Case Study:
A Return to
What Works for
Lexon Surety Group

By Karthik Srirangarajan, December 8, 2015

Lexon Surety Group, LLC is a privately held insurance company specializing in surety bonds. Currently their products are available in 49 states, Washington D.C., and all U.S. Properties located overseas; they are sold through a nationwide network of independent agents and brokers. It is a full service surety bond company that writes Contract Surety Bonds, Platt/Off-Site/Subdivision Surety Bonds, Commercial – License, Permit and Miscellaneous Surety Bonds, Court – Civil and Probate Surety Bonds, Fidelity Surety Bonds and Environmental Surety bonds for individuals and companies of all sizes.

Lexon Surety Group, LLC is comprised of Lexon Insurance Company and Bond Safeguard Insurance Company, both headquartered in Mt. Juliet, Tennessee. They are the ninth largest writer of surety bonds, according to the Surety and Fidelity Association of America's 2014 report.

CHALLENGE: A STEP BACK TO STRIDE FORWARD.

Until 2012, Lexon had been using an internally developed web application for the company's bond processing needs. Lexon decided to move to a leading custom desktop application, available in the market for bond processing. Moving to the desktop application did, however, present some challenges for Lexon business users. There were complex data and processing issues after the implementation that led Lexon to rethink their decision.

CGN Global was called upon to partner with Lexon. Through thorough analysis CGN recommended to the Lexon Board and Senior Leadership that they return to their legacy system for bond processing.

This was a key strategic move by Lexon and CGN Global, as Lexon had been trying to work with the vendor to remediate problems with the new application for more than a year with only limited success.

The legacy system was designed to handle agency processing, but was only used by some agents. Additionally, there was varying degrees of knowledge of the system across the Lexon organization. Consequently, careful communications, testing, training, and roll-out were key business considerations in their return to the legacy system.

Both business and technology users had a desire to make decisions collaboratively that drive business results and were committed sponsors, actively engaging in this transition.

"We couldn't have done what we have done without CGN Global."
--Kelly Schwartz, Lexon IT Director

There were multiple phases on this engagement:

1. Executive Decision Alignment – Decision to move back to legacy system and rebuild it
2. Transition Roadmap – Define phases to migrate, with high level estimates
3. Phase 1a – Reporting and Data clean up
4. Phase 1b – Migrate back to legacy system and rebuild it with critical processing functionality
5. Phase 2 – Implement enhanced functionality

This document describes Phase 1b, implemented by both Lexon and CGN Global.

Some of the key challenges and objectives included:

- Ensuring a smooth transition for business users from the external custom desktop software back to the much improved legacy system.

- Improving the user experience and enhancing the user interface.

- Cleaning and protecting data during migration.

- Keeping the SMEs involved.

- Striking the right balance between technical needs and business needs.

Additionally, several attempts by Lexon and its 3rd party partnerships left Lexon executives skeptical of a positive outcome but the Lexon driven Phase 1a fostered much better relationship between Lexon business and IT teams that helped CGN and Lexon to achieve success during the collaborative implementation of Phase 1b.

DISCOVERY AND RISK BENEFIT ANALYSIS

As a first step in this project, CGN Global insurance practice experts, along with IT business analysts, met with Lexon subject matter experts. Having met, it was now much easier to identify business requirements and enhancements. These requirements would maintain and improve the overall user experience and provide additional business value in the legacy system. The goal was to meet with client SMEs from each business unit such as Bond Processing, Accounts Receivables, Claims, Collateral, etc. to gain insights and identify best practices and pain points across all bond management. The next step involved gathering enhancements information recommended for implementation into the legacy system.

Once the initial requirements were gathered, CGN Global insurance practice experts, along with the Lexon team, performed a risk benefit analysis. Based on the analysis, the scope was narrowed to a specific set of requirements that would result in low risk and high benefit to Lexon.

"We would've struggled without CGN Global."

- Emily Nowicki, Lexon PM

SOLUTION: PICK THE RIGHT STRATEGY. USE THE RIGHT TOOLS.

It is important to select the right strategy and approach for any project success. CGN Global and Lexon realized the importance of implementing this project in smaller milestones, rather than attempting the implementation of all of the requirements at once. So, the project was split into four different waves. Each wave of application development was developed, tested, and shared with SMEs and feedback taken.

This approach helped reach smaller milestones and boost the confidence of the project team, as well as Lexon business users. Lexon SMEs investment in the overall development and process of this project, made for a great partnership. Our teams working side by side in an effort build a concrete network, made the transition seamless. It gave Lexon SMEs and business users a positive expectation of what was going to come their way.

Hybrid Approach

The project team used a hybrid approach on resources i.e. combination of Lexon and CGN Global team members. This approach ensured the project team was comprised of the right balance in areas like technology expertise, business and IT process knowledge, etc. This was a key strategy move by CGN Global and Lexon, which resulted in big dividends during project execution.

The ability of Lexon and CGN Global staff to work as a team was key to success of this project.

Some of the key benefits of utilizing this hybrid approach included:

"USING KNOWLEDGE AND LEADERSHIP TO GUARANTEE PROVEN RESULTS"

- Lower overall resource costs,
- CGN maintaining delivery responsibility,
- Lexon benefiting from CGN's large project management experience and insights from similar engagements,
- CGN benefiting from Lexon's business knowledge and their lessons learned from the past, and
- Lexon maintaining team presence to facilitate end of project knowledge transfer and turnover.

"Planning and Execution of Project Management and QA were phenomenal."
-Kelly Schwartz, Lexon IT Director

Microsoft Application Lifecycle Management (ALM)

CGN Global and Lexon implemented industry best practices using Microsoft Application Lifecycle Management (ALM) for this project execution. This suite consists of:

- Microsoft Team Foundation Server (TFS)

- Microsoft Visual Studio (VS)

- Microsoft Test Manager (MTM)

These tools all share the same data repository and documentation that is created in one tool that will be accessed via another. The entire project team no longer needed to utilize multiple tool sets. For example, the project management and the development teams primarily used TFS and VS for their activities and the QA team primarily used MTM for their testing activities.

Team Foundation Server (TFS)

CGN Global and Lexon made full use of TFS for this implementation, resulting in major success for this project. Requirements were converted to user stories and uploaded. Development tasks were created and assigned appropriately. QA processes like test case creation and traceability were also done within TFS, as well as test case execution, tracking, reporting, and defect tracking and reporting.

Once the development was complete, the team updated the TFS with the change sets, created to satisfy the specific user story. This process enabled the project management team and the development team to understand the necessary change sets needed to create the build that was deployed in QA environment for testing.

With a well-defined build delivered to QA, test case execution and defect tracking were easy to monitor. Status was available 24/7 with a single query run in TFS.

Quality assurance and testing plays a vital role in any project success to ensure that the developed application meets the requirements as expected. Since all facets of development and testing were maintained in TFS, traceability was transparent: each and every requirement for this project could be traced to user stories, test cases and results, defects and fixes. Each requirement was satisfied and working as expected for different permutations and combinations of data sets.

"Lexon and CGN worked hand in hand to fill staffing roles, overcome project hurdles and bring the project to completion. The result is a strong partnership and capability to assist Lexon in their future endeavors."

- Paul Arnold, CGN IT Practice Lead

RESULT: PREPARED TO MOVE AHEAD

Successfully implementing this business and technology project for Lexon Surety Group was challenging, but a useful experience for both sides.

CGN Global and Lexon Management's ability to deploy the right leadership resources, to understand the IT and business needs, to select the right tools, to implement industry best practices, and to utilize the appropriate strategy and approach were critical to the success of this project.

A hybrid approach involving both the Lexon and CGN Global team members for project implementation was key to success as well.

Overall, it was a journey to cherish for both Lexon and CGN Global. In the process, CGN Global added another feather to its cap in Business Transformation initiatives!

"CGN Technical Arm knocked it out of the park."

-Kelly Schwartz, Lexon IT Director

Finding *New Answers* in Business

CGN Global (CGN), a global management consulting firm, *offers new ways of thinking and new ways of leading.*

Supply Chain & Operations

Supply chain optimization is key to your organization's success; we help you:

- Reduce variability to increase effectiveness
- Optimize processes and enable a lean, synchronized supply chain
- Design supply chains for improved collaboration
- Align end-to-end supply chain efforts to business strategies

Business Technology & Integration

Strategy isn't enough anymore. It's about connecting business, customer, and supply chain; we help you:

- Advise on IT strategy and trends
- Employ Project Portfolio Management (PPM) Services
- Enact digital marketing solutions
- Obtain supplemental resourcing

Strategy & Market Innovation

For many clients, "going global" isn't just a slogan, it's vital to their survival; we offer:

- Market analysis and entry strategy
- Competitive analysis
- Supply chain strategy / supplier development
- Manufacturing footprint / network mapping
- Transportation and distribution architecture
- Staffing & resource development

Supplier Collaboration and Procurement

We help you partner and transform supplier relationships:

- Advise Address supplier capacity issues, removing constraints and bottlenecks
- Rationalize your global supply base and reduce total acquisition costs
- Improve working capital, asset utilization and pay-to-procure process
- Align sourcing strategies with future plans and develop suppliers globally

Our commitment to help you reach new heights centers on five core operating principles: Global Competitiveness, Agility and Speed, Network Strength/ Collaboration, Business Innovation, and Scientific Truth. By employing these principles, our Subject Matter Experts and Transformative Leaders help you achieve success in many areas of focus, including the following:

We deliver these capabilities to specific industry verticals that include Industrial Manufacturing and Automotive, Insurance and Financial Services, Public Sector, Healthcare, Retail and Consumer Packaged Goods.

Infinite Business Advantage & Value

CGN takes an integrated and holistic approach, creating adaptive business models that enable you to respond, innovate, and lead.

'CGN Global is a firm which betters those clients who choose to partner with them. Results oriented and committed to exceeding client expectations separate CGN from their peers and allows them to deliver where so many fail.'

Geoff Heekin, Executive VP
AON Corporation

CGN Global has more than 20 years of experience delivering leading-edge solutions to the insurance industry. We've partnered top brokers, carriers, agents, and reinsurers to provide innovative insurance solutions through our execution of strategy, information technology, business processes, data analysis, and change management.

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