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# The CIO Series

## IT Projects Are Like Marriages in the View of Malcolm Simpkin, CIO of Aviva UK General Insurance



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Malcolm Simpkin, CIO of Aviva UK General Insurance, stresses the importance of “honest conversations” to ensure that all parties to an IT project understand their roles and can cope with any friction and misunderstandings that develop. He enthusiastically draws on techniques ranging from cloud computing to offshoring to drive cost reductions, facilitate business opportunities and enhance revenue growth and profitability.



Malcolm Simpkin equates planning and launching new IT projects to entering into a marriage. It's crucial for the parties to understand just what they are getting themselves into, says Simpkin, the chief information officer (CIO) of Aviva UK General Insurance, the leading general insurer in the United Kingdom with

a 13% share of the market. “If you don't have an honest conversation before you decide to commit your life to somebody, then you are setting yourself up for failure,” he says.

Such conversations are vital in the IT field as well since projects, like marriages, don't always run smoothly. “None of the things are completely straightforward,” Simpkin says of the terms of a deal. “You are going to hit bumps in the road, some misunderstandings and things for which one party did not forgive the other, and you have to work your way through them,” he says. “It's all about being aware that there is give and take

and being fair. If you think in a relationship with another party that you are always going to win and they are always going to lose, then you are setting things up to fail.”

Simpkin has had plenty of chances to oversee new projects as a 30-year veteran of IT management. He took on his current role in 2010 after serving as CIO of European operations for Aviva plc.

## A CHECKLIST FOR OVERSEEING PROJECTS

Once the terms of a deal have been established, Simpkin runs through a checklist for implementing the project. The key points:

**Spelling out goals.** The first priority is to ensure that all hands throughout his organization are clear about what the project will achieve.

**Defining the road ahead.** All parties must also be clear about the roles they will play in achieving the project's goals.

**Keeping people focused.** Doing this requires creating an environment that encourages employees to carry out their tasks.



**Watching out for pitfalls.** Potential problems include a loss of momentum if goals and assigned tasks are not clearly understood. Such setbacks can force a company to take on new risks to get a project back on track.

**Measuring gains.** Completed projects should show both direct and indirect benefits.

Simpkin is well aware that the nature of his own job is rapidly changing. “The CIO’s role—or the IT director’s role as it was called—was all about automating work” to improve effectiveness and efficiency,” he says. But the information now available to a business like Aviva “is beginning to give us the ability to tailor what we do for our customers,” he says.

For Aviva UK General Insurance, he notes, the challenge is to utilize the information that it has and is collecting for the benefit of customers, shareholders, employees and the communities in which his company operates. “The challenge is not with the technology anymore,” says Simpkin, “but to go with the people” and their preferences.

Simpkin is clearly excited about the opportunities that IT advances bring. “We can’t afford to ignore social media and what mobility is going to do for us,” he says. For example, Aviva UK General Insurance has launched applications that customers can download to their mobile devices to track their policies and manage transactions. At the same time, “More and more of our business is being transacted electronically,” he says. “As people get more prepared to do it, we have to make it easier for them.”

When it comes to social media, Simpkin wants to ensure that his company is “aware of what is going on, what people are talking about, and offering to help when people have particular problems.” The company is currently exploring the opportunities in social media on a small scale, by sending out tweets, for example. “But we are

paying attention,” Simpkin says. “We are playing with [social media], experimenting with it in terms of learning about how best to use it.”

## THE BENEFITS OF BRING-YOUR-OWN-DEVICES

Meanwhile, Aviva UK General Insurance is letting employees plug their smart phones and other digital devices into the company’s IT network—a practice called “bring-your-own-device-to-work” that is gaining popularity in many workplaces. The practice enables workers to use IT gear that they are familiar and comfortable with, and can use remotely. Simpkin praises “the flexibility afforded by bring-your-own-device-to-work,” which he says is “really taking off.”

Aviva UK General Insurance is also drawing on an array of online services. For example, the company is working with Google and Google Maps to pinpoint flood plains and other sites as part of the process of risk assessment. “Those kinds of things are helping us do risk analysis in a much more narrow way, and giving us competitive advantages,” says Simpkin.

Looking ahead, he sees an ever-growing role for IT outsourcing and cloud computing. “Increasingly we want to look at the benefits of cloud offerings,” Simpkin says of the rental of hardware and software from outside vendors. “Instead of us having to build data centers, we pay for the service on a consumption basis, which makes [the cost] variable and [puts it] on an operations basis instead of a capital basis.”

In a company-wide move, Aviva UK General Insurance’s parent Aviva plc has partnered with global outsourcing organizations. Among them is Bangalore, India-based Wipro Technologies, which handles Aviva’s application development and maintenance functions. “Such outsourcing allows us to access capabilities we don’t have,” Simpkin notes.





Such deals have helped Simpkin meet the challenge that today's CIOs face of ensuring that "year on year, we deliver more and we deliver it for less." Aviva UK General Insurance has reduced its IT budget by more than 40% in the last three-to-four years—from an original base that was roughly between US \$310 million and US \$385 million. Much of the reduction was achieved by dealing effectively with the company's legacy IT systems that were inherited from mergers and acquisitions over the years, Simpkin says. This streamlining included the consolidation of numerous IT functions that had been distributed across different systems.

Aviva UK General Insurance has now posted improved profits and premiums for six straight quarters through the first half of 2011. "We've gone through a position where our business was shrinking as we were cleansing our books," Simpkin says. "We were getting rid of business

that wasn't making us money, [while] in the last six quarters we have had substantial growth and grown profitably as well."

All this has strengthened the company's ability to meet future challenges. "Having to deal with the downturn and cleanse the books is not a place you want to be. But the fact that we are able to grow our business and grow it more profitably now has an impact on morale among employees," Simpkin says. "They have more confidence in the work we do, and hopefully that will enable us to do more business. The intangible is that confidence brings more confidence in all of our stakeholders—not just our employees but our shareholders and customers as well." Part of that confidence undoubtedly stems from the same honest conversations that have helped Simpkin ensure that all parties to an IT project understand their roles.



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