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FEATURE

Happy Ever After

Carriers and vendors have both heard enough horror stories about software implementation to chill even Steven King's blood. Turning those stories into fairytale endings has required a better approach—from both sides—that makes vendors and carriers long-term partners.

By Robert Regis Hyle

Andy Scurto has a simple answer to the question: What is the difference between a vendor and a partner?

“Working together to solve a problem is what I consider a partnership,” says Scurto, president of ISCS, a policy administration solution provider. “At any size you can be either a partner or a vendor. A partner listens; a vendor reacts.”

Are solution providers for the insurance industry treated differently than those that serve other industries? One such vendor feels that way. In his experience in the telecommunications industry, Sandeep Mehta explains he was never considered a vendor—always a partner. Mehta, the co-CEO of Paradox Systems, finds a different approach in the insurance community.

“I believe vendors have disappointed the carriers over the years,” he says. “Typically there is a lot of disbelief when you tell them you have a highly configurable system. They don’t really believe you.”

The solution for solution providers, according to Mehta, is to differentiate themselves from the competition and demonstrate a commitment to their customers.

“Their success is our success,” he says. “The fallout from a bad implementation is horrible for everybody.”

As observers and participants in the insurance industry, solution providers also have a unique view of the challenges facing their customers, according to Bill Sinn, strategic industry director, insurance practice, Pitney Bowes Business Insight.

Sinn believes the two biggest technology challenges for carriers involve data quality and customer communication.

He points out few industries have as much data available for use as the insurance industry.

“Unfortunately, a lot of their data is still siloed, which means they can’t get the 360-degree view of their customers,” says Sinn.

Poor data impacts the entire customer relationship, particularly when insurers are seeking to build a long-term relationship with their customers and can’t communicate effectively with them, explains Sinn.

“If you look back five to ten years, everyone was making huge investments in CRM and many of those investments were failing,” says Sinn. “I don’t think it was neces-

sarily the CRM platforms that were failing; I think it was the data quality that failed.”

Sinn relates the CRM situation to today’s hottest technology—predictive analytics.

“If you don’t have good quality data you are going to have problems with the information that is coming out in the analytics,” he says.

Sinn explains the insurance industry has been talking about bad data for decades. He feels the problem has lingered because no part of the enterprise has stepped forward to take ownership of the issue.

“With data warehouses being implemented you have data stewards, but there are so many opportunities for insurers to take the data in these silos and pull them together to actually get information,” says Sinn. “[Insurers] want to know

how to interact with the customer. You keep hearing that all the time, yet it still remains an important issue.”

Analytics and reporting are major points of emphasis for insurers, agrees Mehta.

“There’s a lot of information and data available,” he says. “The question is: Can you make sense out of it? Are you asking the right questions?”

For example, carriers would like to know which quotes are being declined by customers. “If one of my customers has a 25 percent conversion rate, 75 percent of the quotes are rejected,” explains Mehta. “The question becomes, can you analyze the declined quotes and create some sense out of them. In the old days we called it lost business analysis.”

These are areas where Mehta feels technology can assist the carriers.

“Configurability is the ability to address your existing business processes and improve productivity,” says Mehta. “I call it the insurance value chain. In the insurance value chain there are a certain set of savings opportunities. Then there’s a second set of market opportunities which are represented by the interaction with agents and customers and then with the vendors and providers.”

KEEPING IN TOUCH

Sinn maintains a second challenge facing carriers involves customer communication. He explains the world is changing as consumers demand assistance 24/7.

“People want to communicate in the way they want to receive it, but you have

insurance carriers used to doing business the way they’ve always done it,” says Sinn. “They dictate the way they want to communicate to their customers.”

With today’s on-demand world, consumers want to communicate their way, whether it’s through email, SMS, or mobile technologies.

“There are so many ways of doing business through communication that insurers need to address,” says Sinn. “The technologies are out there. Are [insurers] going to use them effectively to communicate with the customers?”

Scurto believes insurers are challenged by the need to react to market changes, particularly the current soft market.

“Speed-to-market and the ability to be agile through product changes, market trends—things that are moving—are important to [insurers] today,” he says. “They’re not in a mode where they can take a year to roll out product changes. You can’t take that long anymore. You need agility.”

ISCS customers are primarily companies that work with independent agents, so ease-of-business is a differentiator for carriers the vendor works with. Agents can afford to pick and choose these days and ease of doing business is an important reason to select a carrier.

“Ease of doing business is simple for your agents and your markets,” says Scurto. “You need to have agility and the ability to do speed-to-market with your products.”

Agents now have an expectation that the carrier is going to offer a Web front for customer service, points out Scurto.

“That’s no longer a nice-to-have,” says Scurto. “That’s a need-to-have. A great percentage of your customers want to get online, check a status of a policy, make a payment, and get a copy of the policy. A few even want to report claims. If you are a personal auto writer you simply have to be on the Web.”

Carriers need the kind of technology that will accomplish those tasks, points out Scurto, otherwise they face losing a major chunk of the market.

The percentage of insurance buyers actually buying online remains small, but Scurto points out there’s a huge percentage of consumers that wants to shop around online.

“The big issue for insurers is to offer these services without upsetting their agents,” he says.

That means carriers—even those that believe they have solved their legacy issues—have to offer services online.



Sandeep Mehta
Paradox Systems

"Everyone thinks of legacy as IBM mainframes, but you have to be Web-based," says Scurto. "Ease of doing business doesn't just mean you are on a Web screen. It means when a person needs an MVR, you get it for them automatically. Very few carriers are actually on modern enough technology to take full advantage of it. Once you get there, you are easier for agents to deal with and they can go out and get more business for you. Agents love [technology] because it's easier for them to do business with you. Carriers love it because they don't have to do a lot of data entry off applications."

TRUE PARTNERS

Sinn believes vendors would be doing a carrier a major disservice if they did not approach their relationship as both a trusted advisor and a partner.

"We bring the technology, a lot of services, and the expertise," he says. "We can provide a well-rounded, comprehensive plan of attack in terms of getting the technology up and running and how to use it."

That last part is sometimes forgotten, Sinn points out.

"A lot of times tools are put in place, but carriers are left to wonder what to do with them," he says. "We can give [carriers] best practices on how to use them. [Being a partner] is not just giving them a tool and walking away; it's saying these are things that are applicable today. Some of the technology today is game-changing. How can you use it to the best effect? Carriers are using technology to differentiate themselves from the competition and the technology is there to do it."

Sinn believes you will still find carriers that run off on their own with their new tools and not worry about the expertise offered by the people who sold them the tools, but insurers that are investing in bigger components that stretch across the enterprise are increasingly looking to the solution provider for training assistance.

"We're seeing that as a way to drive a greater partnership," says Sinn. "It's not just a one-time deal. It's being able to work with them. For us it's not just one tool set, it's the breadth and depth of what we can bring to the table."

PROJECT MANAGEMENT

Karen Pauli, research director for TowerGroup, contends the products and ser-

vices provided by solution providers have improved significantly. One reason is vendors finally got the message that they need insurance experts on their teams—not someone who has read a textbook, but someone who has lived and breathed insurance.

Pauli feels the vendors also have learned that if they don't have services to help with the installation they are likely to get a failed project or, at the least, a sub-optimal delivery time.

"Vendors don't want their record to show that a core system that should have been installed in nine months or a year took two years because the vendor didn't apply enough services to the project," she says.

"The vendors who want success either have those [implementation] services themselves or they have an alliance with someone who can help in the installation."

Pauli believes such alliances are a smart move by vendors.

"Some vendors don't want to be in the service business," she says. "So they make a partner alliance with some outsourcing firms, who are experts in that type of installation. Strategically, if you don't want to be in the services business and recognize that's a point of failure, you need to create that alliance. A lot of the outsourcing firms—Indian firms in particular—recognize they need to have application expertise and be able to do integration stuff."

Sinn believes most solution providers have a good methodology for implementing a product, but he often finds when it comes time to do the work many insurers are more comfortable with doing things the old way.

"They have an approach that they feel has been successful in the past, but it's an old-school way of doing business," he says. "When they are adopting new technology, I'm not sure [carriers] have the innovative thinking that is needed. [Vendors] can approach it with their best practices, but that doesn't always carry through with the implementation. A lot of times insurers think they can do it better."

Implementations involve a lot of moving parts with typically hundreds of people involved, points out Sinn. He views an important aspect of the vendor's job is making the implementation as cost effective as possible to get the insurer up and running. He also believes insurers need to

broaden their insights to be able to accept that the vendor has some expertise in the field. If the insurer will listen to the vendor they can gain value from that knowledge.

"We had a customer approach us on a major implementation," recalls Sinn. "They basically handed us their implementation schedule. We look at [implementation] as a two-way street, but they basically said this is the way we are going to do it. Sometimes that works and sometimes it doesn't."



Andy Scurto
ISCS

Other Carrier/

Recently on our PropertyCasualty360.com Web site, we asked a number of insurance software solution providers a variety of questions for a five-part series called: **Q&A: How Software Vendors View the Insurance Market.**

Below are a variety of responses to the questions: Do most insurance carriers look at you as a partner in the solution process or as a vendor?



Wendy Corman president, North America, edge IPK: Although we all play different roles during the vendor selection process, it is important to remember that we are responsible for

helping each other make good decisions that will advance all efforts in this industry. With that, all vendors should act as if they had a stake in the carrier's decision; educating and providing examples during the evaluation process. A good vendor is one that can assist with information to help the buyer determine the best fit. A true vendor partner is one that can step aside and provide other vendors to consider when they are not the right solution for success.

Mark Cummings, principal consultant, FIS Software: All carriers want a partner rather than a vendor since 'partner' implies high value and a common goal. However, carriers define the term 'partner' differently. The extent to which a carrier is willing to provide insight into their operation and communicate with their solution providers is a strong indication of how they define 'partner.'

Pauli hears a lot of carriers brag about being good at project management, but she's skeptical of those claims.

"[Project management] is a high art form," she says. "Not only do you have to understand the technology, but you have to be very good at planning, be able to have plans B, C and D—depending on how things go—and be able to work really well with a whole group of people. That's a rare human being who can pull all that off."

It has become clear to Pauli that the vendors that want to market to smaller and mid-tier carriers have learned to focus on putting together a successful implementation team.

"Usually the reason [small and mid-tier carriers] buy an end-to-end solution or a highly integrated solution is because they don't have the people to do the work themselves," she says. "Vendors recognize they have to come to the table with a prod-

uct that is fairly easy to install and have the capabilities to facilitate the installation. I think technology vendors have gotten really smart about getting their products in the marketplace and getting a good recommendation from where that installation took place."

STARTUP SPEED

Scurto reports ISCS typically implements its policy administration systems for car-

Vendor Partnership Viewpoints

There are carriers offering their solution provider insight into their operations. Decisions are made with complete and shared knowledge, targeting a win-win for all. These carriers realize an informed solution provider is better able to add value. They also realize that when they or their vendor are successful, the other benefits as well; creating a synergy and level of trust between carrier and solution provider.

Then there are those carriers who (unfortunately) view a partnership as requiring a winner and a loser or a way to extract great discounts. These carriers will often make decisions without having offered the solution provider insight into the organization, goals, limitations, and priorities. When the solution provider lacks the benefit of the big picture, and when carrier communication is lacking, everyone is at a disadvantage. In this situation, projects tend to be more reactive and rarely result in success.

Tim Attia, senior vice president sales and marketing for SeaPass Solutions: While our carrier clients consider us their partner, the relationship often doesn't start out that way. Unfortunately, we find that many relationships with carriers begin with the carrier having a level of distrust when it comes to vendor promises and intent. Maybe it's the sins of past vendors having oversold and under-delivered, but it's real and something we address often and early in our interactions with a new carrier. Certainly, the references from our existing clients help the process and our good reputation goes a long way, but we still need to earn our partner stripes by making good on our commitments.

We start by ensuring the carrier that

we will take the time to understand their requirements and that we are willing to share the risk of any project with them. By tying our pricing model to our deliverables and value we are able to begin to establish a level of trust and a true partnership.

But, a partnership is a two-way street. We ask our customers to give us the necessary access to their operation and users, so that we can gain an in-depth understanding of their business challenges, requirements, and desired processes. Only when we are afforded the opportunity to act as a consultant are we truly able to be a partner.



Alex Naddaff, vice president, professional services for Guidewire Software: We establish close relationships with our customers and stay focused on their long-term satisfaction, working

closely with their teams to help them maximize value from the new solution.

And, when you are working in a close partnership there are times "hard-to-deliver news" needs to be shared and tackled as a team. These are the times when the strength of the partnership is really put to the test.

If everyone keeps an open mind and is flexible in working together through the tough times that are inevitable in any complex implementation project, the effort is well rewarded with successful results. When customers are convinced that we are interested in learning, working side by side, and searching for the best solutions, then everyone benefits in the end—the carrier customer, Guidewire, and the overall industry.



Ruth Fisk, director of insurance solutions for Hyland Software: It may sound cliché, but it's true: Insurance carriers want a trusted advisor, not a vendor. I've had insurance companies ask me

for advice on how a process should work, implying that I'm not just there to provide a product to automate what they already have in place. Rather, I'm giving them a tool that can improve the process they have in place. In other words, what I do isn't about selling a product to automate an existing process, like claims, anymore. It's about working with the insurance organization to optimize that process and others like it, with the right technology enabling it to happen.

This brings up an interesting point. What makes a trusted advisor today? Is it knowledge of the product, or knowledge of the insurance industry that's more important? In my opinion, you can't have one without the other.



Courtlandt Gates, CEO of Clearwater Analytics: Successful relationships are built on honesty, trust, and open communication. From a business philosophy perspective, we're

committed to listening to our clients and prospects and solving problems that are urgent and pervasive. We're transparent about our existing functionality and the priorities in our roadmap for the future.

riers anywhere from six months to a year.

"We set the bar pretty high, but we have some very skilled people working through tried-and-true agile processes," he says.

Agile development has become a game-changer for implementations, points out Scurto, particularly for enterprise systems.

"A lot of vendors want to use a traditional waterfall approach," he says. "They look at projects as five-, six- or seven-year projects. The technology world changes too fast. The business world changes so fast. It's ridiculous to take on a seven-year project."

ISCS doesn't take up projects that last longer than 18 months, explains Scurto. They accomplish this by breaking up the projects into chunks that are small enough to be done in manageable timeframes, yet offer the carrier an opportunity to begin using some of the system's functions before the project is completed.

"We're hearing companies moving to more agile processes," says Scurto. "That's made a huge difference here at ISCS. It's not just because we use an agile process, but you need to look at a better alignment of your entire company's involvement in projects."

Scurto explains the traditional project approach equated to letting IT run a project and then bring the business in at the end to see if everything was done correctly.

"To be quite honest, that doesn't work," says Scurto. "That way is destined for failure."

Scurto believes business people must be involved in the entire process along with the technology professionals.

"Everybody works together as a team all the way through the project—from the design processes, implementations, user acceptance testing, functionality testing," says Scurto. "The idea that IT is going to magically get this stuff done is not going to happen. That's an issue carriers have had for years. They throw it over the fence; IT does its thing, and throws it back over the fence."

Even when a core solution is involved, vendors have heard the message from carriers: We can't have an 18 to 24 month delivery.

"There's not a lot of stomach for that stuff anymore," says Pauli. "Once it gets to 18 months, it starts to get a bit hinky and when it gets to two years it gets real scary. You need to chunk up a project into short-term deliverables. Those kinds of things where the customer starts to see value get you the corporate commitment

to finishing it."

One of the weaknesses Mehta sees among most carriers is a lack of what he calls a portfolio management approach.

"When you talk about project management and implementations, what's key is to understand if you are rolling out a new platform, you are going to have multiple projects," says Mehta. "They need multiple disciplines and you are going to have multiple stakeholders. It's fine to have project managers who can manage individual projects—on the user side or the IT side—but you also need a comprehensive portfolio management system."

The ability to correlate different areas of the company is an area where Mehta sees great weakness.

"Some of it is discipline and some of it is just technology," he says.

CARRIER PLANS

Of course carriers often have their own view on the best way to do things. Not surprisingly, Scurto has seen several different scenarios. Those coming off failed projects have their ears wide open for suggestions. Some carriers, though, need convincing. Often it comes down to asking the carrier to trust the vendor.

"We ask [reluctant carriers] to give us two months to let us show them it is going to work well," says Scurto.

Sometimes, carriers don't have any choice but to listen.

"We had one client that was a subsidiary of a large company that is incredibly traditional in the way it does things," says Scurto. "They needed something online in two months. We said the only way to get this done was to get the red tape out of the way and start working on it. They finally said they would give it a try. Within that two-month period they came back to us and told us to continue the way we were going because it worked."

On the other hand, ISCS had another opportunity that Scurto thought fit very well for both ISCS and the insurer, but the company insisted on maintaining a traditional approach to the way it did business.

"We told them we didn't think we would partner well, so we passed on the

opportunity," says Scurto.

To Scurto, partnership is everything.

"You must partner with the vendor," he says. "If you treat a vendor as a vendor they are going to treat you as a customer that they bill and that relationship doesn't work. Some vendors like the relationship to work that way. We absolutely do not. We are a big part of everything a client does."

ISCS offers an end-to-end system, so that typically means the involvement of several different departments. Scurto claims his company will not get involved in a business relationship with a carrier unless business users are involved in the project team.

"The reason we get away with that is the people we put in with our clients are business knowledgeable," he says. "They talk the business language. If you put an IT person in there talking bits and bytes with the business people you are going to quickly lose them."

LEANER CARRIERS

Sinn believes one reason carriers are accepting advice from vendors is many of them were forced to make personnel cuts when the recession hit and found themselves with fewer resources.

"They don't have the kind of investment dollars they were making before so they have to make sure they can capitalize on what they are purchasing today," says Sinn.

He also finds carriers going through a stricter selection process.

"There are so many vendors out there today it's hard to get to the nitty-gritty as to who has the best value, expertise, and experience," says Sinn. "[Insurers]

are being more selective. They are going to analysts and their own networks. They don't have the time or resources to do it wrong the first time. They are investing a lot of dollars in the technology and need to get the best value for their money."

Sinn believes this is leading carriers to more outside-the-box thinking.

"It's a lot easier for us when we can tell insurers this is the way we've done it and they go along with that," he says.

The lean mentality has affected carriers as well.

"For us, the key word is focus," says Sinn. "We focus on things we do extremely well, making sure those technologies are the best they can be, and being able to implement them." **TD**



Karen Pauli
TowerGroup



William Sinn
Pitney Bowes



ISCS
100 Great Oaks Blvd., Suite 100
San Jose, CA 95119
888.901.ISCS
www.iscs.com