Key Questions and Hidden Costs to Evaluate When Considering an Agency Management System, Company Interfaces, and other Technology[1]

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There are many things that are important for an agency to ask and/or consider when looking at agency automation systems, company interfaces, and other technology. Many of these are obvious and have been reported on by others. This paper focuses on issues that often take an agent by surprise after the purchase of a system and include:

- Purchases based on unused features
- Upgrade costs
- Technical system support
- System security
- Third party software
    - --On the desktop
    - --ASP's
- Electronic interface

Purchases Based on Unused Features

1. It is easy to get caught up in the functionality of a system. But the agency should keep its focus directly on its office procedures, work processes, and strategic plans as it weighs the importance of each feature. For example, the systems often have sophisticated marketing and campaign software. It shows very well and reminds agents how much they can gain by good marketing. But if the agency has no plans for such marketing campaigns, the importance of this system function should not hold top place in selection criteria. Measure a system's value based on the agency's procedures, strategic plan, and sales and service processes. The agency should have these agency processes firmly in mind when establishing its evaluation criteria.

Upgrade Costs

2. Almost all vendors offer upgrades to their own software for free. The cost of these upgrades is included in the system support fees. This is a great benefit for the agency, allowing for what appear to be fixed costs. But agencies forget, or don't realize, that often the vendor application software upgrades require underlying software upgrades such as Windows, Office, NT, SQL, etc. Agencies usually have to pay for these upgrades themselves. They often have to obtain the upgrades themselves and find a technician to help with the installation. It is imperative that

agents understand this potential effort and cost as they plan for automation. Make no assumptions. Also, the agency needs to understand the licensing and pricing issues related to these software upgrades:

• Are the management system upgrades included in support fees?
• Are there any additional charges to the agency when management system upgrades are shipped? Shipping and media charges? Installation charges?
• What underlying software is required by the system that will need periodic updates? For instance, Microsoft Windows or NT or SQL? What applies to the server(s) and what to the desktop workstations?
• How often must the underlying software be upgraded on the server and/or workstation? [This almost always is unanswerable. It depends on what vendor software upgrade schedules, what new underlying software features the vendor wants to use, and other issues. But you need to ask how often in the past have upgrades been required.]
• Who pays for upgrades for this underlying software?
• Will the vendor assist in installation of these upgrades? On servers? On desktop workstations?
• What 'underlying' software and hardware will the vendor simply not be responsible for? What comes to mind is imaging systems, Microsoft's Outlook, Firewalls, fax servers, etc. Often the agency must manage these features on its own.

> A couple of examples will help. One vendor took advantage of some new features in SQL 7.0 to enhance the performance of its system. To load the new vendor release, the agency had to upgrade to SQL 7.0 which in some cases required a low end server to be upgraded. That's a hardware and software cost. Another vendor is implementing XML real time interfaces. It requires the agency to be on the latest release of vendor software which requires Win95 or higher on each workstation. Many of the users were still on Win 3.1. This is a software, and a possible hardware, upgrade on each desktop.

Technical System Support

3. A number of vendors provide hardware with their sales – either the entire system or just the server. If a vendor sells the hardware to the agency, the vendor will normally provide hardware support. (The agency should always verify the level of this support.) However, if the agency buys any of its hardware from an independent provider, the vendor typically does NOT provide hardware support. An agency must have an outside source for troubleshooting hardware. The vendor may have a recommended list of consultants/technicians to do the work, at the agency's expense. Occasionally this presents difficulties when the actual problem cannot be identified – is it hardware or software? Both an outside technician and the vendor must work on the solution simultaneously. This can be a scheduling problem. Additionally, if an agency is located in a rural area, obtaining this independent technical support can be hard to find, or expensive, or slow,

depending upon the distance required. An agency needs to pay particular attention to the source of all support and consider the potential additional costs:

- Will the vendor provide hardware support if the agency purchases hardware from them?
- What is the level of that support? If a server fails, how quickly can a replacement (temporary or permanent) be shipped?
- What hardware support will the vendor provide if the hardware – workstation or server – is purchased from outside sources?
- Where is the closest recommended consultant/technician to the agency?
- Ask consultants/technicians about their costs, their experience, their response time and the availability of replacement hardware. These individuals may easily become the first line of support for the agency. Get references!
- Are there mileage charges for doing onsite support?

System Security

4. Ascertain the level of security available on the system. An agency may want only the accountant/bookkeeper to change or delete invoices, but CSR's can enter them. Only the principal should be allowed to see accounting reports. Only the office manager can access the setup screens. All the vendors typically handle this very well, but think of exactly what you want the various staff members to change and/or to see, and ask the vendor:

- Can authorization be assigned at the 'menu' level?
- Can security be set up by user id as well as by job functions?
- Do we manage our list of company ids and passwords and notify companies and others to delete IDs when employees leave the agency?

Third Party Software

5. Third party software is a reality in the agency. Whether it is a sales and prospecting system, a life insurance proposal system, comparative rating software or company proprietary software. There is no one piece of software that is going to meet all of an agency's needs. The agency should understand how the vendor responds to this software, whether on the agency's desktop or when the agency uses ASP vendor software:

- Can the agency load third party software on the vendor's server? If not, what is recommended?
- Does the addition of third party software to a desktop affect vendor support of vendor's software?
- What data integration capabilities does the vendor software have with third party software?
- Can the vendor integrate with the agency comparative rating system? With the company specific software?

• If the agency is considering an ASP product for its management system, can any third party software be loaded at the ASP site? If not, what are the integration capabilities between the ASP server and the agency desktop? [Very often, there are none.] From an agency's perspective, this is probably one of the weakest areas of any management system.

Electronic Interfaces

6. Perhaps the single most important feature today, and certainly of the future, is electronic interface. It is often not given the level of importance that it should receive. With the widespread use of the Internet, more and more of the agency's business is going to use electronic interfaces with its customers, its carriers, and its other third party business partners.

In the arena of agency/company Download and Upload, and therefore data management, there are a number of points that are often overlooked. Remember that the agency is entirely dependent upon company Download to maintain its policy database. There is growing implementation of Direct Bill Commission Download. And we will see Claims Status Download in the near future. All this information, electronically updating the agency system automatically, saves the agency tremendous time and provides current, accurate and complete data. Make sure you get what you want/expect to manage your data and support your customers from these downloads:

• What lines of business does the vendor accept in Download with each of my companies? Be very specific (i.e., commercial auto, commercial property, etc.; not just 'commercial lines').
• If the vendor does not have all your lines of business, when is it going to add them?
• Additionally, ask each of your companies specifically which lines of business they Download and when they are going to add what's missing, including Direct Bill Commissions and Claims Status.
• How does the vendor load the data into its system? You must look at the system or see sample screens to determine this.
• How does the vendor load multiple options on coverages? In PIP states there are often multiple options available. Make sure all the options are loaded and see where they are.
• Does the vendor load only ACORD coded values? If yes, what do they do with the company specific code? (Some will load just the code and others require that agency complete setup screens to add them.)
• What causes a policy and/or data not to load in Download? How do you know what did not load?
• Can the vendor load company specific data (versus codes) on the system? Where? If not, how do you know what was sent?
• Can the agency readily find the data it needs to support its customers? Visit an agency, or two, that are already on the system and attend a local user group meeting.

• For Download and Upload, get copies of your company documentation as well as the vendor documentation and read them all.
• Regarding Upload, can company specific data be captured and sent in Upload? Many companies require some data that is not readily stored on the vendor system. This situation is getting better as companies simplify their own systems and rules.
• Are your companies doing or planning to do XML real-time interfaces? When? What transactions (quotes/ new business/ policy changes/ inquiries)? What lines of business?
• More specific to communications connectivity, what connection speed is recommended for company communications, whether Internet based or not?
• Will the vendor help you determine connectivity needs and solutions? Probably not.
• Ask your local, and long distance, phone companies what type of high-speed connections are available. Costs?
• Talk to your ISP about true pass-through speeds. For instance, a local ISP may pass through multiple servers before reaching the Internet. Each of these servers slows down the pass-through speed. Consider a major ISP/Carrier to provide more direction connection and high speeds. The more the industry uses the Internet, the more an agency needs a high-speed connection.

Some closing comments: The vendor system sales staffs have historically been less familiar with interface features on their system than any other. They often cannot, or possibly should not, be answering detailed questions without accessing resources in their home office. Make sure you are comfortable with their knowledge and feel free to ask them to do some research.

Finally, as has been written for years, the only way to get the most out of an agency management system is through training. Regular, consistent training is needed for everyone in the office – in-house training, training from consultants and from the vendor's own training staff. Ask what the costs are and make it part of the agency budget. As part of the training process, join the vendor's user group and attend at least the local meetings. Just as much can be learned from other users as from structured classes.