Market Adoption Survey Q4 2023

December 2023

Background

- This is last survey in the current quarterly format ahead of moving to monthly reporting from January 2024.
- These results demonstrate how market firms and service providers are progressing on key areas in delivering the changes required for phase one of Blueprint Two. It also includes results from the first service provider survey ahead of formal inclusion in the month tracking from January 2024.
- The results also highlight firms that may not be making sufficient progress, enabling an adjustment of the engagement strategy for those firms through our targeted support model. This model includes focused actions to help them move forward and escalations as required.
- The survey was sent to the top 23 brokers (by GWP), 83 carriers and 22 service providers in October and November of 2023 asking eleven questions (the question set, and response levels are included in the appendix).
- The questions in this survey are primarily focused on the progression of the change management activities, artefact usage, levels of senior management support within firms, service provider readiness, as well as asking for the market's indicative views on phase two adoption timelines. All these questions help provide a view on the market's current progress towards readiness.

Executive Summary

- Overall, there was progress on the change management activities for market firms including: Impact analysis, stakeholder analysis and change management plans. The average score for all market firm types is now at above *medium* levels, which is a clear improvement since the last quarterly survey. This reinforces the 1-2-1 engagement strategy and group market events are beneficial.

- However, while the impact of the change seems to be clearer to firms, some still need to complete their internal stakeholder analysis and change plans to be in a good position to adopt the solutions in time. In many cases the right resources have been allocated, and budgets are in place, although brokers are slightly behind in these areas. Engagement partners will continue to work with firms to support their progression through some of these key stages.

- The focus going forwards into early 2024 will be for the engagement team to support firms in planning out their EDI changes where customised messages are either supported or no longer supported, as further clarity becomes available. The market's interest is also turning to the training, testing and onboarding, and more details on the approach, plans and potential costs from Velonetic will help satisfy this interest.

- In 2024 we will be moving to a monthly tracking model to monitor the market's progress towards the adoption of Blueprint Two solutions. The engagement partners will be discussing this with their market firms during December and January.

- The phase one adoption guide was warmly received by the market and the results of the survey show that it is being used to help progress planning, with the Blueprint Two champions using it to meet with those in their firms who are responsible for delivering the change.

Should you have any questions on the survey please <u>submit them here</u>.

High level findings of repeat questions from Q3 2023 survey vs Q4 2023 survey responses.

The survey participation level remains very high at 92%. We have seen progress against all the repeat questions since we last conducted the survey in Q3 2024.

Progress was driven by increased understanding of the solutions, as well as advancement of impact and stakeholder analyses, and change plans within firms.

We also saw increases in the number of firms reporting a positive allocation of team resources (+1%) and budget (+11%) for the Blueprint Two project.

Measure	Target for Q4 23	Result	Q4 23 results and movement from Q3 23		
			Brokers	Carriers	Market
Overall survey responses	N/A	N/A	100% (+4%)	90% (-1%)	92% (+0%)
Understanding the impact of the change	Increase from Q3 '23 Baseline	Increased by 0.32 (1-6 scale)	4.04 (+8%)	4.14 (+9%)	4.12 (+8%)
Identification of stakeholders within firm	Increase from Q3 '23 Baseline	Increased by 0.31 (1-4 scale)	2.48 (+8%)	2.84 (+14%)	2.76 (+13%)
Creation of a change plans within firm	Increase from Q3 '23 Baseline	Increased by 0.48 (1-4 scale)	2.48 (+22%)	2.64 (+23%)	2.60 (+23%)
Have allocated resources for Blueprint Two	Increase from Q3 '23 Baseline	Increased by 1% (Y/N scale)	78%* (+7%)	90%* (-2%)	88%* (+1%)
Have budget planned for Blueprint Two	Increase from Q3 '23 Baseline	Increased by 11% (Y/N scale)	70%* (+13%)	86%* (+9%)	83%* (+11%)

*numbers that answered Yes
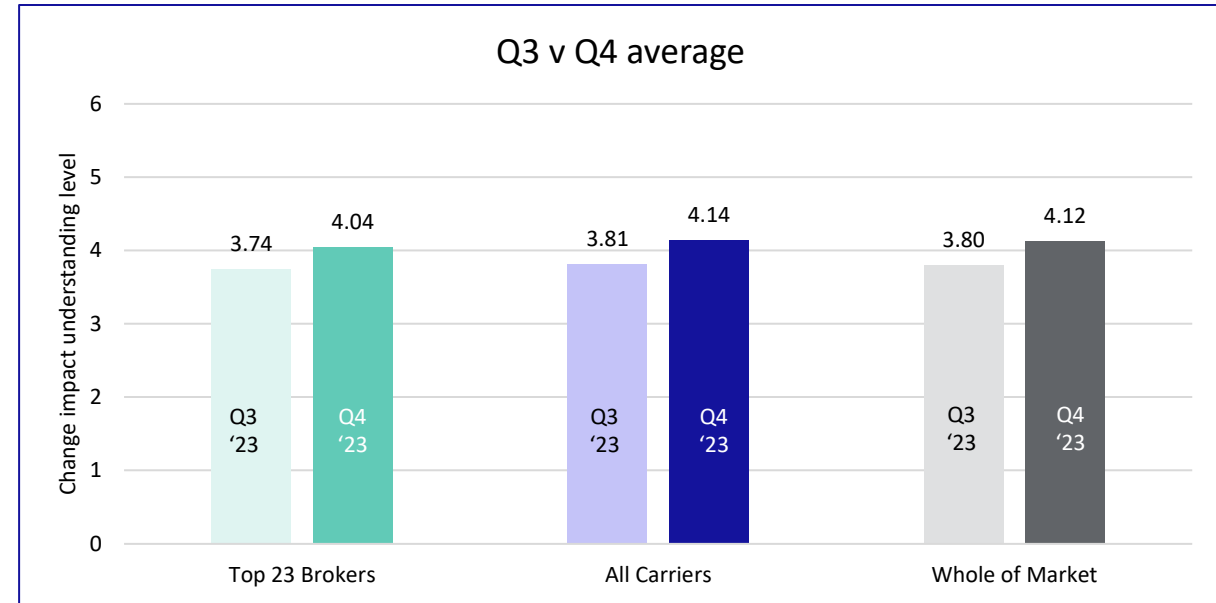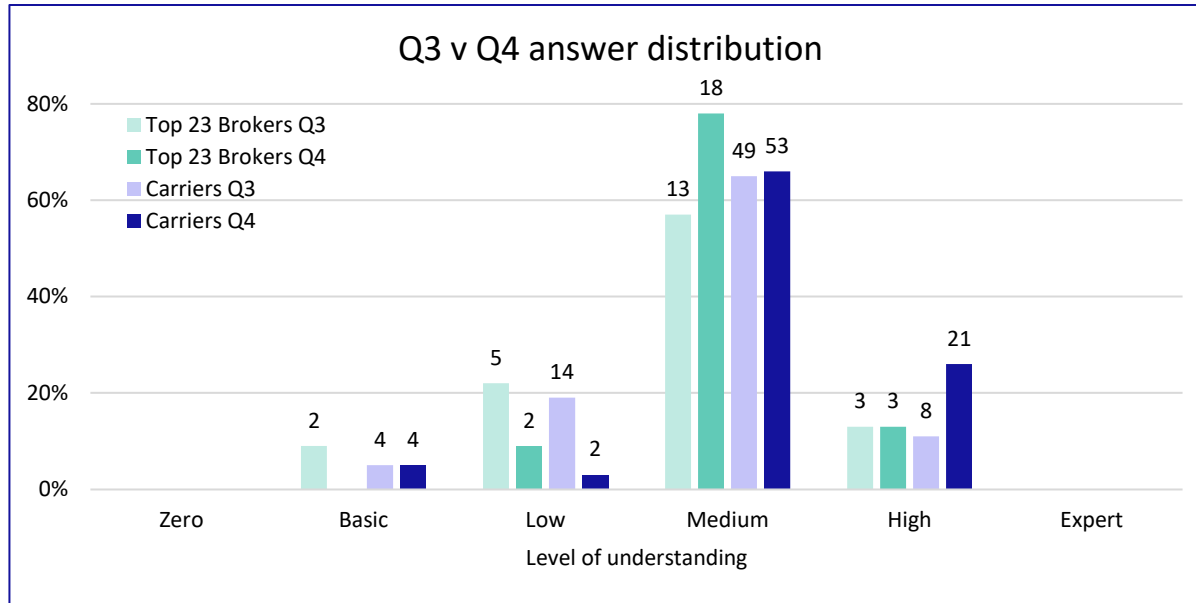
Numerical Scoring key:
1-6 (understanding) scale: 1 = Zero , 2 = Basic, 3 = Low, 4 = Medium, 5 = High, 6 = Expert
1-4 (progression) scale: 1 = Not Started, 2 = Identifying, 3 = Documenting, 4 = Completed

3

Repeat
Question Responses

Understanding the impact of the change (Change Impact Analysis)

Q3 v Q4 answer distribution

Legend:
- Top 23 Brokers Q3
- Top 23 Brokers Q4
- Carriers Q3
- Carriers Q4

Y-axis: 0% to 80%
X-axis (Level of understanding): Zero, Basic, Low, Medium, High, Expert

Values:
- Basic: 2, 4, 4
- Low: 5, 2, 14, 2
- Medium: 13, 18, 49, 53
- High: 3, 3, 8, 21

Q3 v Q4 average

Y-axis: Change impact understanding level (0 to 6)

- Top 23 Brokers: Q3 '23 = 3.74, Q4 '23 = 4.04
- All Carriers: Q3 '23 = 3.81, Q4 '23 = 4.14
- Whole of Market: Q3 '23 = 3.80, Q4 '23 = 4.12

This is the second time this question has been asked. It aims to understand how far progressed firms are in their understanding of the impact of Blueprint Two on their business. Completing a change impact assessment helps prepare firms for the change from a people, process and technology perspective. A template change impact tool is available.

There has been an overall improvement over Q3, with 78% of brokers and 66% of carriers now having a medium level of understanding on the impact of the change, and 13% and 26% respectively having a high level of understanding. This leaves just eight firms having a basic or low level of understanding. The 'average understanding' score has increased for brokers by 0.3 (8%) and carriers by 0.33 (9%).

Although a step forward, more notably by carriers, ideally more market firms would be entering the high level of understanding category at this stage. Insight from the last survey and feedback from the market engagement partners confirm that a high level of understanding has been slowed by a lack of clarity on key areas such as the approach to customised EDI messages, confirmation on standard messaging, costs, and a growing demand for information on onboarding, training and testing. Information on EDI messaging has been shared since the survey, which will help some firms move forward, and the 11 December market working session will build on the clarity sought.

The focus will primarily be on the eight low scoring firms and sharing the next level of detail in the areas of clarity sought by the market.

Change Impact Understanding Level - Average Scoring Scale: 1 = Zero, 2 = Basic, 3 = Low, 4 = Medium, 5 = High, 6 = Expert

Identification of key stakeholders within firm (Stakeholder Analysis)
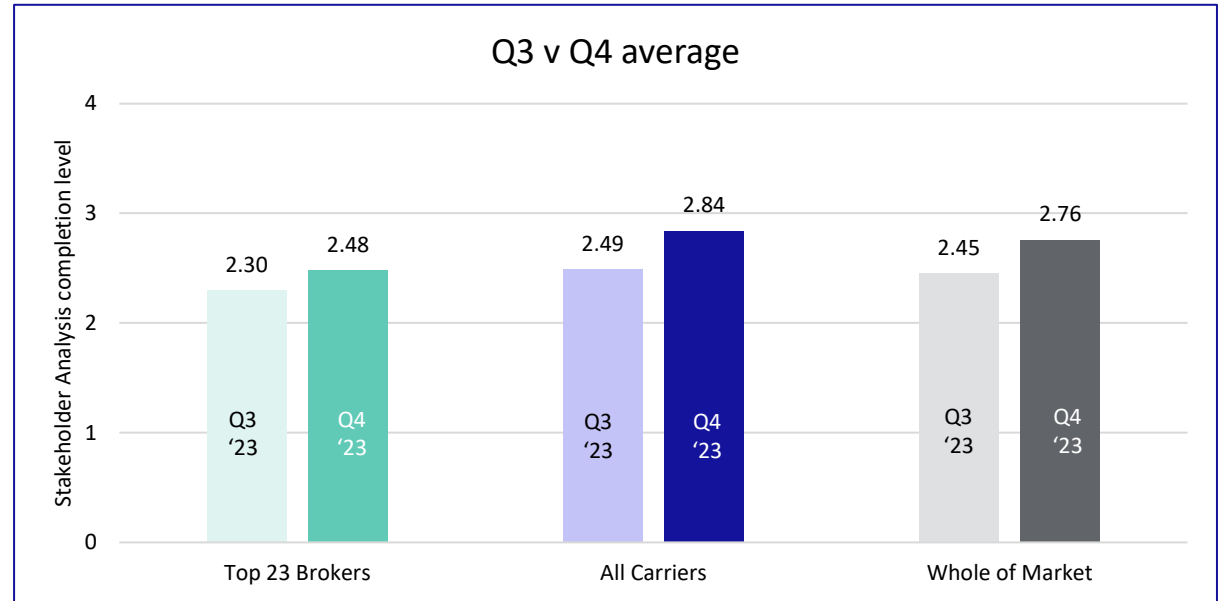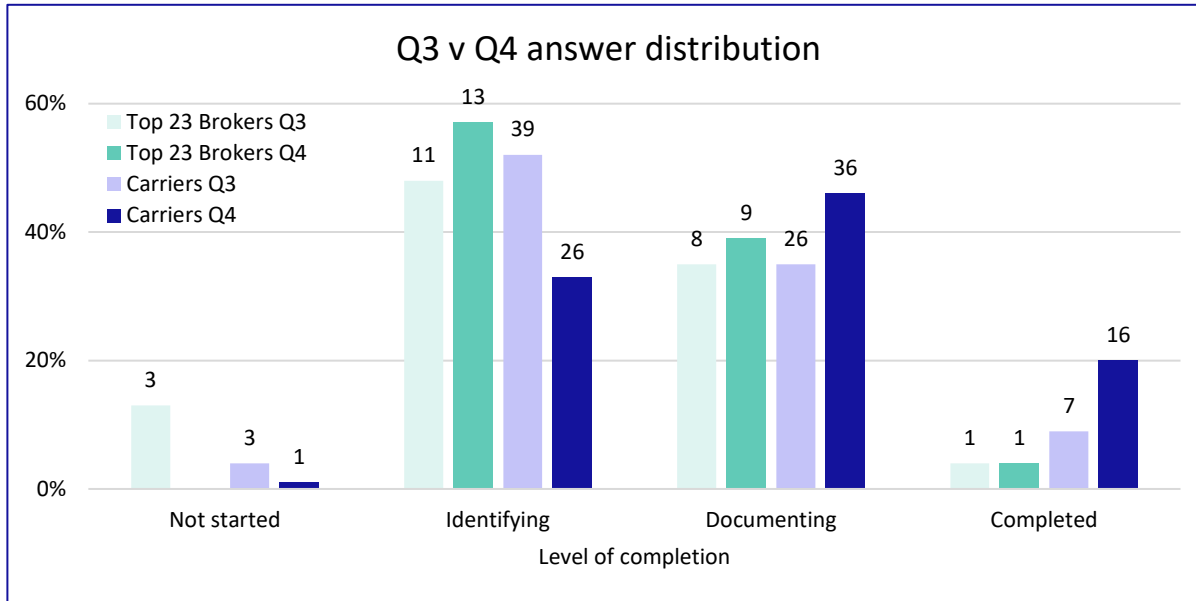
Q3 v Q4 answer distribution

Q3 v Q4 average

This is the second time this question has been asked. The aim is to understand how far progressed firms are in identifying their key stakeholders for the project.
A strong stakeholder analysis helps in understanding the various stakeholders, their needs and what is required from them to ensure the success of the project.
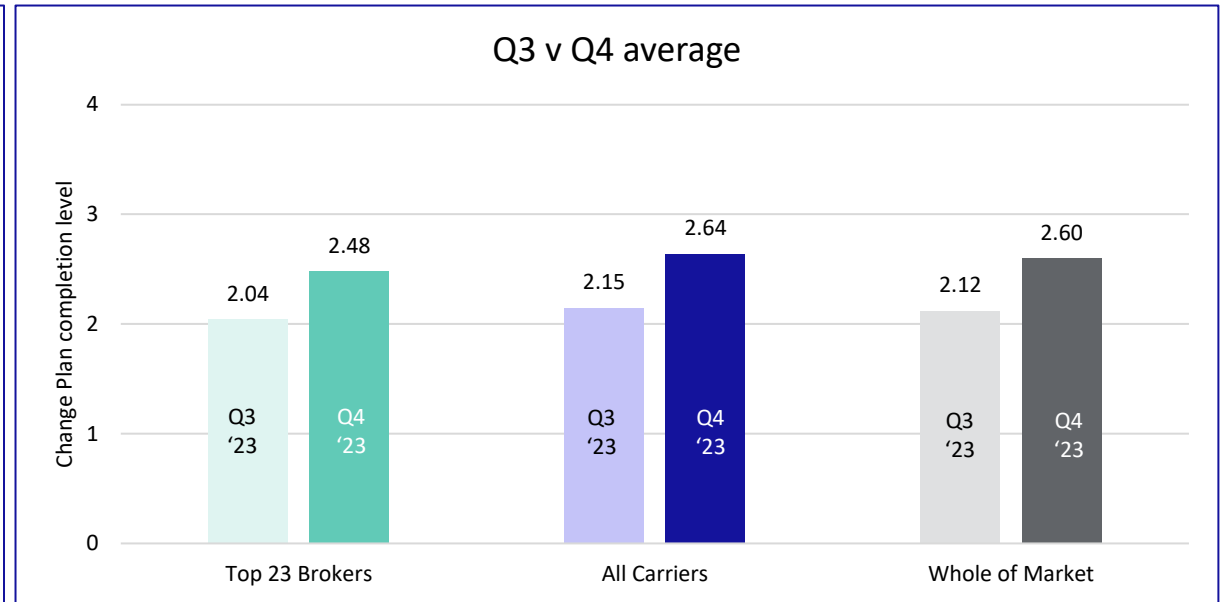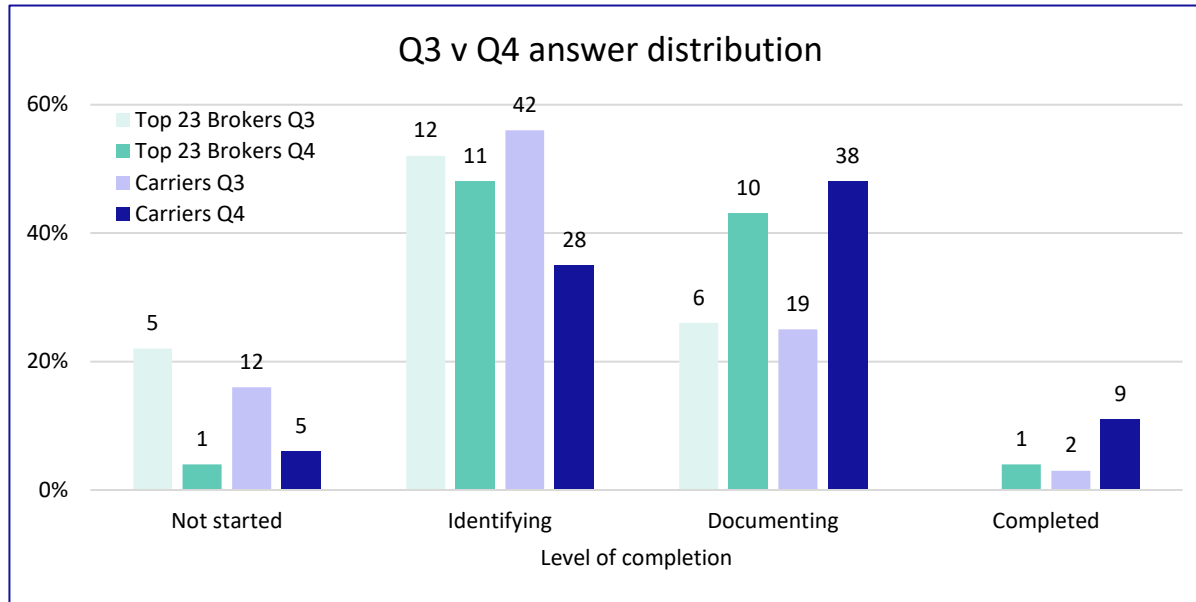
There is a pattern of progress, with more firms having processed to identifying (57% brokers and 33% carriers) and documenting (39% brokers and 46% carriers) their stakeholders and an increase in carriers who have completed this task. Overall, scores have increased for brokers by 0.18 (8%), and carriers by 0.35 (14%). Only one firm had yet to start this activity.

Since the adoption guide was published in September, market firms have been able to review their stakeholder plans and started to refine them. At this point of the project, is it good to see market firms progressing through this process and look forward to higher numbers having completed this task as we move into 2024.

Based on these findings, there will a continued drive from engagement partners to work with those market firms who have yet to complete their stakeholder analysis. The benefit of this is to ensure that everyone is identified who needs to lead the change, support the change, or is impacted by the change, and that key decisions and actions are taken to ensure it is successful.

Stakeholder Analysis Completion Level – Average Scoring Scale: 1 = Not Started, 2 = Identifying, 3 = Documenting, 4 = Completed

6

Progression of change plans within firm

Q3 v Q4 answer distribution

Legend:
- Top 23 Brokers Q3
- Top 23 Brokers Q4
- Carriers Q3
- Carriers Q4

Level of completion categories: Not started, Identifying, Documenting, Completed

Data labels:
- Not started: 5, 1, 12, 5
- Identifying: 12, 11, 42, 28
- Documenting: 6, 10, 19, 38
- Completed: 1, 2, 9

Q3 v Q4 average

Y-axis: Change Plan completion level

- Top 23 Brokers: Q3 '23 = 2.04, Q4 '23 = 2.48
- All Carriers: Q3 '23 = 2.15, Q4 '23 = 2.64
- Whole of Market: Q3 '23 = 2.12, Q4 '23 = 2.60

This is the second time this question has been asked. The aim is to understand how far progressed firms are in developing their change plans for the project.
A change management plan is a structured approach that an organisation follows to successfully introduce and manage changes within the company.
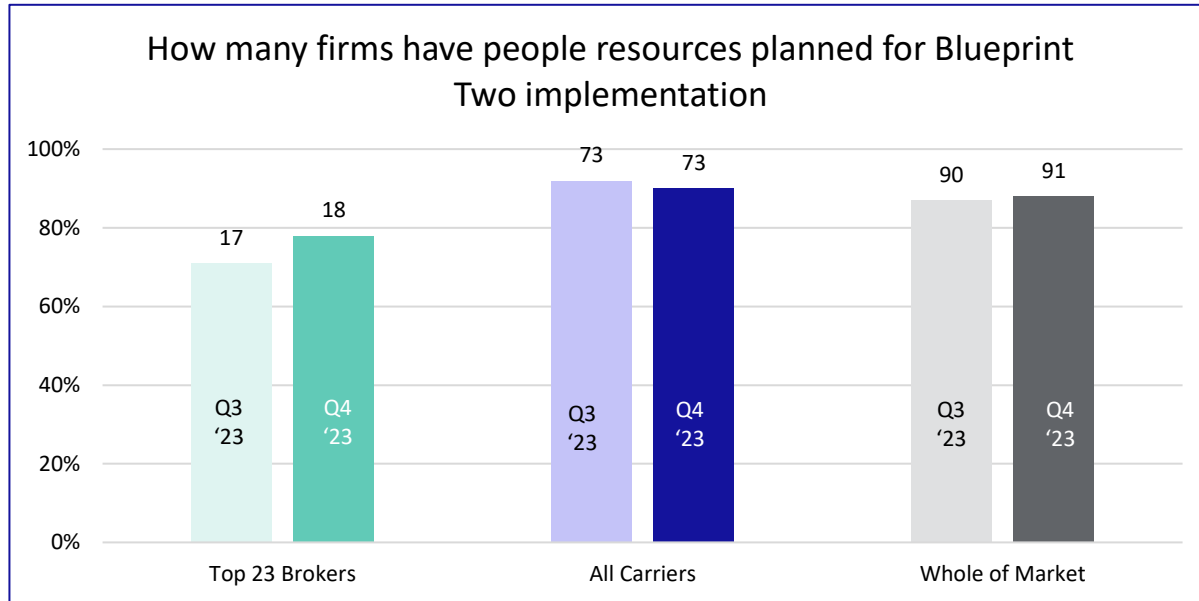
The market is making progress against the Q3 survey with 43% of brokers and 48% of carriers currently documenting their change management plans. An additional 48% of brokers and 35% of carriers are in the process identifying what needs to go into their change management plans, with a few firms in the strong position of having a completed change management plan in place. Only six firms are yet to start this activity. Overall, brokers have moved forward by 0.44 (22%) and carriers by 0.49 (23%).

Both brokers and carriers mentioned that they still need clarity on some areas such as EDI messaging, onboarding, training and testing to move forward with their change plans. This correlates with their feedback on completing their change impact and stakeholder analysis activities, as the change plan usually follows these.

At this stage, it is expected that market firms should have started documenting their change management plan to deliver on the changes required. Based on these findings there will be a continued focus from the engagement partners to work with those firms who are yet to start their change management plan and encourage firms to move to documenting and completing their plans based on the information that is currently available and new information expected at the 11 December event.

Change Plan Completion Level – Average Scoring Scale: 1 = Not Started, 2 = Identifying, 3 = Documenting, 4 = Completed

7

How many firms have planned people resources and budget for Blueprint Two implementation

How many firms have people resources planned for Blueprint Two implementation

Bar chart data:
- Top 23 Brokers: Q3 '23 = 17 (71%), Q4 '23 = 18 (78%)
- All Carriers: Q3 '23 = 73 (92%), Q4 '23 = 73 (90%)
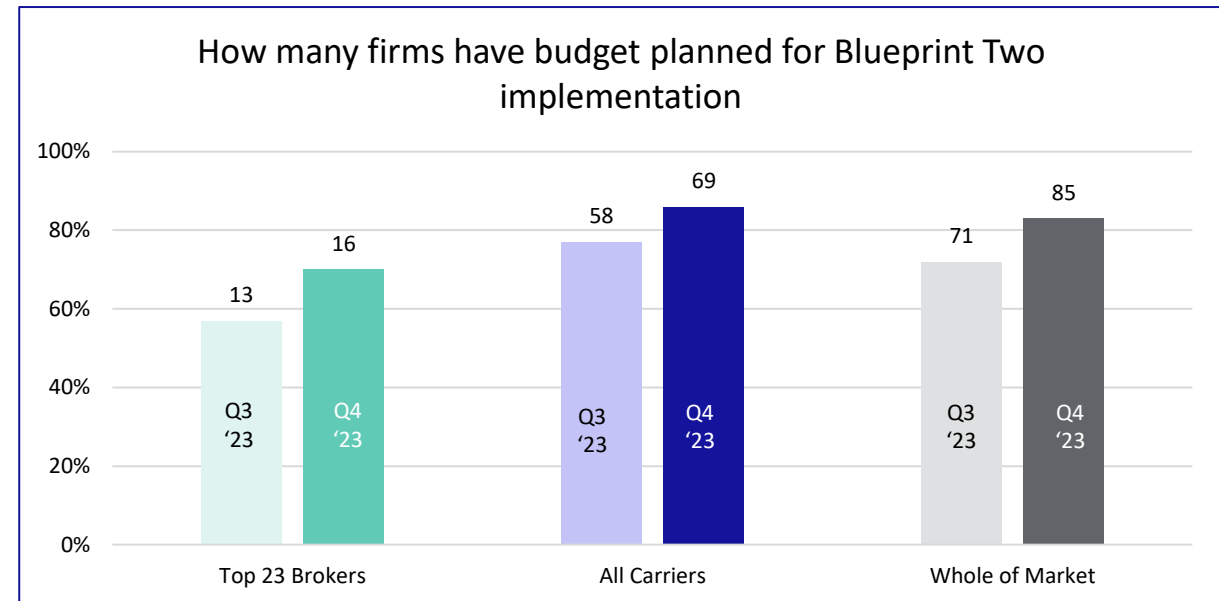- Whole of Market: Q3 '23 = 90 (87%), Q4 '23 = 91 (88%)

This is the second time this question has been asked.

78% of brokers and 90% of carriers have resources planned for the Blueprint Two project implementation.

The results have remained fairly stable when compared against Q3 results, with an additional broker having confirmed people resources are in place. A new carrier was added to the tracker which hadn't confirmed resources were in place, and this accounts for the 2% reduction for carriers. It is essential that resources are in place to enable market firms to continue to operate in the market from July 2024.

The engagement partners will be asked to look into firms where people resources have not been confirmed to understand whether this is symptomatic of the stakeholder analysis not being completed or whether there is a more acute resourcing issue within the firm that needs to be resolved.

How many firms have budget planned for Blueprint Two implementation

Bar chart data:
- Top 23 Brokers: Q3 '23 = 13 (57%), Q4 '23 = 16 (70%)
- All Carriers: Q3 '23 = 58 (77%), Q4 '23 = 69 (86%)
- Whole of Market: Q3 '23 = 71 (72%), Q4 '23 = 85 (83%)

This is the second time this question has been asked.

70% of brokers and 86% of carriers have budget planned for the Blueprint Two project implementation.
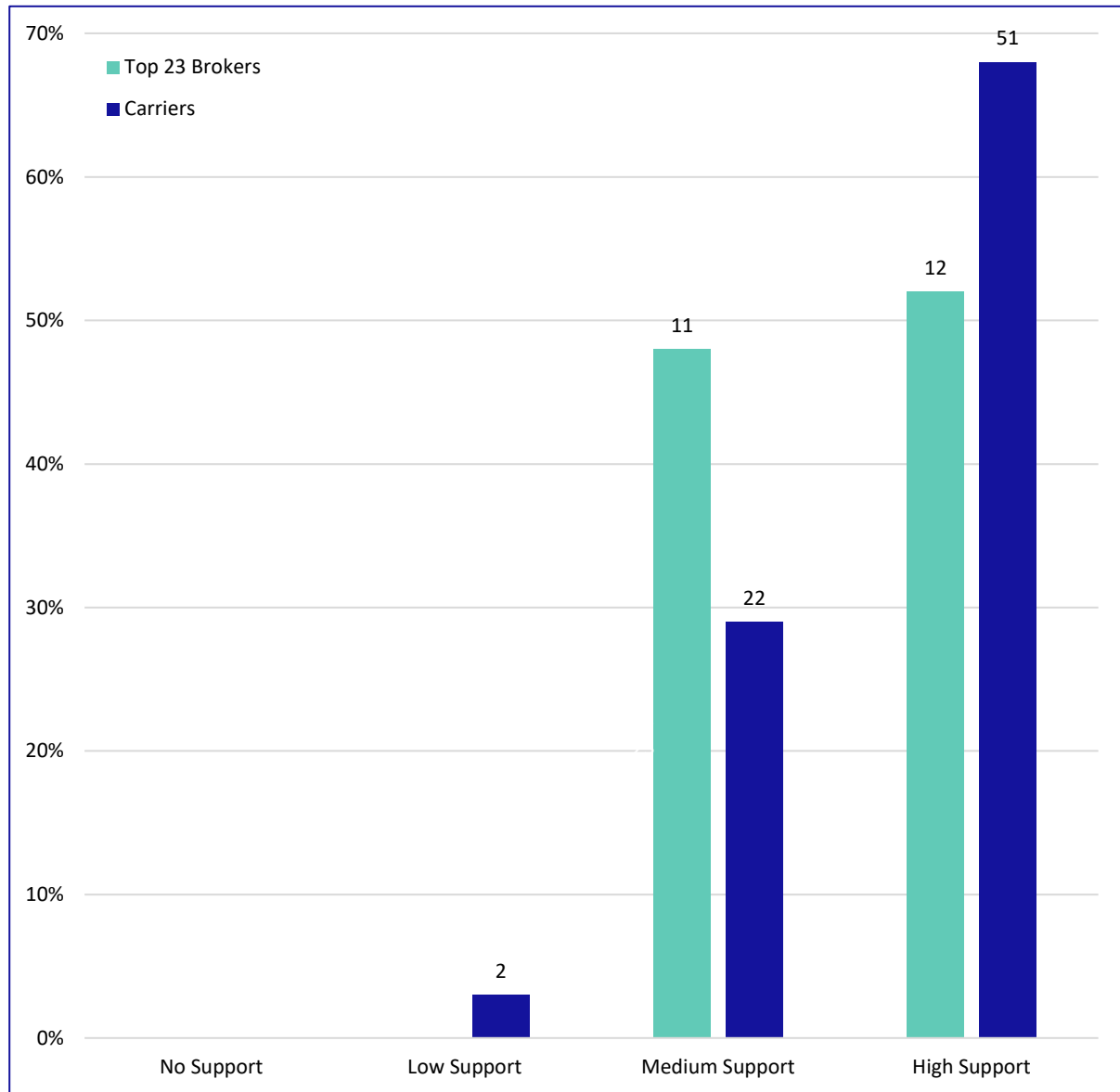
Both brokers and carriers have made progress in this area compared to Q3, increasing by 13% and 9% respectively. The results show there is a higher proportion of brokers that do not have a specific budget planned. In some cases, feedback on budgets cited clarification on EDI messaging in terms of the cost to move to standard EDIs, the pricing of customised EDI, and costs relating to supported training and testing as a reason why budgets could not be finalised.

The engagement partners will check in with those firms who do not have budget allocated to ensure provision is being made to cover the cost of change in 2024.

New
Question Responses

Level of senior stakeholder support within firms

Legend:
- Top 23 Brokers
- Carriers

Chart data (bars labelled):
- No Support: (none)
- Low Support: Carriers 2
- Medium Support: Top 23 Brokers 11, Carriers 22
- High Support: Top 23 Brokers 12, Carriers 51

The aim of this question was to get a sense of the level of support market firm change champions are getting from their senior stakeholders.

Over 52% of brokers and 68% of carriers cited that their senior stakeholders exhibit a **high** level of support for the project.

Over 48% of brokers and 29% of carriers cited that their senior stakeholders exhibit a **medium** level of support for the project.

However, there are two carriers where senior level support could be improved from a **low** level and the carrier engagement partners for these firms will focus on better understanding how this can be achieved.

It is promising to see that no firms reported that they had "no support" from their senior stakeholders.

When considering what a medium level of support represented, feedback suggested that senior stakeholders felt they had the resources in place to manage the change so didn't need to be proactively involved.

Irrespective of that, a higher level of support should be in place, and this will be emphasised at the 11 December market event, with a dedicated session for CEOs.

Level of adoption guide usage within firms
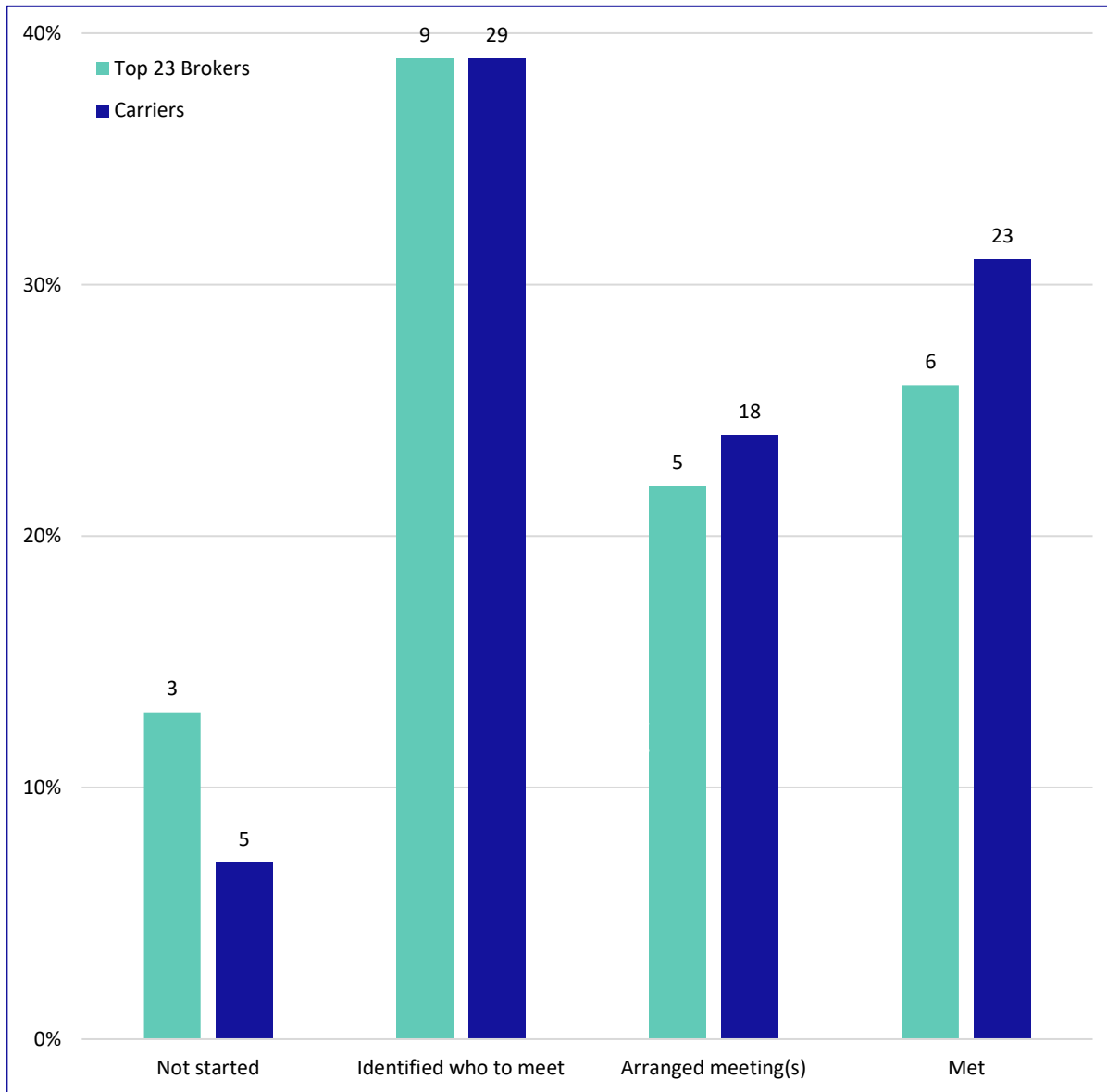
The adoption guide was well received by the market, and this is the first time this question has been asked.

The aim of this question was to establish how well the adoption guide had been utilised within market firms since it was published in late September.

There was a spread across the range of responses with the main peak in the "identified who to meet" category with 39% of both brokers and carriers at this stage.

26% of brokers and 31% of carriers had already met with those who input is required to deliver the change, with a further 22% of brokers and 24% of carriers in the process of arranging internal meetings.

There is a small pocket of three brokers and five carriers who had not yet identified or arranged internal meeting to work through requirements from the guide as at the completion of the survey.

However, when combined, it is very encouraging to see that 48% of brokers and 55% of carriers had already met or were arranging to meet with those required to deliver the change, especially given the short timeframe between the guide being published and the survey being completed.

It is anticipated that many more meetings will have been arranged and held since survey responses were submitted between October and 24 November.

Level of LMA playbook usage within firms (Managing Agents only)
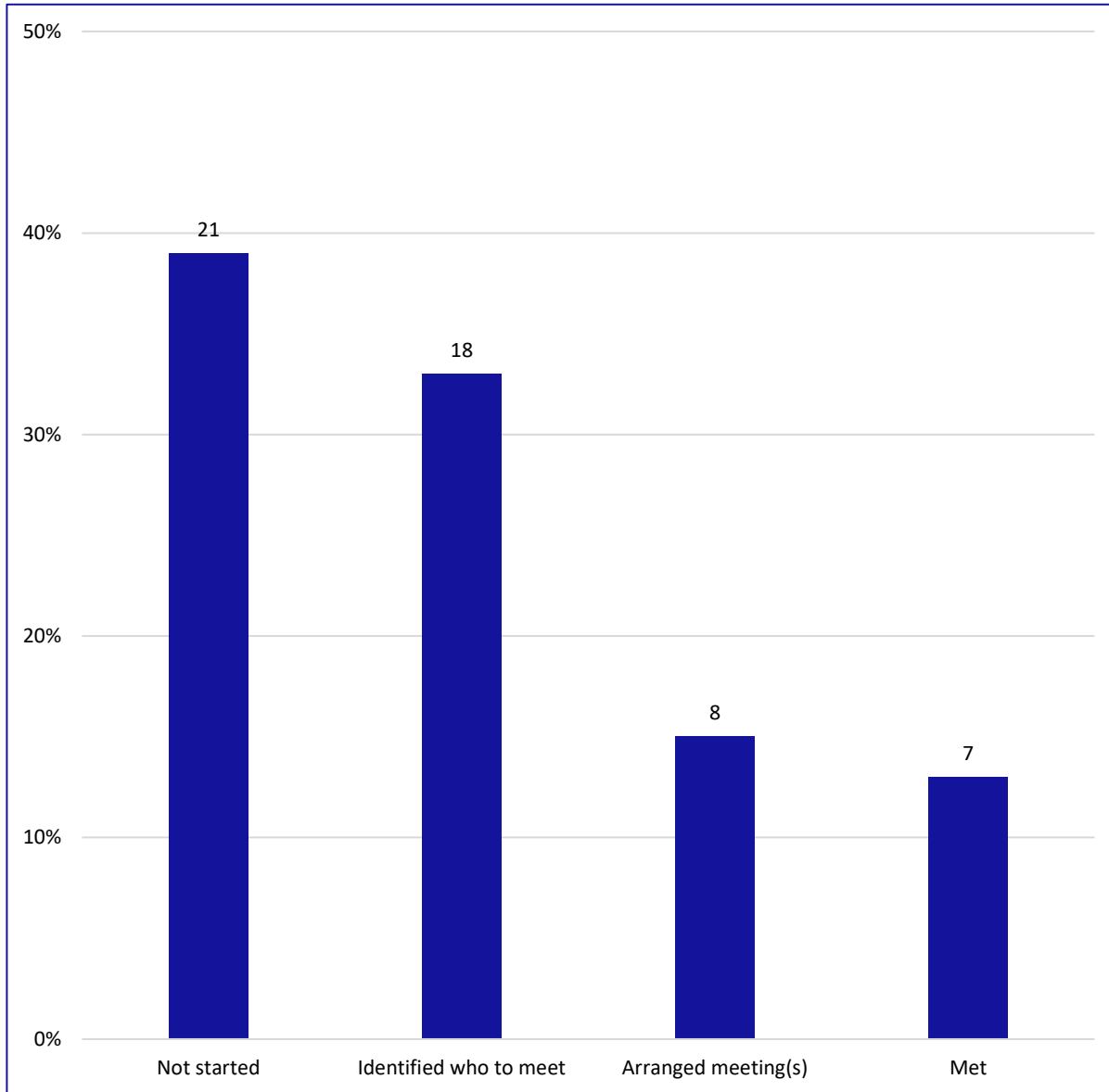
This is the first time this question has been asked.

The aim of this question was to establish how well Lloyd's Managing Agents had utilised the recently published LMA playbook, which was published in October 2023.

Out of the 54 LMA respondents:
- 39% had not yet started the meet process
- 33% were identifying who to meet
- 15% were in the process of arranging to meet and
- 13% had met and were embedding the playbook into their firms

Given the slightly later publication of the LMA playbook, it is reasonable to expect that meeting activity would have been slightly behind that of the Adoption Guide at the time of the survey.

All of the market playbooks (Broker, LMA and Company market) can be found on this page within the Blueprint Two website.

Level of EDI message list validation within firms
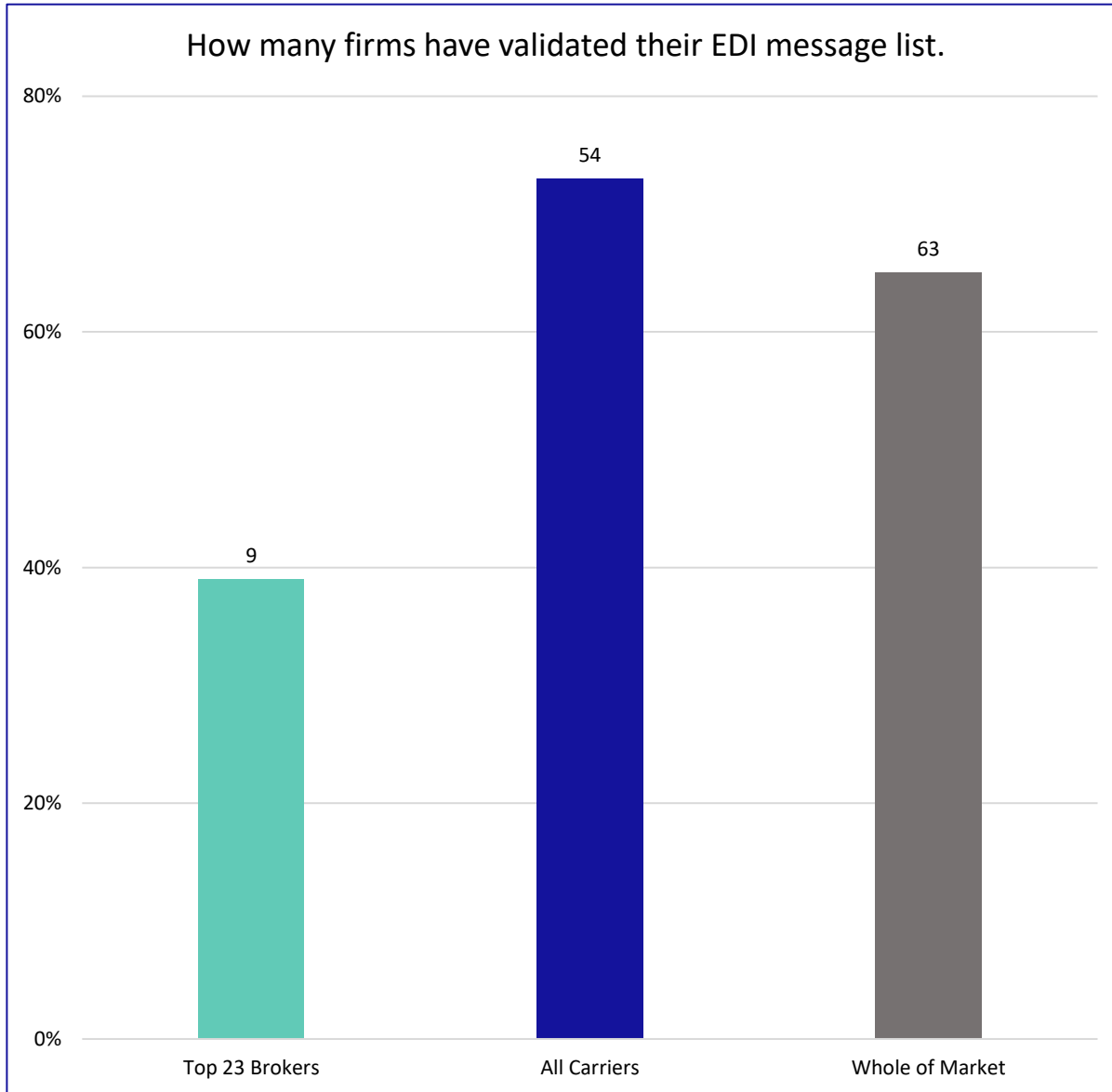
How many firms have validated their EDI message list.

This is the first time this question has been asked. The aim of this question was to get a sense of the level of market firms who had reviewed and validated the EDI message lists they had recently been sent.

39% of brokers and 73% of carriers have reviewed and validated the EDI message lists so far.

No feedback was identified on the disparity between brokers and carriers within the survey and the broker engagement partners are working with those brokers who haven't yet validated their EDI messages to ensure that is completed.

Since the completion of the survey, further clarity has been provided on which customised EDI messages will be supported, which will further help with the validation of EDI messaging plans.

Indicative adoption timings for phase two digital and reasoning

Indicative adoption timing for phase two digital

Legend:
- Top 23 Brokers
- Carriers

Period	Top 23 Brokers	Carriers
End '24	4	3
Q1 '25	5	11
Q2 '25	4	3
H2 '25	5	26
H1 '26	1	15
H2 '26	0	10
As late as possible	1	6

Primary reason for indicative phase two digital adoption timing

Legend:
- Top 23 Brokers
- Carriers

Reason	Top 23 Brokers	Carriers
A	1	3
B	5	18
C	0	8
D	11	25
E	0	3
F	5	16
G	1	1
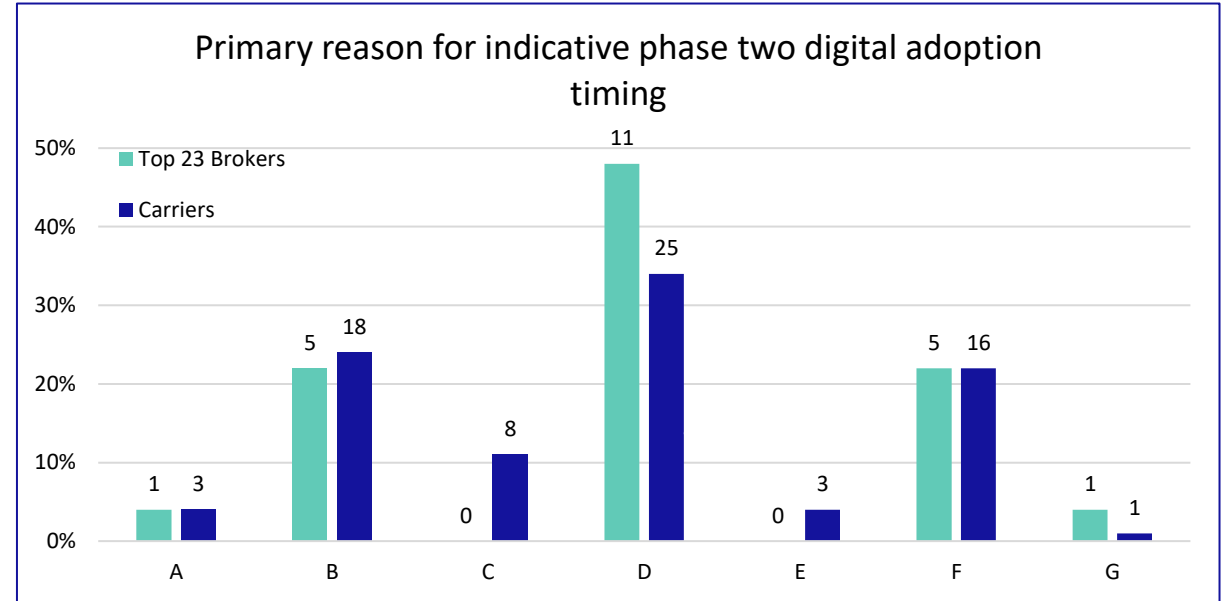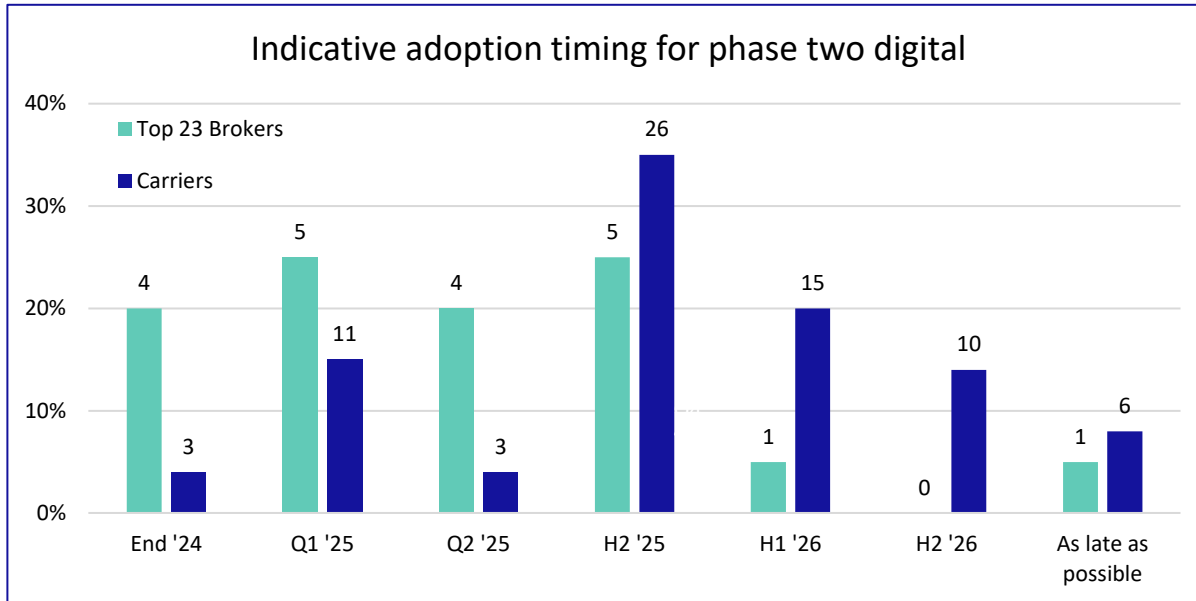
This is the first time these two questions have been asked. The aim was to get an **indication** of when firms are looking to adopt phase two after launch September 2024.

The first graph shows the majority of brokers (90%) were indicatively looking to adopt phase two in H2 '25 or earlier, and most carriers (77%) were indicatively looking to adopt phase two in H2 '25 or later. Broker adoption will be key, so it is reassuring to see brokers expect to take the lead on adoption.

The key reasons cited for these indicative dates were:
- Once we have sufficient detail to fully understand how to adopt phase two.
    - 48% of brokers, 34% of carriers.
- It will depend on how it aligns against other changes required in our organisation.
    - 22% of brokers, 24% of carriers.
- It will depend on when my service provider will be able to support our adoption.
    - 22% of both brokers and carriers

Reason key:

A. We want to adopt as soon as it is available.

B. It will depend on how it aligns against other changes required in our organisation.

C. We want to see the build completed and have seen the platform to better understand the benefits it brings.

D. Once we have sufficient detail to fully understand how to adopt phase two.

E. We'll wait until the majority of the market has already adopted phase two.

F. It will depend on when my service provider will be able to support our adoption.

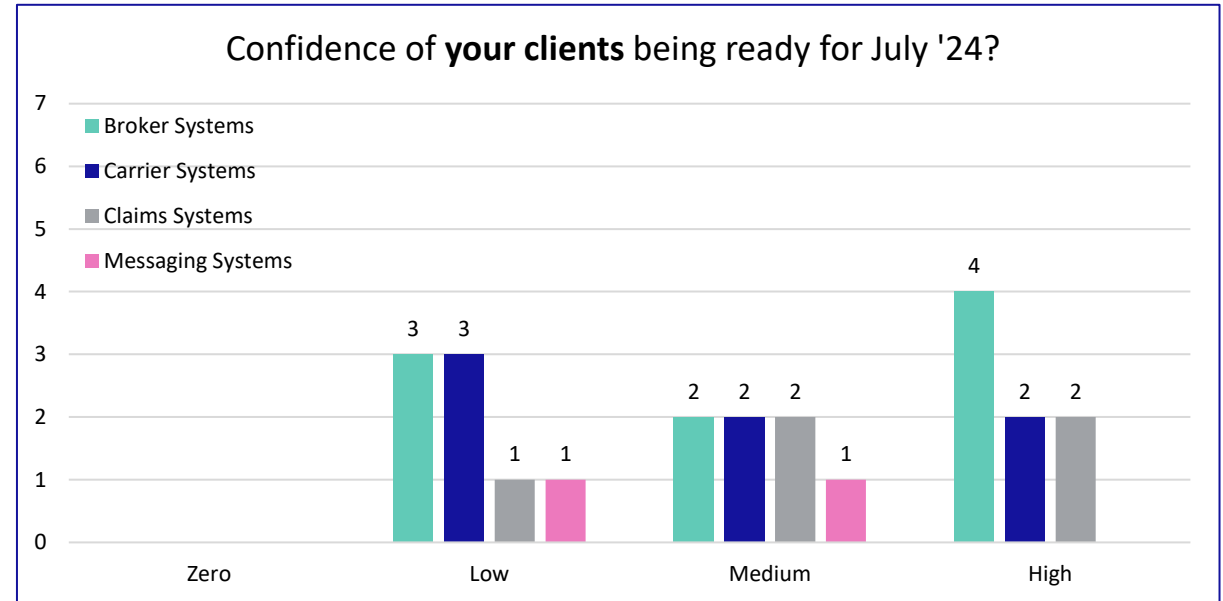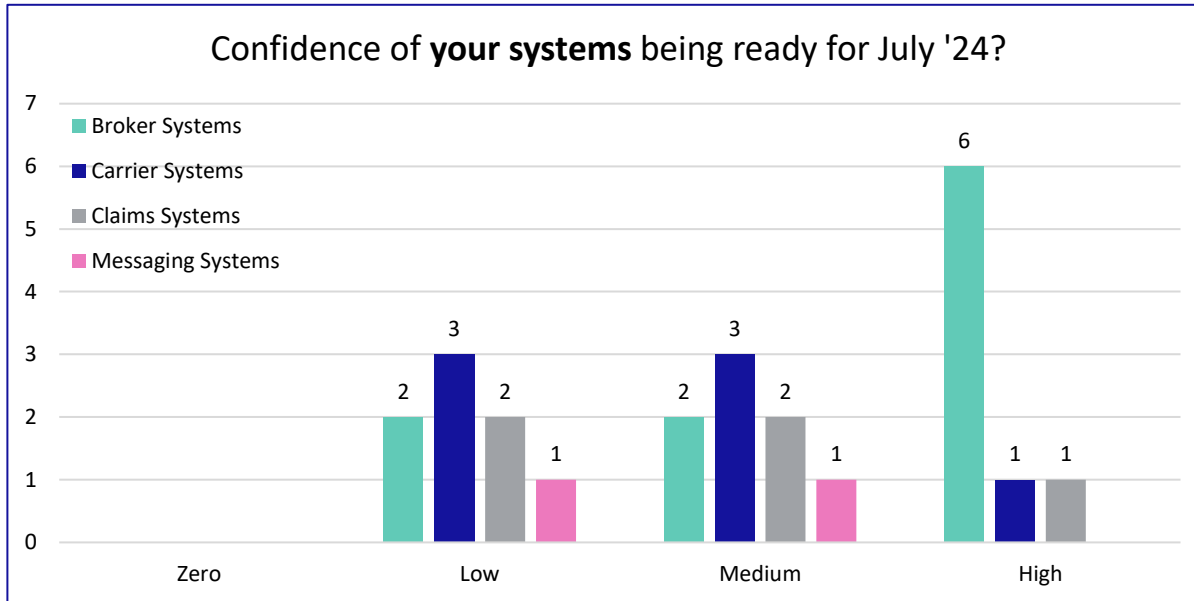G. When we have no other choice.

Initial Service Provider Survey

Initial service provider survey background

- This was the first survey with the service provider community and was conducted during October and November 2023. A range of questions were asked to establish the change landscape for service providers and, for the purposes of this report, we are only reporting on the questions asked that are relevant to readiness and testing.

- Responses were received from 19 service providers out of 22 representing the following system types. Some service providers serve more than one type of market firm or provide more than one service type. This accounts for the response numbers below being higher than 19:

    - 10 broking systems
    - 7 carrier systems
    - 5 claims systems
    - 2 messaging system
    - **24 responses in total**

- Due to the small sample size of some of the system cohorts we have provided chart analysis in numerical, rather than a percentage, format.

- As with any analysis of a small data set, caution is advised into in-depth interpretation of the results as variance of 1 or 2 responses can be magnified within charting.

- From January 2024, we will move to incorporating and aligning the service provider questions and surveys with the new monthly market firm adoption tracking reports.

Service provider system and client readiness confidence levels

Confidence of **your systems** being ready for July '24?

Legend:
- Broker Systems
- Carrier Systems
- Claims Systems
- Messaging Systems

Category	Broker Systems	Carrier Systems	Claims Systems	Messaging Systems
Zero				
Low	2	3	2	1
Medium	2	3	2	1
High	6	1	1	

Confidence of **your clients** being ready for July '24?

Legend:
- Broker Systems
- Carrier Systems
- Claims Systems
- Messaging Systems

Category	Broker Systems	Carrier Systems	Claims Systems	Messaging Systems
Zero				
Low	3	3	1	1
Medium	2	2	2	1
High	4	2	2	

The aim of these questions was to get a sense of the perceived readiness level of service provider systems and clients for 1 July 2024.
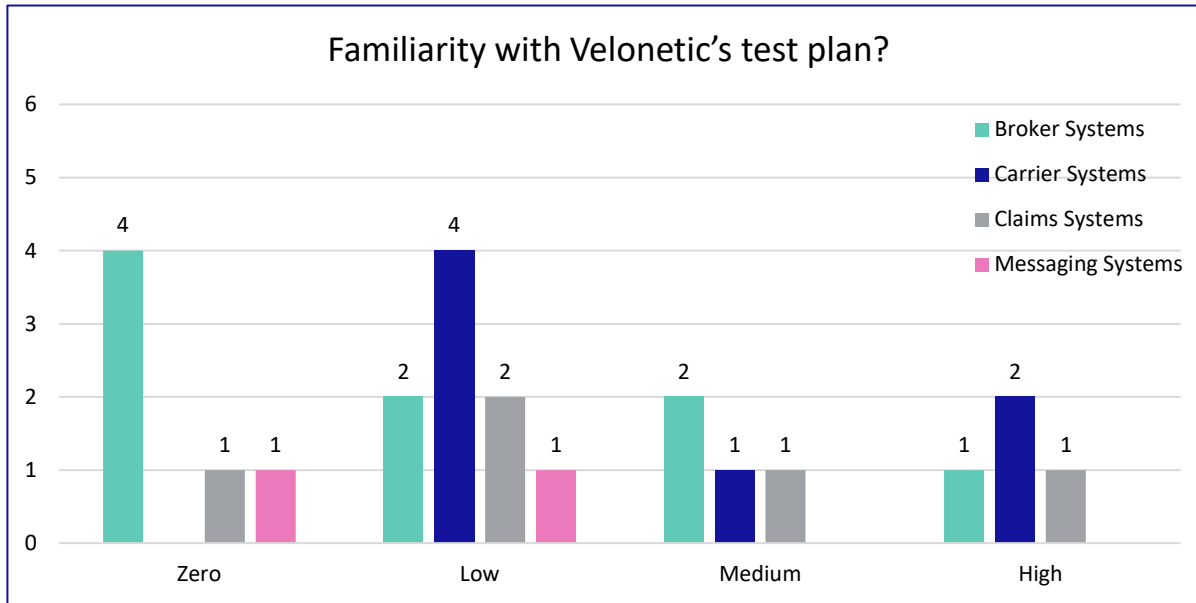
Broker system providers, in the main, have a higher confidence level in being ready for 1 July 2024, however this confidence reduces when it comes to their perception of their client's readiness (although there was 1 less respondent for this question). Most of the carrier, claim and messaging system providers tend to have a fairly even spread across low, medium or high confidence levels with both their systems and client readiness.

There were three key themes identified regarding the readiness scores from the comments provided by service providers. These included requiring more details on:

- EDI messaging and Customisations
- Testing
- Clarity on the deliverables for each phase of Blueprint two

Information on EDI messaging has been shared since the survey, which will help some firms move forward, and the 11 December market working session will build on the clarity sought. There will also be more clarity provided on testing both at and post the 11 December market working session.

Service provider familiarity with test plans and data

Familiarity with Velonetic's test plan?

Legend: Broker Systems, Carrier Systems, Claims Systems, Messaging Systems

Zero: Broker Systems 4, Claims Systems 1, Messaging Systems 1
Low: Broker Systems 2, Carrier Systems 4, Claims Systems 2, Messaging Systems 1
Medium: Broker Systems 2, Carrier Systems 1, Claims Systems 1
High: Broker Systems 1, Carrier Systems 2, Claims Systems 1

Are you advising clients to prepare test data?

Legend: Broker Systems, Carrier Systems, Claims Systems, Messaging Systems

No: Broker Systems 5, Carrier Systems 1, Claims Systems 1, Messaging Systems 1
Yes: Broker Systems 4, Carrier Systems 6, Claims Systems 3, Messaging Systems 1

Testing will be a vital part of the adoption readiness activities with service providers testing on behalf of their clients.

The aim of this question was to get a sense of the level of awareness of Velonetic's test plans.

Most system providers had zero or low awareness of Velonetic's test plan at this point, which isn't surprising as only limited information has been shared at this stage.

The next level of information on testing will be shared at the 11 December event.
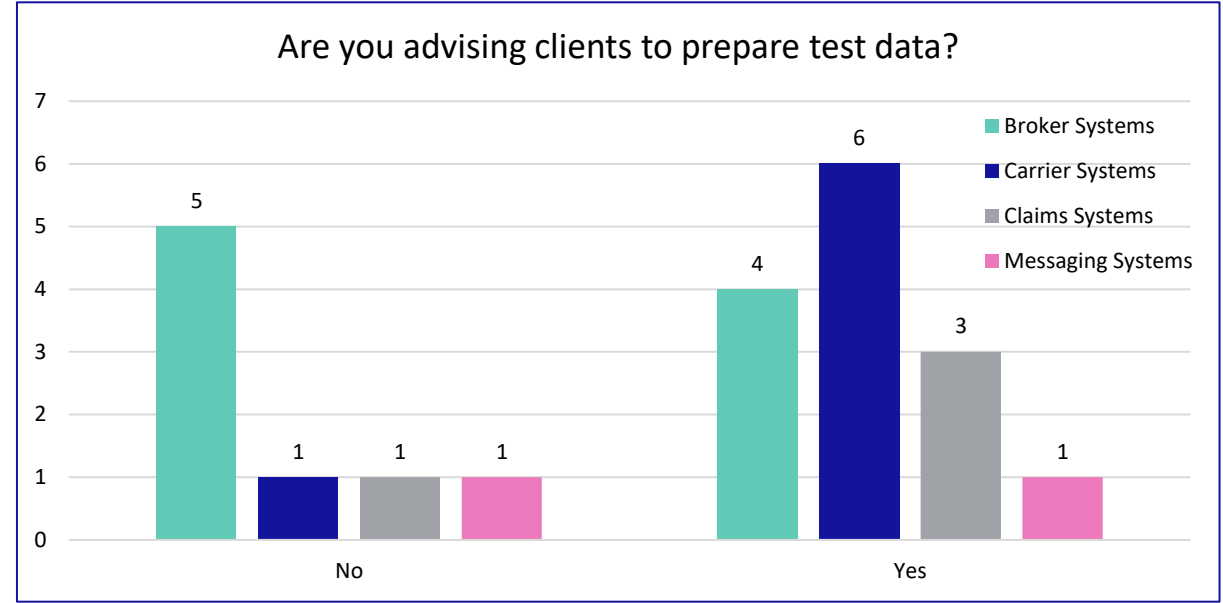
Test data will be required to enable testing. This question aimed to get a sense of which service providers are advising their clients to prepare test data in readiness for when the testing window opens.

44% of broker, 50% of messaging, 75% of claims and 86% of carrier system providers have advised their clients of the need to prepare test data so far.

The service provider engagement partner will be asked to investigate the reason for why some service providers are not encouraging their clients to gather test data at this stage, as there may be a simple explanation for this.

Appendix

Q4 2023 Market & Service Provider survey question sets

Q4 2023 Market Question set

Repeat Questions	Number of Responders	Results location
How well does your firm understand the impact of the new deployment plan for BP2 on current people, processes and technology (change impact analysis)?	98/106	**See Slide 6**
Have you now identified everyone whose insight is needed/role is impacted to plan for Blueprint Two (stakeholder analysis) e.g. different departments/offshore depts. ?	98/106	**See Slide 7**
Do you have a high-level change plan in place to help manage the changes required under Blueprint Two (change plan)?	98/106	**See Slide 8**
Do you have the necessary people in place to deliver Blueprint Two within your firm?	98/106	**See Slide 9**
Do you have budget planned for 2024 to meet any BP2 development or project costs?	98/106	**See Slide 9**
New Questions		
What would you say is the level of senior stakeholder (e.g. C-suite/Exco) support of BP2 within your firm?	98/106	**See Slide 11**
Have you met with all relevant colleagues at your firm to review the adoption guide to ensure they understand what activities your firm must deliver to be ready for phase 1?	98/106	**See Slide 12**
(Managing agents only) Have you met with all relevant colleagues at your firm to review the October 2023 LMA Playbook to ensure they understand what activities your firm must deliver to be ready for phase 1?	54/57	**See Slide 13**
Have you validated the EDI message list you have been sent?	97/106	**See Slide 14**
Indicatively, based on your current understanding of phase two digital, when would you be looking to adopt phase two?	94/106	**See Slide 15**
What is the primary statement that best reflects your indicative timing for the adoption of phase two?	97/106	**See Slide 15**

Q4 2023 Readiness Related Service Provider Question set

Question	Number of Responses	Results location
Readiness: How confident are you that your services will be ready for phase one on 1 July 2024?	24	**See Slide 17**
Readiness: How confident are you that your clients will be ready to use your services for phase one on 1 July 2024?	23	**See Slide 17**
Testing: How familiar are you with the Velonetic' s published test plan?	23	**See Slide 18**
Testing: Are you advising clients to prepare test data?	22	**See Slide 18**