Blueprint Two update

9 December 2024

Agenda

Opening remarks and heritage services exit plan	Bob James
Regulatory notification	David Sansom
Technology build	Callum Gibson
Testing and EDIs	Kerry Rainer & Alvaro Montenegro
Engagement in 2025	Matt Unsworth

If you have any questions following this session, please reach out to your engagement partner or scan the QR code

Blueprint Two

Technology build and testing status

We're still expecting to use the contingency planned for the remaining technology build. **We still expect build to complete in Q1 2025** with defect resolution coming out of testing to run in parallel with market testing

To support the progress and due to challenges during testing, we have stood up a third-party resource to help create a **stronger, systematic, and robust approach to testing**

Velonetic has published its understanding of the types of ACORD4ALL customised EDI messages, including listing which ones will be supported. There are no structural changes to the EDI messages and the updates are only reflected in the standardised EDI messages
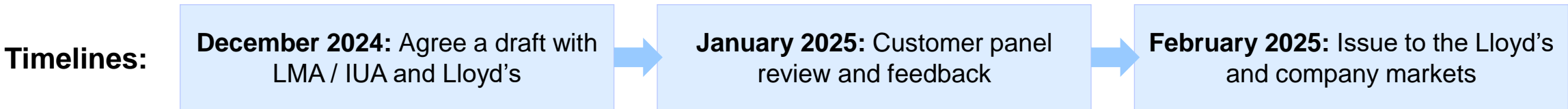
An updated version of the readiness white paper will be published in the data room by January 2025. The existing version will still be available in the data room

Heritage services exit plan

Velonetic, in partnership with the LMA, IUA and Lloyd's, is creating the heritage services exit plan based on the framework set out in schedule 8.3 of Lloyd's and Company market heritage services agreements.

The details include:

The workstreams and projects that will facilitate exiting the heritage services and transitioning onto the DPS

The artefacts, roles and responsibilities and market governance Velonetic will follow for each workstream

A request for consent to put the DPS platform live, allowing Velonetic to use customer data for migration testing and assurance. This also creates a number of opportunities to move existing functions and to bring enhancements to the current service, using the DPS platform, de-risking cutover

A proforma termination letter, including the cutover conditions for service and market readiness

Timelines:

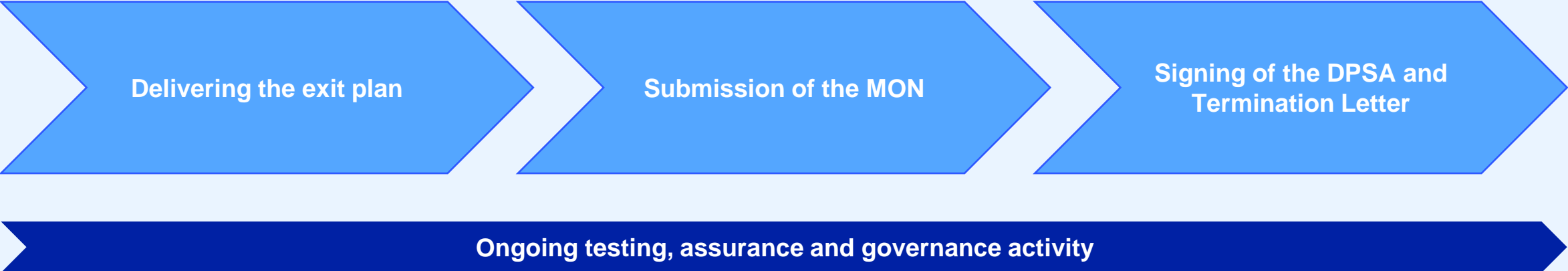| **December 2024:** Agree a draft with LMA / IUA and Lloyd's	**January 2025:** Customer panel review and feedback	**February 2025:** Issue to the Lloyd's and company markets

Regulatory notification

David Sansom

Chief Risk Officer,
Lloyd's

Blueprint Two

Revised cutover governance and regulatory sequencing

The **new sequencing follows 'best practice' by informing the regulator on the updated approach** we're taking before signing the DPSA and Termination Letter. This adjustment provides additional time to thoroughly test the system, ensuring a higher level of confidence prior to signing.

Delivering the exit plan → **Submission of the MON** → **Signing of the DPSA and Termination Letter**

Ongoing testing, assurance and governance activity

Next steps

- Define and agree the conditions of readiness for the exit plan and share
- Finalise the MON guidance document and share with managing agents
- Issue the DPSA and Termination Letter for signatures

Incorporating lessons learned from a Lloyd's MON process

Lloyd's have recently completed a Material Outsourcing Notification (MON) submission to the regulators. **Key lessons learnt** from the process will be **incorporated into the Blueprint Two consolidated market-wide MON notification,** reducing regulatory and programme risk.

Following the PRA / FCA regulatory guideline enhancements, Lloyd's has built a robust process which has been well received by the regulator:

Submitting a 'pre-notification'

- Informs the regulator ahead of submission
- Allows for early feedback to be obtained and updates to be made

Submitting a 'formal notification'

- Completed following approval from SMF24 (Senior Management Function responsible for overseeing internal operations and technology)
- Provides the regulator time (over 3 weeks) to feedback any final questions or challenges ahead of contract signatures

Key lessons learnt

Clear governance for MON implementation phases

Iterative pre-submission feedback process

Communicated timeline mapped against the DPSA and data room artefacts

Technology build

Callum Gibson
COO, Velonetic

General Manager ISB
London Market, DXC

Build readiness: requirements and solutioning

> As previously reported, delayed delivery requirements and an underestimation of the remaining work has impacted the timeline to deliver the build. Consequently, we're expecting to use the contingency planned for the remaining technology build.

PI readiness – PI19 review available to TMO on 13 December

# of features	PI18	PI19	PI20	PI21	Total
Total features in PI (actual vs prior)	133 (205)	177 (184)	104 (28)	16 (9)	430 (426)
Ready for build		174	65	9	248
Requirements not received		-	13	2	15
Awaiting solution		3	26	5	34

Note:
- We'll continue to use 'features' as our metric for measuring build progress
- Updates to build numbers are made available via the TMO, progress reports, and COO updates

PI19
- 3 awaiting solutioning will be ready for sprint 2 (19.2)

PI20/21
- No challenge with solutioning capacity

PI22/23
- Defect management
- Risk associated with:
  - ICOS
  - Prop Treaty
  - Settlement
  - Lloyd's readiness
  - EDIs
  - Data Reachback
- Change

Build timeline: re-plan vs current forecast
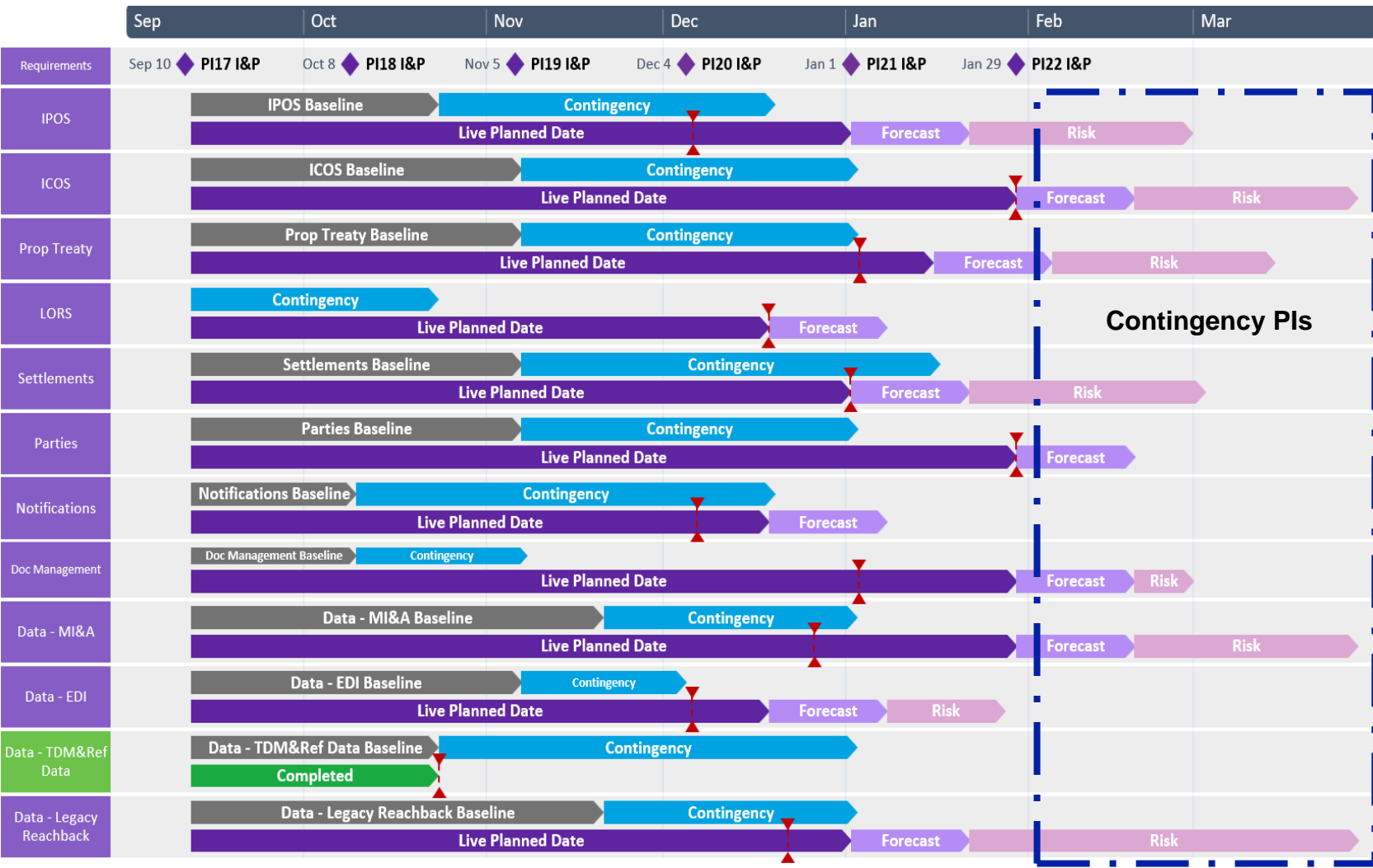
Key:

Live planned date – Current build completion based on the live plan

Forecast – Quantitative forecast based on historic estimation accuracy

Risk – Qualitative forecast for anticipated risk

First product build is complete:
- Data – Ref Data and TDM

Core plan live date indicates January completion

However, we continue to impact the plan to accommodate:
- Sizing projections based on historical data
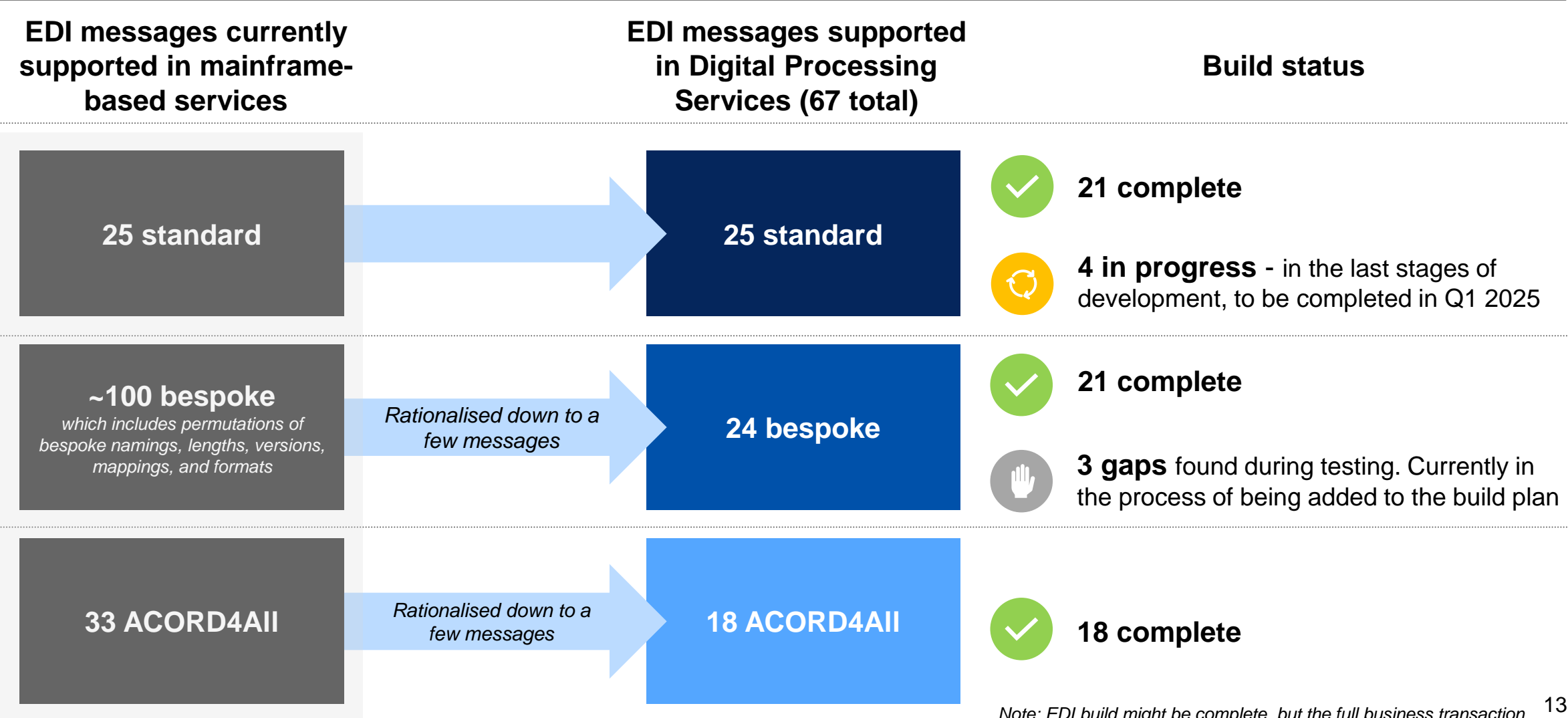- Risks (new constraint)
  - Change
  - Complexity

Updated timeline available to TMO on 13 December

![Lloyd's | Velonetic]

Current state of play on EDIs

EDI messages currently supported in mainframe-based services		EDI messages supported in Digital Processing Services (67 total)	Build status

25 standard → **25 standard**

✅ **21 complete**

🔄 **4 in progress** - in the last stages of development, to be completed in Q1 2025

~100 bespoke
which includes permutations of bespoke namings, lengths, versions, mappings, and formats

Rationalised down to a few messages → **24 bespoke**

✅ **21 complete**

✋ **3 gaps** found during testing. Currently in the process of being added to the build plan

33 ACORD4All

Rationalised down to a few messages → **18 ACORD4All**

✅ **18 complete**

Note: EDI build might be complete, but the full business transaction process needs to be complete to test the full message output.

EDIs are being baselined and tested; wider vendor testing to start early 2025

Purpose and approach

- EDI vendor testing is critical to **test connectivity and messaging**

- **EDI testing is complex** as messaging is largely undocumented and requirements have been reversed engineered from the mainframe
  - EDIs produced do not yet match the published specifications on the website

- **EDIs are being baselined in UAT** to match published specifications

- **Once complete we'll test with DXC ISB Software as a vendor** and then other external vendors

- **Message testing will cover standard, bespoke and A4A EDIs**, including Writeback and CWT

Current status and next steps

- **We have commenced EDI testing with DXC software**

- **DXC ISB software have onboarded all of their products**

- **Wider vendor testing expected to commence in Q1 2025 -** updates to follow in January

- We'll hold **monthly vendor engagement sessions** to keep them up to date on progress and next steps

Vanguard slimmed down to a group of eight ahead of E2E business scenario functionality testing

Vanguard will continue to run in a reduced capacity:

- ❖ Reviewing defined user journeys and preparing associated data
- ❖ Incremental component level testing, as it arises
- ❖ Collaboration and consultation on emerging items
- ❖ Spreading of tasks between a smaller group
- ❖ There will not be formal governed sign off testing of cycles during this period

Carriers:

MS Amlin   Swiss Re

FARADAY   AXA

Brokers:

wtw   GuyCarpenter

Marsh   HOWDEN

➤ This **collaborative approach helps in preparation for customer testing**, additional customer insight and intelligence, as well as live troubleshooting

➤ **Fuller Vanguard will be able to test all E2E functionality** (including EDIs) once vendors have signed off and more end-to-end business scenarios are available

➤ **We'll provide a 30 to 45-day lead time in advance of commencing any market testing**, providing time for market participants to stand up testing resource

Engagement in 2025

Matt Unsworth
Transformation Director,
Lloyd's

Blueprint Two

![Lloyd's | Velonetic]

Substantial engagement efforts from all stakeholders

Market events key messages

26 February

- Emphasised **four key areas** to prepare for cutover: testing, messaging, training, and signing the DPSA
- Launched three **contingency plans**: postpone, rollback, and fix forward

22 April

- **A rigorous governance process** is in place to ensure a safe cutover
- **Customer testing** preparation
- **Controlled launch** plan developed
- **Rehearsal** plan discussed

24 June

- Cutover was **postponed**
- **Data copy** approach discussed
- Two **paper-based rehearsals** completed
- Progress on initial **testing**

7 October

- Build targeted to complete **Q1 2025**
- **MON template** is continuing to develop
- **30 to 45-day lead time** will be provided in advance of commencing any market testing

9 December

- Build still targeted to complete **Q1 2025;** we're still expecting to use the planned contingency
- **Testing Partner** onboarded
- Clarity provided on **ACORD4ALL** messages and updates published for **standard EDI** messages

Key statistics

10 Monthly newsletters

4 Blueprint Two Working Sessions 500+ attendees
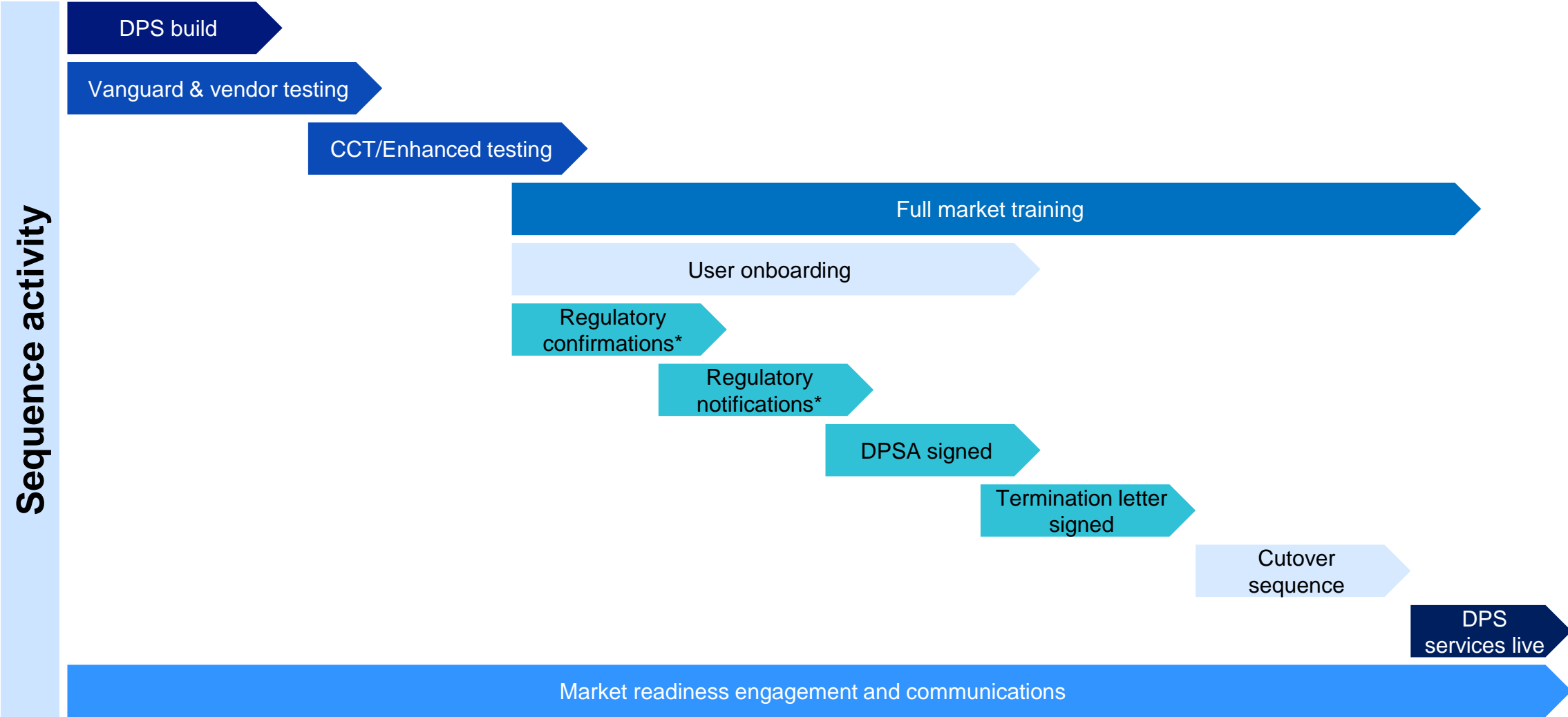
~1,700 Readiness survey responses

>2,200 Face to face readiness meetings

10+ Fortnightly test results shared

3 Virtual Q&As

9 In-person Q&As

Current Blueprint Two sequence plan

Sequence activity

- DPS build
- Vanguard & vendor testing
- CCT/Enhanced testing
- Full market training
- User onboarding
- Regulatory confirmations*
- Regulatory notifications*
- DPSA signed
- Termination letter signed
- Cutover sequence
- DPS services live
- Market readiness engagement and communications

*where applicable

Key upcoming activity

Tracking **DPS core build to complete** in **Q1 2025**

Progress reports continue in January

Wider Vanguard and vendor testing targeted to start from **Q1 2025**

Next **in-person market event** will be on **10 March 2025**

Heritage services exit plan to be finalised and shared with the market in February

Market Assurance preparation to run alongside delivery of programme milestones

Visit Blueprint Two website

Engagement Partner Network

Events & Updates