IBAC BMS SELECTION GUIDE FRAMEWORK 1.0

INSURANCE BROKERS
ASSOCIATION OF CANADA

EXECUTIVE SUMMARY

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Your Broker Management System (BMS) is the heart of your business and is 'mission critical' to your success. Whether you are contemplating a review of the BMS landscape to simply see 'what's out there' or you are being forced to move platforms because your aging BMS is being sunsetted, this template will help you through the process.

This template provides a set of questions to potentially ask your current or prospective vendor(s) when evaluating their product(s). When reviewing this list, think about what you value in your current BMS and also the functionality that you wish it had. The template might even alert you to features or functionality you didn't know existed.

Once you've identified the features and functionality your business needs you will be armed with a list of questions that should help ensure productive and deep discussions with vendors.

Product Roadmaps are used by virtually every software company. A good Roadmap should help you understand the strategic direction of the vendor. However, when discussing your 'mission critical' requirements with a vendor there needs to be a level of caution when it comes to a vendor's 'product roadmap'. Questions you should be asking about their roadmap process are; how long does it take for an item on the roadmap to make it into the software? How often do items fall off the roadmap and never make it into the software? A feature, function or an API connection to a carrier or ancillary vendor that sits on a roadmap does nothing to further your goals. There needs to be clarity between yourself and the vendor as to when the item will be built and included in the product. When it comes to new functionality or features how does the vendor typically build it out? Do they use a phased approach where the feature is slowly built out over multiple release cycles or, once committed, do they build it in one or two release cycles? It is unlikely that a vendor would guarantee a delivery date so be careful about building your plans around a feature that doesn't exist today.

CONSIDERATIONS

Changing BMS platforms represents a significant undertaking in both time and monetary costs. Thought needs to be given to the time commitment required to properly evaluate different BMS's against your strategic and operational goals. If you lack the time and/or expertise for this process an alternative is to engage a consultant. This also has the added benefit of bringing a 'fresh set of eyes' to the project that can alert you to business threats or opportunities that you may have missed.

REGULATORY

When considering a BMS serious consideration should be given to OSFI Guideline B-10 Third-Party Risk Management. Vendors fall under B-10's definition of third-parties. A problematic vendor with a poor track record on cyber security or other operational issues could put your broker contract with an insurer at risk.

INVENTORY

There are a number of reasons for having a complete and up-to-date inventory of your existing software. First and foremost, you don't want to pay for something that you already have. It also serves as a reminder of what you have and is it still fulfilling the reason you bought it in the first place. Is it still best in breed? Is your existing software capable of integrating with other pieces of your technology stack and/or contemplated purchases? Is your existing software purpose built for the insurance industry or is it something that you're trying to make fit?

END USERS

Don't forget to talk to your staff for feedback on your current system. Valuable insights can be obtained from your staff who use the BMS every day. What do they like about the current system and more importantly what don't they like. What slows them down and makes it more difficult to complete a task?

TIMING

The time required for this process is somewhat dependent upon the size of your operation but ranges between an absolute minimum of three months to two years or even longer for complex brokerages. If your data requires cleanup because of incorrect or non-standard use of data fields for instance, the most common approach is to go through one entire renewal cycle cleaning up data as policies renew. Once the data has been remediated, samples are given to the vendors data transformation team (ETL; Extract, Transform, Load) to evaluate how it converts over to their system. It is crucial that you thoroughly examine the converted test data to ensure that all of the data has been converted over to the new system. If errors are still found more work will be required. Allow yourself plenty of time as you don't want to let yourself be painted into a corner by a product sunset deadline.'

DISRUPTION

Changing the BMS heart of your business will cause disruption in your day-to-day operations. In addition to employee's regular workload there will be training required. There will be an initial loss of productivity as staff learn the new system, procedures and workflows. How will you support and motivate your people during this transition time? Financial incentives such as bonus's for hitting pre- determined milestones or a well-deserved day off can help. Hiring additional staff either permanently or on a short-term basis can also help maintain morale and prevent burnout.'

RISK REDUCTION

It is a known fact that old and outdated or unsupported software systems are an attack vector used by bad actors. Outdated software also poses an operational risk, in the event of a failure there can be a cascade effect impacting multiple systems with accompanying data loss and extra, unplanned work.

Will the vendor allow you to 'test drive' their product? Providing access to a test environment allows you to independently validate and verify feature and functionality claims made by the vendors sales team.

CLOUD VS ON PREMISES

The world is moving to the cloud or so it seems. Some vendors no longer allow on-prem installations of their products. What precautions does the vendor take to protect their cloud offering from bad actors or component failure? Do they use outside, arms-length, specialists to evaluate their cloud environment or do they self-evaluate? Be cautious of compliance statements as they often rely on self-evaluation and not independent third-party testing. Who's responsible for backing up your data? What, exactly, are they backing up? What is the vendor's BCDR (business continuity/disaster recovery) strategy?

Who's responsible? Make sure you ask and receive, in writing, how your cloud provider protects your data. Do they use a 'shared responsibility' model when it comes to data backup, security, anti-virus? Most cloud vendors use this model and it puts a huge onus on you to protect your data. Make sure you review all of the options available so that you don't miss anything important. If you don't know what's important it might be time to bring in a consultant.

How much does the vendor charge you for providing you with a copy of your data? Best practice recommend that you have backup copies of your business data safely secured and in your possession. How often should you request a copy from your cloud provider? That is a personal choice and is partly based on cost but daily backups are a must.

Does the vendor have a Service Level Agreement (SLA) that offers you protection and financial incentive for their living up to the terms of the SLA? If they do, be sure to have your lawyer review the SLA to confirm the protection that it should provide.

CLOUD IMPLEMENTATION/DATA LOCATION/DATA USAGE

Where a Vendor houses their cloud implementation is of concern to brokers. Is it domiciled exclusively in Canada and/or is it housed in another country? Is there a co-location backup site in another country? If so, what laws exist in the foreign jurisdiction that can either improve security and data integrity or potentially place your client data at risk from a foreign government accessing your client data? Examples both positive and negative are the European Union's GDPR (General Data Protection Regulation) and the Department of Homeland Security Data Framework Act of 2018.

NOTE:

An SLA is an agreement between the Vendor and you, the customer, to provide an agreed upon level of availability and uptime along with penalties if they fail to live up to the terms of the agreement.

TESTIMONIALS

Ask the vendor to provide you with the contact information for satisfied customers. Brokers who use the system on a daily basis are an important source of unbiased information. You should also work your network to find fellow brokers who use the system you are considering to better understand the product and the vendor behind the product.

BMS SELECTION REVIEW FRAMEWORK

Use the following section as a tool to help you ask the right questions of a vendor and to drill down and catalogue the software's capabilities.

COMPANY HISTORY, VALUE PROPOSITION AND PRODUCT OVERVIEW

When assessing a vendor thought should be given to their ownership model. Is it a privately held corporation or is it publicly traded? If it's privately held, how financially stable is it? Publicly traded corporations are notorious for managing by the quarter, will that assist or detract from the long-term development of their product(s)? Are their corporate goals aligned with yours and the broker channel or is there a fundamental disconnect? Is it owned by a Venture Capitalist (VC), if yes, what's their strategy, are they in it for a quick profit or the long haul. Ownership by a VC can bring added management strength and sophisticated guidance to the table.

It's important to understand who you are partnering with on your broker management system needs. Do you share the same values? Can they articulate their value proposition? Is their product intuitive or does it require extensive training? If training is required, can you use a third-party trainer or are you locked in to using their services? Training costs can be substantial, make sure you've taken these extra costs into account.

Are they actively developing their products and adding or enhancing new features and functionality or are they in 'maintenance mode'. You don't want to pay top dollar for a product that is not being constantly improved.

COMPANY HISTORY
FOUNDED BY WHOM AND WHEN

VALUE PROPOSITION What's their focus? Low-cost product offering with minimum functionality or a high- end experience with associated costs or maybe something in-between?

GEOGRAPHIC FOOTPRINT Does the vendor operate everywhere you do or intend to operate?

OVERVIEW OF PRODUCT(S) Does the vendor have a well-rounded, integrated suite of products that meet your business plan requirements or will you have to purchase other products from different vendors? If using other vendors to round out your technology stack how easy will it be to integrate with the BMS vendor and at what cost?

NAME/DESCRIPTION/OVERVIEW (REPEAT AS NECESSARY FOR ADDITIONAL MODULES)

PRODUCT REVIEW

CORE PRODUCT FEATURES Sales Cycle Management is an excellent tool for both management and your sales people. It helps plan your sales goals and the effort required to meet them. It also helps you stay on track and provides an early warning if you are not meeting your goals.

MARKETING What, if any, marketing capability does the software provide? How automated is it and does it have reporting capability that make it easy to track the results of a sales campaign? Sales Funnel Management tools show you what opportunities you have inputted into the system along with anticipated pricing, weighting the opportunity is done by applying a probability factor (0 to 100%) of closing the sale. The final element is reporting on actual sales and what is still in the pipeline.

- Opportunity Management
    - Tracking
    - Weighting (probability of closing the sale)
    - Reporting
        - Calculate cost of acquisition
- Policy Life Cycle Management
    - New Business Surveys
    - Commercial life cycle management
        - Submissions
        - Proposals
        - Binders
        - Renewal
            - Automated remarketing

CRM (CUSTOMER RELATIONSHIP MANAGEMENT) CAPABILITIES A CRM enables a brokerage to monitor, evaluate, and review the entire lifetime value of each customer relationship, from initial purchases to change requests, claims and customer communication, and beyond

- Does the BMS provide a 360 view of your client?
- Identify relationships between clients?
- Client Segmentation
- Lead Nurturing
    - Push Notifications
- CASL (Canadian Anti-Spam Legislation)
    - Compliance Customer Contact Preference Management

NOTE: CLIENT SEGMENTATION

Tools use the 80/20 rule to identify the critical 20% of your clients that generate 80% of your revenue.

CLIENT SELF SERVE PORTALS are an expected communication method by modern consumers. It is often easier and faster to self-serve than wait on hold to complete a simple transaction. What portal options does the vendor provide? How easy is signing up for the customer and what admin burden would be placed on your staff to manage the portal (forgotten passwords)? How easy is it to navigate the self- serve portal? Poor navigation will result in increased customer calls asking staff for help.

- Personal Lines
  - Change Requests
  - Quote
  - Bind
  - Inquiry (Billing, Claims)
  - Insurance Policy View
- Commercial Lines
  - Change Requests
  - Quote
  - Bind
  - Inquiry (Billing, Claims)
  - Insurance Policy View

DOCUMENT MANAGEMENT Electronically managing, storing and retrieving client correspondence, policies and change documents, claim notices is must-have functionality for the modern brokerage. Functionality can be basic or offer tools like Work-load management that allows managers to see what work is being done, it can help identify an employee who is struggling with their work load or make it easy to reassign work when someone is off sick or on vacation. Sophisticated systems allow management to control access to sensitive documents like contracts or restrict access to VIP clients. Does the system log who accessed a document and when?

- Part of the core BMS or Separate module
- Does it have the ability to Annotate attachments
- Does it support Electronic Signatures
- Access Control capability
- Automated routing and attaching of eDocs
- Work-load management

ACCOUNTING

- Purpose built for Insurance Industry or Modified commercially available pkg
- Budgeting Capabilities
- Business performance management? Consume and process unstructured data?
  - Expense Tracking
- Support Premium Financing
- EFT (Electronic Funds Transfer) Payments
- Producer & Brokerage Commission Tracking
- Reporting
  - Basic
    - Obtain list of available reports

NOTE:

Premium Financing can be a lucrative new Profit Centre for your brokerage. Does the BMS provider support this function?

- Analytics
  - Automated analysis
- Business Intelligence
  - Dashboard data presentation
  - Business performance management?
  - Consume and process unstructured data?

ARTIFICIAL INTELLIGENCE (AI)
Artificial intelligence (AI) is the ability of a computer program or a machine to think and learn. Meeting this definition is a very high bar, make sure that it's not just a 'buzz word' the sales team is throwing around.

ANCILLARY (THIRD-PARTY) PRODUCTS
Portals, comparative raters, premium financing, eSignatures, etc. would fall under the category of Ancillary Products. It's important to understand the cost of these products along with how easily they integrate with a BMS that you're considering. Are they included in the primary monthly maintenance fee or is this a separate cost payable to the third-party vendor?

- Name/Description/Overview
  - Repeat as required

DEPLOYMENT OPTIONS:

ON PREMISES
Do you have the necessary expertise to manage an On Premises installation (Security, Backups, Internet, Network, etc)?

CLOUD
Most vendors have a cloud offering and is becoming the preferred delivery method. What does the Vendor manage?

- Backups
- Product updates
- Anti-Virus protection
- Cyber threat detection, deterrence and protection
- Multi Factor Authentication (MFA)
- Do they have Cyber Insurance? What limits?

Will the vendor enter into a Service Level Agreement (SLA) with you?

- What are the penalties, if any, for the vendor violating the SLA?

Should you decide to switch platforms in the future, does your vendor's cloud-based software agreement allow you to easily extricate yourself from your existing vendor's agreement? How easy is it to do? What is the process?

PURCHASE & IMPLEMENTATION

Pricing Strategy

- Upfront purchase Y/N
- Maintenance fees Y/N
  - Pay for upgrades or are they part of support payment
  - Pay extra for new functionality or included in core product
  - Can you pay for only the features you want or is it an all or nothing proposition

PRODUCT SUPPORT There will be times when the software stops working. Timely product support will be critical to get you back up and running.

What Support Channels does the vendor provide?

- Phone Y/N
    - Response time (minutes, hours or days)?
- Chat Y/N
- Email Y/N
    - Response time (minutes, hours or days)?
- Searchable Knowledge Base Y/N
    - Being able to research known issues is a valuable ability. Does the vendor offer this self-serve tool?
- Active User Group Y/N
    - Users helping users is another valuable resource. The absence of an active user group should be cause for concern.

RESPONSIVENESS Talking with other brokers is invaluable in answering this question. Of course, the vendor will be very responsive during the sales process but what happens after you've signed on the dotted line?

- Pre-Sale
- During Implementation
- Post-Sale

AVAILABILITY Do they offer 24/7 support? It is not uncommon, especially for management, to be working on weekends or early morning or late at night. Will their support team be available when you're working?

EASE OF IMPLEMENTATION:

TRAINING Well thought out and available training is a must but what is the cost? Is it only available from the vendor or are third-party training options available?

- Included Y/N
    - If it's not included how much will this cost?
- Manuals Y/N
- Tutorials Y/N

WILL THE VENDOR PROVIDE REFERENCES, introductions to satisfied clients? If not, utilize your own network and check with your local association for recommendations.

- Reference bio
    - Who they are, position held in brokerage, years in business?
    - How many BMS's have they used?
    - How long have they used the BMS under review?
- Would they make same decision today?
- What feature do they like best/least?
- What's missing from product line?

TECHNICAL REVIEW

ROADMAP PROCESS software vendors utilize a product roadmap to guide and plan for future development. What, if any, visibility do they offer clients into this important process?

- Is there opportunity for User Input?
- Transparent process?

What is the underlying programing language used to build the software?

- Is the language in wide use or is it old and in need of replacement?
    - If it's an outdated language what are the vendor's plans for replacing it?
- Is the language still supported?
    - Software built using unsupported programming language should be avoided
- Do they use the Agile Software Development module?
    - Will there be opportunities to participate in Sprint reviews
- Release strategy (1x year, 2x year, etc)
- Meet regulatory deadlines? Missing mandated changes will increase your workload and force you to use cumbersome work-a-rounds. This should never happen but it does. How often does the vendor miss government regulated change deadlines?

What is the Vendors Integration Strategy (build, buy or partner) – Some vendors make the decision to only build, this can be severely limiting for you as now you must wait on the vendor when a solution might already exist.

It's a daunting task evaluating all of the technology options available today. The IBAC Technology Committee hopes that you find this guide helpful.

NOTE:

Agile Software Development value propositions
- **Individuals and interactions** over processes and tools
- **Working software** over comprehensive documentation
- **Customer collaboration** over contract negotiation
- **Responding to change** over following a plan

NEED MORE INFO?

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