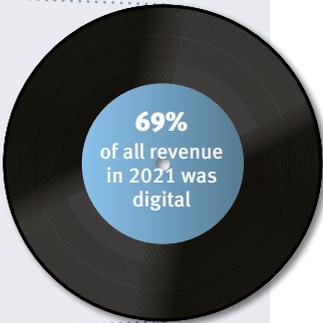
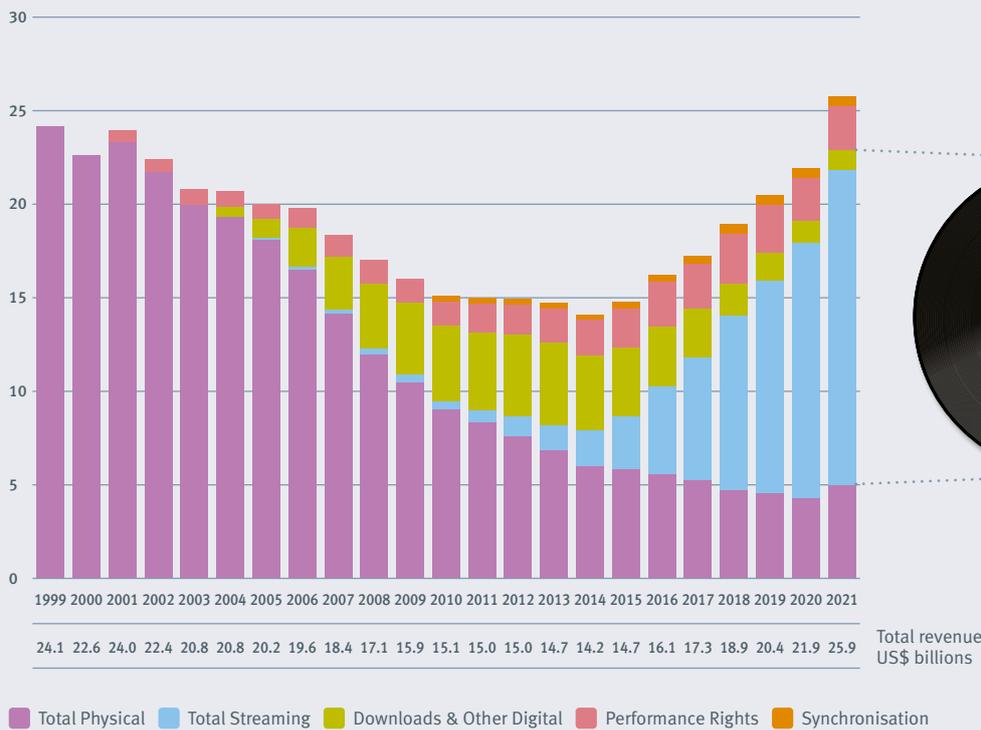
COVID-19 accelerated the move towards more digital working models and swept aside the long-held view the London Market couldn't be a digital market. Just look at what necessity did to the volumes on PPL. While this acceleration has changed much for the good, there is still substantial work to be done to acknowledge changing customer behaviours, deliver better analytics, and really move to a digital and data first model.

Post-pandemic, we are likely to see regulatory changes around tax, cybersecurity and accounting which could cause further upheaval.

The challenge is to balance a local understanding of risks and exposures at a macro level, while operating on a global platform. Risks and weaknesses in different markets around the world are interconnected but also specific to each location. The pace of change is rapid, and the insurance market in London is not evolving at the same rate.

While the market is better placed to deal with change than any record label was in the early days of streaming, action needs to be taken fast. The Future at Lloyd's and the blueprints and guides issued over the past four years detail the transformation that needs to happen, and present real opportunities if realised.

Global recorded music industry revenues 1999-2021 (US\$ Billions)



The parallels with the record industry are stark. The rise of digital streaming has risen exponentially each year since 2011, while the reduction of the analogue vinyl has been consistent since 2002.

So whilst the parallel opportunities for insurance, as demonstrated by streaming are abundant, hence the strong drive towards

digitisation, the reality of specialisms within the sector require niche solutions, again as demonstrated by vinyl, which remains relevant and fashionable, it is unlikely to ever become extinct.

The real growth opportunities lie in being digital, acknowledging and aligning with the niche existing specialist 'vinyl collectors'.

The Future at Lloyd's: opportunities for those that realise the vision

The market vision set out in the Future at Lloyd's, and in particular Blueprint Two, offers opportunities for those that can achieve the deliverables set out. Crucially, successful implementation of the vision would bring Lloyd's to a similar level of digital progress seen elsewhere, ensuring it stays relevant in a highly competitive global field.

And, it has been suggested by Lloyd's that the changes could save the market around £800 million per year – or 3% of current operating costs. But only if it is realised and adopted.

The opportunities:

Cost reduction



Lloyd's is known to be a relatively costly market to place insurance in, but the benefits still outweigh the costs for most market participants. Innovations such as the Core Data Record could ensure the seamless integration of processes from placement to claim initiation and settlement.

Faster transactions



Automation of processes and enabling real-time access to data will reduce delays and make transactions faster, doing away with much of the laborious data extraction and manual processing that currently contributes to unnecessary costs and inefficiency.

Increased flexibility



Who knows how the industry will develop in the coming years? Modern tech platforms with a modern architecture have flexibility built in, so they can be adapted to meet the changing demands of business.

Attracting talent



The most talented finance professionals can take their skills anywhere in world – especially now remote working has become the norm in many places. The most promising candidates could reject the Lloyd's market as an employer if it seems outdated and short-sighted. A transformation can help ensure it continues to attract the best insurance brains from around the world.

Distribution improvements



Modernisation could also improve distribution and the way products are sold. As the specialty market moves away from being a sole channel of broker intermediation and into a smaller value chain model, efficiencies can be achieved by having fewer parties involved in the insurance chain.

Data insights



As many other sectors have found, data can be a powerful tool. Better use of data can support improved decision making, provide insights, and alert organisations to anomalies that require investigation. Data can give a clearer view of risk and suggest ways risk can be better managed.

Attracting talent to the sector

The insurance industry needs the brightest and best candidates to deliver excellence and innovation. These individuals have no shortage of options open to them in a landscape that is highly skewed towards candidates rather than employers – particularly where individuals have skills in tech or advanced computing.

A key advantage of the modernising vision is helping to attract the talent that will keep the sector fresh and vibrant. The most gifted graduates are drawn to organisations with drive and ambition, where they can work at the cutting edge of innovation. Put simply, if the Lloyd's market appears to be stuck in the past, it will not be able to secure the fresh talent it needs.

Remote working has changed recruitment to the extent that professionals can be drawn from a wider pool, but again this requires organisations to have robust, integrated

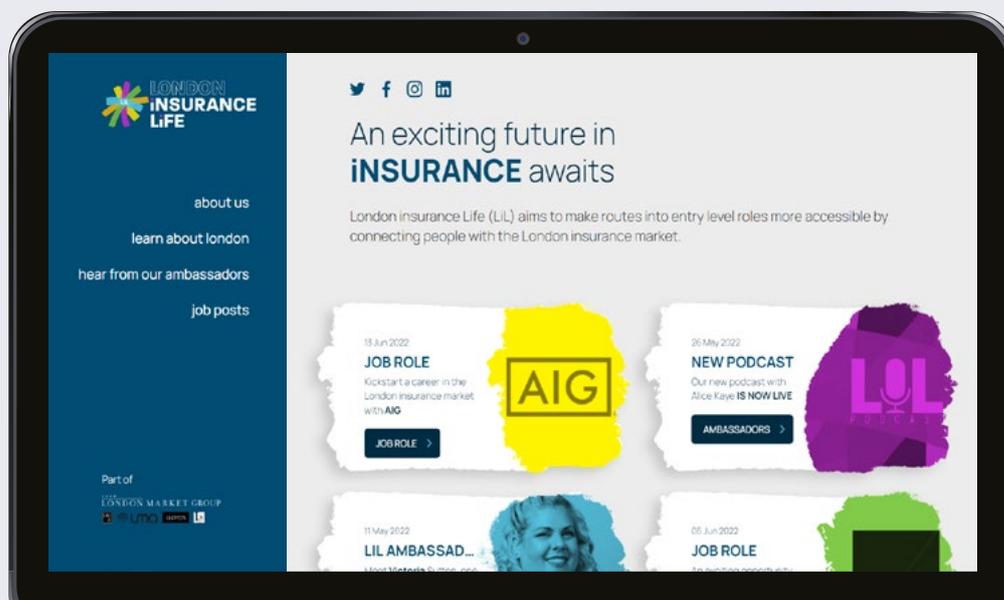
systems for collaborative working. This is a human challenge as much as a technical one: how do you ensure workers are engaged and enthused when face-to-face time is limited or non-existent?

In 2021, the gap between the number of skilled finance professionals in the UK and the number of vacancies **rose by 40%** as the pandemic and Brexit put pressure on the supply of skills from overseas. Modernisation is essential to ensure Lloyd's avoids a downward spiral of limited talent leading to reduced performance.

So, with the wealth of opportunities on offer for those that successfully realise the Lloyd's vision, why has momentum stalled? In short, because change is hard, and blueprints alone don't do enough to show organisations the way.

London Insurance Life attracting new talent

The London Market Group, through its initiative London Insurance Life, has through its ambassadors and initial job opportunities began to broaden the talent pool seeing insurance as a career destination, this and other initiatives such as workplace apprenticeships will all help the sector attract new talent.



Could a Lloyd's blueprint ever be successful in isolation?

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Modernising the insurance marketplace is no small task, but transformation is essential to ensure Lloyd's avoids going the way of vinyl. How do you deliver on a grand vision? Where do you start? Change can be painful and disruptive, so how can Lloyd's market participants address the real stumbling blocks rather than just chipping away at the easiest elements of the transformation?

Every organisation has its own quirks and individual characteristics, and its own set of capabilities and objectives. Lloyds can't deliver individualised plans for everyone, but individualised strategies are exactly what's needed if anyone is expected to reach the ambitious deliverables and timescales set out in the Roadmap. The question is, do Managing Agents have the bandwidth – and the will – to develop these gameplans themselves?

“My plea to members of this market is to drive adoption, adhere to the data standards, drive the CDR into your organisation, drive it into your policy administration system and adopt the rules and responsibilities that we will be articulating through the Data Council. That is what will achieve a data-first mindset in this marketplace.”

Sheila Cameron
CEO, LMA
Chair, London
Market Data
Council



Is momentum stalling?

Despite it being more than four years since the Future at Lloyd's initiative began, there now seems to be depleted momentum. The Interactive Guide has reduced the vision to dry details of data standards and reform of back-office processes that hardly amount to a transformative programme. Crucially, it also doesn't tell organisations what to do to meet the milestones, leaving market participants to figure it out themselves.

Does Lloyd's have what it takes to survive into a high-tech, fully digital future? Lloyd's special place in the insurance market is built on centuries of sound judgement, but that doesn't mean its place is guaranteed in perpetuity. As a trail of bankrupt record labels can testify, technological change can sweep through the market and wipe out established players in a decade or less.

Despite best intentions, transformation programmes fail again and again. But what is it that dooms them, and are the Lloyd's blueprints heading in a similar direction?

The challenges of implementing the Lloyd's Blueprints

Striking a balance between the aspirational and the practical is perhaps the most challenging aspect of any major transformational programme. Despite having already run for a number of years (and amid costs that continue to spiral following a recent contract extension between DXC Technology, Lloyd's and IUA), there remains little in the way of tangible output from the Blueprints.

Inertia should not be underestimated. Just as many record labels responded to the early music streamers with complacency, failure to act on the Lloyd's vision could leave the marketplace at a similar long-term disadvantage. Organisations that ignore Lloyd's proposals could probably remain in the market for a decade without much detriment, but like the proverbial slow-boiled frog, failure to move will catch up with them in the end.

Challenger organisations are already working on alternative models that will allow them to trade from a different baseline with lower operating costs and improved efficiency. They might not be knocking established firms off the top spot just yet, but in due course they could replace today's market participants.

A cursory glance at the FTSE 100 reveals many companies that were unheard of ten or twenty years ago; companies that fail to evolve could see their market share reduce or even cease trading.

The inherent limitations of a blueprint

The Interactive Guide provides information on what should be achieved, but not much guidance on how to effect the necessary changes. Without more information and advice on how the changes should be delivered, the risk is that no progress will be made. This could leave Lloyd's organisations vulnerable to disrupters and challenger organisations.

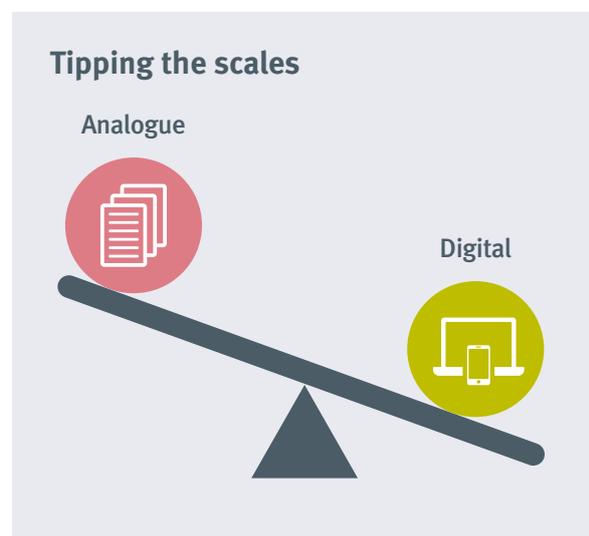
While Blueprint One set out with a bold vision for modernisation that was broadly welcomed by the sector, little tangible progress has been made since. Blueprint Two and the Interactive Guide develop the vision into more precise commitments

(for example on key dates and deliverables), but the detail is still lacking about what organisations should be doing to adapt.

Drifting goals

The scope of transformation also appears to have drifted from The Future at Lloyd's to a vision for the whole of the London market. This raises the question of whether Lloyd's has accepted it must simply align to the wider London Market for fear of being left behind, and whether it can retain the special and unique features that distinguish it from the rest of the capital's market.

The blueprints are also becoming increasingly unclear about whether they describe only the future for Lloyd's, or for the whole market in the city. They set the bar on what is needed to ensure Lloyd's remains competitive globally, but there is little detail on how that bar will be reached.



The challenges of implementing the Lloyd's Blueprints (Cont.)

Concentrating the execution of transformation in the hands of one organisation

A huge amount of money has already been spent as part of attempts to drive through the transformation that the London market so desperately needs. These costs spiralled yet further with the announcement in May 2022 that DXC Technology, Lloyd's, and the International Underwriting Association (IUA), signed a \$465 million contract extension. This could be good news if it leads to tangible progress, but placing the powers of transformation execution in the hands of one organisation comes with inherent risk.

While the shift towards digital music formats led to proprietary standards early on, with the advent of streaming, the technology and media format soon became irrelevant. Today the giants of the music streaming world – from Spotify to Apple – co-exist and compete. In a digital world, choice has to be available. The London Insurance Market has been warned.

Market transformation is only as fast as the slowest mover

The beauty of the Lloyd's marketplace is its diversity through the number of brokers and Managing Agents, but this strength can also be a weakness. Managing Agents do not move as one, with some forward-thinking agents embracing change and others maintaining business as usual.

The ominous-sounding 'transition services' mentioned in the Interactive Guide will be there to help support those who do not act promptly in responding to the Blueprint. While many are being proactive in developing plans and strategies for implementing change, this is not universal.

At the core of any transformation is creativity and energy. The onus is on individual businesses to take the initiative and develop a fully resilient, modernised system that is fit for today's marketplace.

For business to thrive, it's not enough to wait for Lloyd's to tell Managing Agents what to do; a genuine transformation needs to be active, not passive. Enforced change will always cause tension and resentment. Different businesses will bring different requirements to the Blueprint, which is why it's best to be proactive in developing an approach that suits your own perspective. To encourage change, if there is no penalty or mandate for those sitting on the fence, reward those that embark and commit to adopting and enacting parts of the interactive guide.

An efficient way to maintain the pace of change would be for Managing Agents to collaborate in establishing best practice and learning lessons. However, this type of collaboration does not always come easily to the insurance sector, despite efforts by the various market associations like LMA and LIBA to galvanise and support their members.

“For some organisations, the digital journey is going to be a lot easier than for others, but I think everybody needs to pull together here. This is a marketplace that I think generally, globally, everybody wants to see continue to thrive the way it has for so long. We have to ensure that it continues not only for our generation, but more importantly, for the next.”

Vicky Carter
Chair, Global Capital Solutions,

Guy Carpenter
Deputy Chair, Lloyd's

Change is coming – are you ready?

Thankfully, Altus can help you develop your own playbook based on our experience and knowledge of what different participants in the sector have done. Change is about leadership: developing a vision, communicating it effectively and setting out concrete steps that will deliver success. Even the most far-sighted plan for change will run aground if leadership is diluted by committees or weakened by being reduced to the lowest and most easily understood level.

The Altus change roadmap



If the London insurance market is going to retain its relevance and reputation in the long term, wholesale change is needed. The Blueprint sets out what is required for the market to adjust to the future, but to date this has not translated into enough action on the ground. The aspirational document tells organisations where to go, but not how to get there.

To move forwards, you are going to need a plan that addresses how the aspiration meets your unique organisation, warts and all.

How do you develop a plan for this? You're going to need a playbook.

What is a playbook?

So, what does a playbook look like? Ultimately, it ties together the vision of a blueprint with the practical steps that need to be taken to achieve its end goal.

Playbook = An executable and repeatable plan detailing what needs to be done, why it needs to be done, and who needs to do what. Diagrams and schematics are often used to visually plot the route to a successful outcome.

A playbook breaks strategy into actionable plays and clearly defined roles and responsibilities. The playbook can illustrate what elements on the interactive roadmap really mean for people within an organisation, and how they need to respond.

- Identifying key objectives
- Defining roles for different players
- Having a clear picture of the steps they will take to achieve the desired outcome

Crucially, a playbook is practical and actionable – laying out a set of actions the people within an organisation are expected to perform, and when and how they hand them off when their job is done.

Unlike blueprints, which are by their nature high level documents that cannot be changed on a regular basis – playbooks are living, breathing documents. Along the way to transformation, your organisation will learn lessons, evolve, and adapt to changing circumstances in the here and now. Playbooks are built to flex and accommodate this. Changes shouldn't be made lightly or frequently, but sometimes tactics need to be revisited and lessons applied.

Playbooks are also manageable. Although they will consist of many (often independent) elements, by describing them it allows every team within an organisation to start working at the granular level of detail required to execute change.

The Altus transformational change component



How can a playbook help deliver transformational change?

A blueprint tells you the end destination, but it doesn't give instructions on how to get there. This might be fine if you're looking to achieve something that has been done many times before, but if you're breaking new ground, a blueprint leaves a lot unsaid about how the final goal will be achieved.

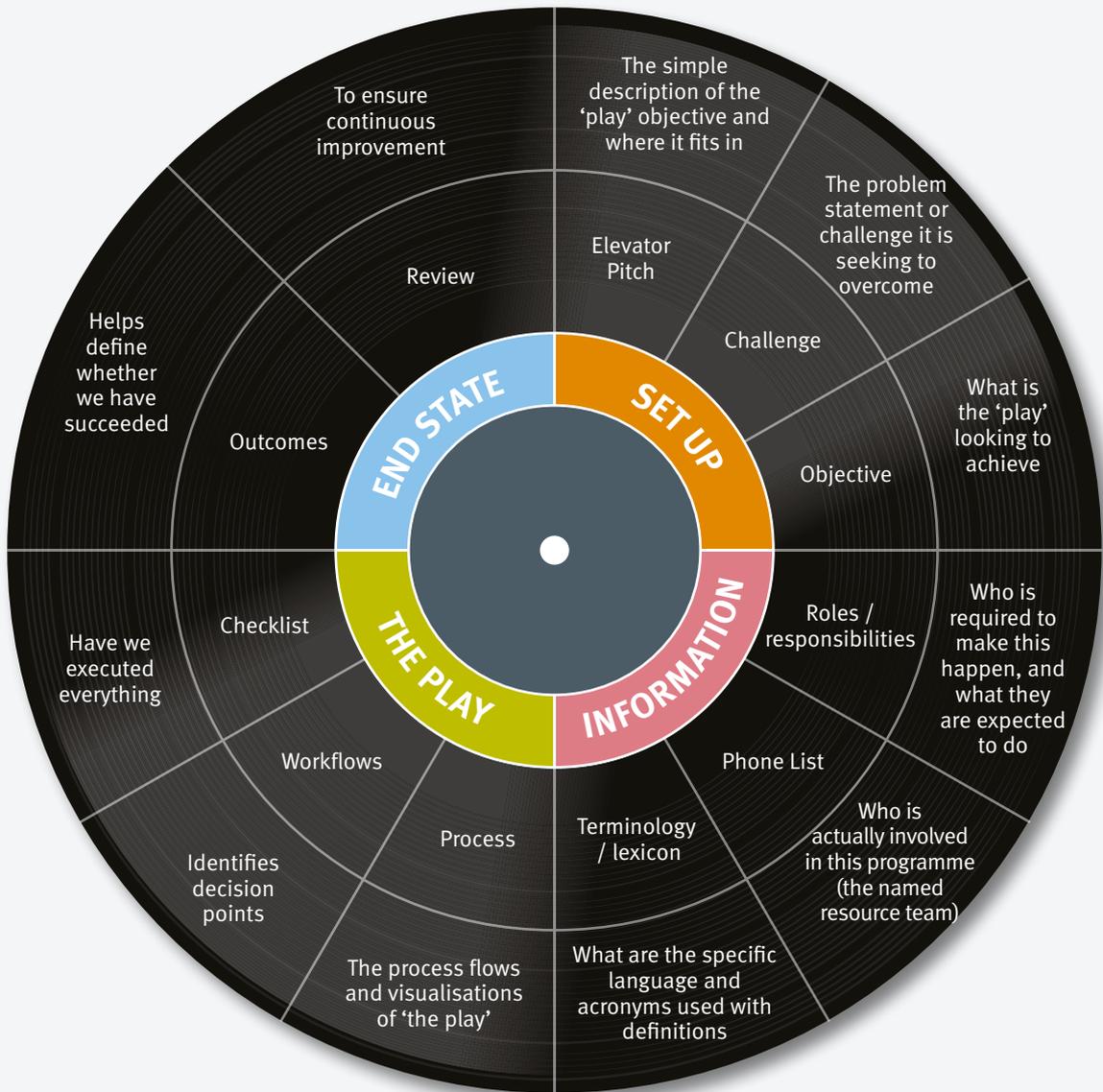
Ultimately, blueprints are not executable, and the task of turning their vision to reality can be time-consuming and challenging.

A playbook, on the other hand, helps to define the steps that need to be taken to achieve the goal. It contains strategies that can be tailored to suit the needs of a specific organisation and enables real progress to be made in pursuit of the goal. It means that instead of gazing at a blueprint on the wall, a team can allocate roles and tasks that will pave the way to success.

To keep pace with innovation in the London and international markets, Lloyd's has to modernise, and fast. At Altus, we believe that Lloyd's market participants need a playbook to ensure the vision set out in the blueprints is realised.

What is a playbook? (Cont.)

What a playbook actually looks like



10 common ways that transformation projects go wrong

Transformation projects always sound good on paper – it's when these projects meet the real world that things can start to diverge from well-made plans and best intentions. Here are some of the top reasons why modernisation plans fail to reach their full potential:

| Problem | Mitigation |
|---|--|
| 1 Discussions remain in the aspirational stage and never get put into concrete plans | Often the case for change has not been well made. As a result, plans remain too ethereal |
| 2 Within the London Market with so many different types of organisations impacted, gaining consensus to progress is often just too hard | To ensure progress, a group needs to be established to effectively represent peers and make decisions. This may not please everybody, but then change rarely does |
| 3 Attempts to enact change by committee, where consensus is sought too widely | The need to engage is vital, but committees rarely make quick decisions and often get bogged down, focusing too much on the impact at a micro level ignoring the macro benefits. Focus must remain on the overall goal |
| 4 Individuals are not motivated or asked to do work they are not skilled to do | Ensure roles and capabilities are well defined. To ensure transformation, teams must be resourced for success. Failure to do so is both challenging and demotivating |
| 5 Energy wanes and employees become introspective and resistant to change | Projects are about building momentum. If projects take too long, then results get affected. If no benefit or change gets realised, no change ever happens |
| 6 A system is well designed, but not used correctly or at all by employees leading to misrepresentation of issues with the transformation project and poor adoption | People are crucial to delivering the promised outcomes. A 'go live success process' can be activated to manage such issues resolving the expected 'teething issues' |
| 7 The cost of the project makes people lose sight of the benefits and the bigger picture | The bigger the number, the less likely it is that benefits will be realised quickly, and the more important it is that focus stays on the destination. Everybody needs to understand the journey and the desired end state |
| 8 A focus on technology, without appropriate consideration for people, culture, and the practicalities of adoption | Too much attention on the technology aspect of transformation, alienates those impacted the most. The benefits and opportunities the change will allow also needs to be communicated |
| 9 The project seems so all-encompassing that an organisation simply doesn't know where to begin | Keep project aims and objectives at an appropriate level to ensure they remain relatable throughout the organisation. Too high level and the first step to change becomes far too hard to envisage, resulting in very little progress |
| 10 Communication only reaches senior people, not everyone in the organisation | Bring everybody on the journey, focusing on outcomes at a role, team, and division level. Highlight the positive changes that will follow, but acknowledge everybody's effort is required. Demonstrate this is sponsored at the highest level and recognised |

How playbooks lay the foundations for change

A map is only useful if you know where you are starting from and where you are going. Before you begin planning your route to digital transformation, you need to have a clear understanding of the current state of play: what works well for your organisation at present, what are your challenges and what are the thorny problems that seem intractable?

A transformation project is not about ripping everything up and starting again. It should be centred on an understanding of the strengths of your current position, but also how these relate to the challenges of the future.

As the rapid decline of physical music sales reminds us, is all too easy to operate with underlying beliefs and assumptions about a market, only to find these are upended in the space of a few years.

Some elements may be beyond your control, entirely or partially. For example, external costs may be an issue, or market volatility. Some strengths or weaknesses might be around your own team: do you have great experience in some areas, but blind spots in others?

Laying the groundwork for change is an essential part of an effective playbook for transformation.

Defining who's involved in the transformation

Talent is always a challenge for organisations, never more so than now. Given the pace of change in the world, it's important to regularly assess the skills you have in the building and ask the question: do I have the talent available to support a major transformational programme? Hiring in extra talent midway through a project can be disruptive and expensive.

Augmenting your internal teams is the best and most cost-effective approach in the long run, as bringing in highly specialised talent is often only required for 'short sprint' type activities. However, during a transformation activity, ensuring the integration and alignment of both internal and external staff, to the goal, purpose, culture and outcomes is absolutely critical to achieving success.

With the so-called 'Great Resignation' post-pandemic, it's also important to focus on retaining your valued employees. Are they motivated, engaged and challenged? If any part of the package is lacking, from remuneration to collaborative working to opportunities for development, they might start looking elsewhere and leave a skills gap at a critical stage of your organisation's change programme.

Recent research has also shown that young hires **are increasingly looking to work for organisations with real purpose**. To attract and retain the best young talent, transformation needs to be authentic, and the desire to change and improve sincere.

Prioritise change

Every industry and organisation has to continually balance managing their own day-to-day operations with pursuing wider change or improvement goals. Combine this with regulatory or market driven change, and these demands become difficult to manage. The current environment presents multiple challenges: changes to placing platforms, Project RIO borne out of the change to a principle's regulatory regime, Brexit, Brussels, not to mention the continued effects of the pandemic. On top of this, organisations will need to manage game-changing digital transformation projects.

It is exceptionally challenging to manage a project with the scope of the Blueprint (even after it has been diluted) when you are also coping with regulatory change and the other substantial upheavals in the market. When faced with a host of problems, it's easy to focus on the more familiar ones or the ones that seem easiest to solve. Organisations tend to deal with those first, putting modernisation on the back burner.

Take your team on the journey

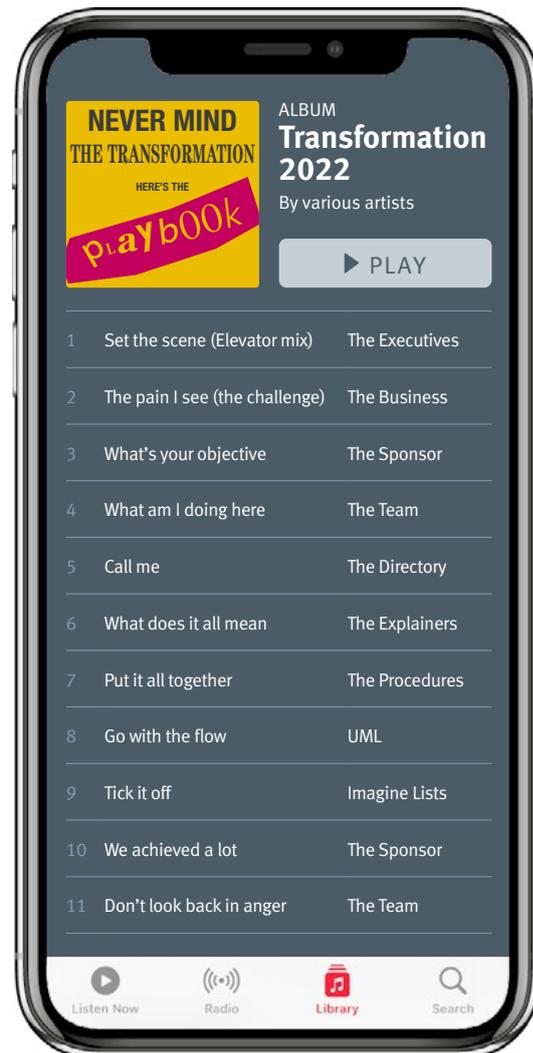
Plans only mean something when they are communicated clearly. Communication serves the purpose of energising and motivating the team, as well as allocating roles and tasks. It is vital to remember that change will only happen if everyone in the organisation understands the plan and the part they have to play in it. Spelling out the benefits of change is essential to ensure employees are onboard; you need to explain where you are going and why, as well as setting out the more immediate tasks.

There might be resistance to change or a concern from people at all levels of an organisation that greater use of automation will lessen their authority, reduce their career prospects, or even make them redundant. The hard truth is that this may be true for a small number of employees, but many others can be supported and encouraged to access training and develop their role. Ensuring the success of the organisation and its people has to be at the heart of all you do.

Remaining open and communicative about what the transformation means for employees at all levels of the organisation will help to manage the stresses of the transition period. Change is a constant and no organisation can afford to stand still.

The bigger the business and the more teams (or organisations) affected by a change, the harder it can be to get everyone aligned and moving at the same pace. This is especially the case when the teams are very different sizes, or have different levels of resource. A key challenge for transformation projects is the social element – managing how your people feel about what's happening, if they are motivated to push the project forward or feel that it is being imposed on them without good reason.

External consultants can certainly help you to find your way with modernisation, providing an objective and validated perspective. But this is not the whole story. Change is often so intrinsic that it goes to the very heart of your organisation and its future. Buy-in from across the business is essential. If you're not invested in the challenge and do not see the benefits, the momentum of the project will falter and may be limited to superficial change, rather than radical action.



Implementing the playbook

Leading a transformation project takes more than just an in-depth knowledge of the general ledger and the system that controls it. Change requires a broad set of resources, a team that is committed to the principle of modernisation, and skill in enacting change processes.

London market operations are lean by design, and just as any big regulatory change will generally require the enlistment of external expertise, managing transformational change can rarely be achieved alone.

Because communication is so vital in transformational change, a playbook provides both the work to be done, and the outcomes for staff. This enables employees to clearly see where they fit and identifies all the other vital contributors to its ultimate success. This aligns both internal and external resources to a common goal.

External expertise in change management can deliver a detailed playbook for enacting the change needed for long-term success, and may help you cope with limited bandwidth, headroom, and the other roadblocks to transformation.

What's special about the Altus approach?

We can help you to take the Lloyd's Blueprint as a starting point for a detailed plan that is tailor-made for your organisation, with model workflows, activities and project plans. We always start with clients by **defining a strategy**: using a methodical engineering approach to establish the needs of your business and the goals you want to achieve.

We pride ourselves on delivering pragmatic model-driven change and invest heavily in visualising change plans and the effect of change on an organisation. These ensure both the clarity and consensus of any programme and deliver the best alignment of people, functions and outcomes.

More specifically, we carry out capability assessments looking at the architecture you are currently using and the challenges you face on a daily basis, then map these against the different technical London Market operating models we have developed that could help to transition your business from where you are now to where you want to be.

We can advise you on benchmarking your progress against others in the industry. Our team has combined experience of over **one hundred years** in the London Market, including at Director level. We specialise in assisting businesses to become more adaptable, distinctive, digital and operationally efficient. Digital technology is always at the heart of our thinking, but we also appreciate the critical importance of culture in delivering change.

The Altus approach

Develop the strategic goals

Unpack a high level plan into our modelled approach

| Business Function | Strategic Management | Market Management | Risk Management | Operational Management | Capital Management | Legal Management | Compliance & Governance |
|-----------------------|----------------------|-------------------|-----------------|------------------------|--------------------|------------------|-------------------------|
| Overall Strategy | Strategic Management | Market Management | Risk Management | Operational Management | Capital Management | Legal Management | Compliance & Governance |
| Executive Support | Strategic Management | Market Management | Risk Management | Operational Management | Capital Management | Legal Management | Compliance & Governance |
| Financial Management | Strategic Management | Market Management | Risk Management | Operational Management | Capital Management | Legal Management | Compliance & Governance |
| Product Development | Strategic Management | Market Management | Risk Management | Operational Management | Capital Management | Legal Management | Compliance & Governance |
| Human Resources | Strategic Management | Market Management | Risk Management | Operational Management | Capital Management | Legal Management | Compliance & Governance |
| IT Management | Strategic Management | Market Management | Risk Management | Operational Management | Capital Management | Legal Management | Compliance & Governance |
| Physical Assets | Strategic Management | Market Management | Risk Management | Operational Management | Capital Management | Legal Management | Compliance & Governance |
| Customer Support | Strategic Management | Market Management | Risk Management | Operational Management | Capital Management | Legal Management | Compliance & Governance |
| Regulatory Affairs | Strategic Management | Market Management | Risk Management | Operational Management | Capital Management | Legal Management | Compliance & Governance |
| Investment Management | Strategic Management | Market Management | Risk Management | Operational Management | Capital Management | Legal Management | Compliance & Governance |



Learn from partners and competitors, but find your own path

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You might be starting from scratch in implementing the Lloyd's Blueprint, but lots of other organisations will have learned lessons that can benefit you. The London market is predicated on some people setting terms and leading, and others following. Does this model of 'follow the leader' work for modernisation, too?

The Blueprint requires a different approach. People working in the insurance market deal with risk and change on a daily basis, but this technological and organisational restructuring is a project on an entirely different scale. The London insurance market can be conservative and slow to embrace change, but modernisation needs people to be pathfinders, organisations need to lead their own change.

There will be some failures along the way. With added upheaval through technological change, some business might be lost.

There is plenty to learn from other players in the insurance market, or organisations that have gone through transformational change in other sectors, however there will never be a risk-free way to proceed with transformation. Researching what others have done, understanding your current position, and bringing in the skills and talents you need will give you the best chance of implementing a successful modernisation programme.

Just as with the music industry's transition to a streaming model, you do not need to be the very first to make changes, and not everyone can be a leader.

However, if you ignore the signs that change is coming, Lloyd's risks going the way of vinyl: an ever present, but a niche interest of use to only a small corner of the market.



Altus White Papers

With our focus firmly on the regulatory, strategic, propositional, operational and technological challenges our clients face, Altus understands the most pressing issues for financial services. We publish market insight, industry commentary and are at the forefront of industry debate.

REGTECH



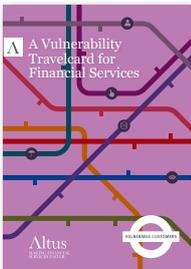
Regulation is eating the world
‘Regulation is eating the world’ examines how firms currently deal with the growing volume of regulation, some of the challenges involved and how new technology might help.

INSURTECH



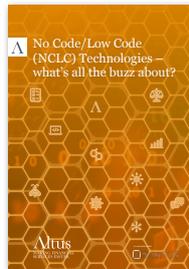
The InsurTech Journey... are we there yet?
‘The InsurTech journey’ reviews the range of emergent trends in the insurance industry and predicts what the direction of travel means for the future.

VULNERABLE CUSTOMERS



A Vulnerability Travelcard for Financial Services Industry
“A Vulnerability Travelcard for Financial Services” represents some of the most interesting facts and insights from industry experts discussed during our Vulnerable Customers Webinar Series, hosted in 2020.

NO CODE / LOW CODE TECHNOLOGIES



No Code Low Code Technologies – What’s all the buzz about?
How can Financial Services providers accelerate digital transformation, to not only catch up with other sectors but also to drive ahead at rapid pace?

WHIPLASH REFORM



Whiplash Reform: Looking beyond the costs (2019)
“Whiplash Reform: Looking beyond the costs” examines the journey of legal reforms to date and identifies the key impact areas that an insurer will need to consider when re-shaping its claims model for the post-CLA environment.

WHIPLASH REFORM



Whiplash Reform: Operational Impact for Insurers (2021)
“Whiplash Reform: Operational Impact for insurers” provides an in depth study looking into the broader impacts of the Civil Liability Act 2018 (CLA) that came into force on 31 May 2021.



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