

# Using CMMI® to Decrease Time to Market and Lower Costs Helps Allianz Stay Competitive

## Company Background

Allianz UK is one of the leading general insurers in the UK and is part of the Allianz Group, the world's largest property and casualty insurer. Allianz employs around 5,000 people across a network of 20 offices in the UK, with a further 1,500 people offering support services from Trivandrum, India. Allianz provides commercial and personal lines insurance products through brokers, affinity partners, and direct marketing.

**“In today's rapidly evolving world, the ability to create new value and the ability to be innovative is now more important to an organization's survival than at any other time in our history.”**

—JEAN HARRIS, DIRECTOR FOR SYSTEMS DEVELOPMENT, ALLIANZ UK AND ACIS

## THE BUSINESS NEED

Allianz UK began in 1905 as Cornhill, selling fire insurance, before becoming a pioneer in personal accident insurance. Fast-forward almost a century to 2004 and the company is part of a global group selling a wide range of insurance products through multiple channels.

As the company grew, and particularly as it moved some of its development operations offshore to India, the need to manage projects across multiple centers became apparent. Projects were increasingly complex, and Allianz needed to establish common processes for both its UK center and the Allianz Cornhill Information Services (ACIS) facility in India (a part of Allianz UK), which was established in May 2003. Additionally, Allianz UK wanted to enhance its development capabilities in India, as well as reduce defects.

The director of software development, Gary Mason, was familiar with the benefits of CMMI. Both he and CIO John Knowles sought to implement CMMI® at Allianz UK, specifically with the following goals in mind:

- Improve productivity, predictability, and consistency.
- Serve as a framework for continuous improvement.
- Standardize processes, roles, and responsibilities, and facilitate work across multiple sites.
- Demonstrate control to external regulators.
- Enable external benchmarking.
- Strengthen innovation capabilities within engineering.



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## THE SOLUTION

Allianz UK began its CMMI change program in January 2004. Using CMMI helped Allianz UK build its foundational capabilities, targeting project management and engineering innovation. Within data management, Allianz UK used CMMI to focus on reducing defects throughout the life cycle, analyzing document, code, and testing for all projects.

Allianz UK applied the CMMI model to look at a range of metrics, including on-time delivery (plus duration variance), on-cost delivery (encompassing effort variance), defect density across review and testing stages, cost of quality, cost of poor quality, and customer satisfaction.

Communication activities were a core component to implementation. Planning the rollout of change in a staged way enabled Allianz UK to embed new practices, encouraging consistency before moving onto the next improvement.

By February 2005, the ACIS facility had achieved a CMMI maturity level 3 rating, and the UK center achieved a level 2 rating in 2006. In May 2007, the ACIS facility achieved a level 5 rating, while the UK center earned a level 3 rating. In 2011, both centers achieved a maturity level 5 rating, eventually maintaining it upon reappraisal in March 2015. But Allianz UK hasn't stopped. It continues to work to optimize its processes and performance using CMMI data and approach.

## RESULTS

Allianz UK's joint accreditation with its India-based ACIS team for CMMI maturity level 5 rating has delivered many advantages. Joint performance metrics provide the proper focus of initiatives to ensure continuous improvement of the teams' project management and engineering practices. As system development projects have increased in size and complexity, Allianz UK's onshore/offshore delivery model continues to be successful in maintaining delivery predictability, thanks to the structured framework the CMMI model provides.

All these changes are reflected in the numbers. Allianz UK has seen impressive improvement in a number of its key metrics:

**39 percent increase in delivery within schedule** – On-time projects rose from 51 percent in 2005 to 71 percent in 2015.

**123 percent increase in delivery within budget** – Only 35 percent of projects were delivered on-cost in 2006, compared to 78 percent in 2015.

**53 percent increase in customer satisfaction** – Levels rose from 57 percent in 2006 to 87 percent in 2015.

### BUSINESS BENEFIT

The CMMI model helps give Allianz UK a competitive advantage. In addition to helping the company meet organizational objectives, CMMI helps Allianz UK attract new employees, achieve a best-in-class benchmark, and land partner deals.



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Just as important, Allianz UK has built a culture of continuous improvement. CMMI is embedded in the way people work at Allianz UK. It enables the company to embrace new technology and methods more easily, helping it to be a leading-edge, innovative organization.

## LESSONS LEARNED

Since first implementing CMMI back in 2004, Allianz UK has learned much along the way, most importantly:

- Knowing which capability areas that need focus and will deliver the most impact is not always obvious.
- By using CMMI's framework of best practices to compare to its operations helped Allianz UK see more clearly where it needed to target its resources.
- Building capability doesn't happen overnight. Culture change takes time.
- Show results to make your case. Measuring capability improvements is one of the keys to sustaining a CMMI program.



### About CMMI® Institute

CMMI Institute ([CMMIinstitute.com](http://CMMIinstitute.com)) is the global leader in the advancement of best practices in people, process, and technology. The Institute provides the tools and support for organizations to benchmark their capabilities and build maturity by comparing their operations to best practices and identifying performance gaps. For over 25 years, thousands of high-performing organizations in a variety of industries, including aerospace, finance, healthcare, software, defense, transportation, and telecommunications, have earned a CMMI maturity level rating and proved they are capable business partners and suppliers.



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