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PATENT PENDING

Why pay a 3rd party to learn what you already know?

Powerful Vendor Assessment Tools

Slash Time, Cost, and Risk!

A Wickedly Effective New Idea for
Accelerated Vendor Assessment

When replacing a policy administration system, most life insurance carriers use industry research consultants; like Novarica or Edgewater. When they do, it's not difficult to find out whom they picked and watch the projects unfold. At ITX, we have been doing just that for over 20 years. We specialize in life and annuity industry competitive intelligence, project tracking, and PAS replacement methodology. Watching these projects from afar, too often things start to not happen the way the carrier intended when they made the purchase decision. In the past, many carriers thought it was a good idea to use the same assessment vendor to be the implementation vendor. Now we have some experience with that and it's not good, there are horror stories out there.

Our focus at ITX with carrier PAS replacement has always been at the point of sale and the point of purchase. This is where we feel, as a carrier; you really need to focus because it is your last best chance to have a successful project – not after you sign a contract. It is imperative that certain steps be taken before you pick a vendor's solution. We help carriers navigate those critical steps with our web-portal iBuy (pronounce "I Buy") and its embedded "Vendor 101 for Smarties" a proven, accelerated, Do-It-Yourself vendor selection process.

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After Contract is Too Late – You Lose Control

As a carrier, you are very involved upfront, during the vendor selection phase, but you usually have no involvement in the implementation of a vendor system – that should be your first red flag. And, if the vendor's solution is not ready out-of-the-box, it's going to be an even steeper climb with vendor modifications thrown in the mix.

The carrier's portion of the project, after the contract is signed, will most likely be relegated to doing integration or conversion – not enhancing the system – not learning the system. Even if, as a carrier, you have the skill sets required, the vendor is going to control everything after you sign the contract. Your people are going to be sitting on the bench waiting and you'll just be paying invoices not really knowing what progress is actually being made. Unless it's installed on site you're not going to know. It's all going to be done behind the scenes – and that's the dilemma. Most carriers' find out after a year or so, the project is not 90 percent done – but perhaps only ten percent done. It's just reverse what they thought and things start to really get sour at that point.

We Put You Back In Control

The critical message that we at ITX want to make clear to all carriers is to take a different approach to any new PAS replacement project. The current approach is wasteful and non-productive. You deal with vendors you know nothing about. You have third-party consultants who are going to lead and control the project but you don't really understand what their relationship is with any of the vendors. You are operating at an extreme disadvantage.

At ITX, we flip that around and put the advantage back on your side. Your people are already the internal experts. They already know your business, your products, and your culture. We are the external experts but we don't do it for you. With our web-portal iBui, you have access to a do-it-yourself methodology, which puts you in the driver seat.

Carriers generally don't know what they don't know and they don't know enough to ask about what they don't know. That's a problem, among many others, that we solve for you.

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Our "Vendor 101 for Smarties" DIY vendor selection process provides a matrix of vendors that we have pre-qualified as having a real solution, with production installations in the United States.

You'll also find internal planning, organization, and survey documents to help you understand what you need to have ready before you even start thinking about identifying external vendors. For example: What are your success criterions? What are the drivers? – All leading to a mission statement and a project charter.

You need to do this before you even get any vendor in, instead of trying to figure it out on the run, because – it will never happen. If you have a charter, identify who's involved, create a mission statement, and then document it in our survey document, you are much better prepared to begin looking for a solution.

We also provide a high-level RFI index so you can see how it should be organized and drill down for yourself. Or, for a nominal price, you can purchase one or more of our 18 selection process components – as a quick start to your project – and we can help you interpret your findings. Our external experts are available to mentor your people through the entire process, if needed.

Your Disadvantage With Third Party Consultants

There are several giant pitfalls when hiring third party consultants to help in any PAS search. And they all put you at a disadvantage, since you are not in control.

Some third party consulting firms sell themselves as the experts: "We are the industry experts. We actually deploy and implement these systems so we know" which would be great if they were successful at it – a nice pitch.

These firms may argue that others underestimate how complicated this stuff is and make it way too simple. They will say it's a lot harder than everybody is making it sound and what you need is meetings with them – lots and lots of meetings! Their objective is to sit and supervise the client who would come up with 30,000 utterly irrelevant requirements and get paid to keep them down to something like 5,000 marginally relevant requirements. So the RFP is only 5,000 questions long.

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Another big problem is that all of the RFPs end up being about the same. If you see an RFP they have done for two different carriers – in spite of the fact that one business has over 20 million active contracts spread all across the planet and the other one has 900,000 contracts in a little building in a small town in Illinois, they apparently need the exact same things technologically!

They call this a reusable RFP. The reusable RFP is not something that differentiates anybody. Everybody does it the same way. Any third party consultancy has their own idea of what they want to ask, and then you pay for them to add a few questions that have something to do with you – that's their idea.

Another pitfall of using a third party consultant may come from a conflict of interest. They may say, "Don't make it too complicated. We'll sit down with you. We'll come up with a short questionnaire. It won't tick all the vendors off because they're not going to spend a ton of time on it and from that we'll work with you and will get you down to a shortlist." Now, they may already know what the shortlist is before anything even comes back from the RFI. You never know what the third party/vendor relationship is.

Why Should I Use ITX's DIY Methodology?

If somebody said, "Well, why should I use ITX's DIY approach instead of hiring a third party consultant?" We would say, "Because your people are best at making the PAS requirement decisions. They are your internal experts and know, far better than anyone else, what is best for your business – not someone who doesn't know your business or may even have an agenda conflicting with yours."

There are some high-level things you need to understand. If you have a mission statement and project charter that states you are only going to focus on certain things that are important, when someone calls for an extraneous meeting you can stop it. Whereas most third party consultants would say, "Oh, yeah, let's talk about that. We need the following stakeholders and our project manager here is going to get paid to check everybody's calendar." No, that's not the ITX DIY approach.

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The ITX approach is very nonthreatening. We don't say, "Hey, we're the experts and trust us, we're going to make sure you make the right decision." We are saying, "You're capable of making the right decision." Trust yourself! We are available as mentors to your people to work through all of the steps, help you understand all of the facts and feel confident the your decision is the right one for your business.

How the DIY methodology works

A PAS search is not something that you undertake very often. We give you a lot of free information up front to assure you that our DIY methodology puts you in the driver seat to choose the best solution for your business.

In addition, there are 18 different components, which can be purchased individually, as needed. For example: One component is a two-day, six-hour workshop to help you identify criteria for a mission statement.

We'll help you put the statement in terms that explain exactly what you want to accomplish with the search. For example: "You need to replace the PAS system. These are the products that you have and these are all the systems that you have" That's really the most important part – what is your baseline? What do you have now?

During the workshop, we also help you determine what your ten most important goals are for the project. That may be to enable you to get more business, improve efficiency, or maybe upgrade technology – but we always try to put technology as number ten. With number one being the most important.

For each of the 10 goals, we give you our opinion of ranking, but the final ranking is totally up to your people – we give you enough information that you can be comfortable with whatever decisions you make.

However, technology should never be number one, in the way we approach it, because you may go off into a hopeless direction. We'll give you the vendor matrix ahead of time and follow it up with a vendor walk-through. We'll talk about each of these vendors based on your criteria – and do this for every line of business.

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Your people are encouraged to ask many questions like, "What is the average implementation time for the system with each vendor?" The way we look at it, it's should always come down to time, money, resources, the benefits you're going to receive, the risk associated, and what the impact is going to be for your business. Those are the key parameters we would use to rank vendors and give you an idea of relative value of each potential vendor decision.

If your people ask, "How much time to implement a particular vendor's system?" We may say something like, "A peer company like yours bought this vendor five years ago and they're still trying to issue a policy." That is a vitally important fact – so important to your decision – but no other consulting company will tell you that. First of all, other consultants don't track implementation history like ITX does. And second, most consultants have a vested interest in your vendor selection – whereas ITX has no involvement after the contract is signed. We have nothing to offer after you pick a vendor. We can be totally up front and more forthcoming with information.

Determine The "Why" Of Every Goal

There are also a number of other very important differences in ITX's DIY methodology for a PAS search that dramatically improve your probability of success. In addition to being very forthright with industry intelligence, like above, and enabling you to use your internal experts, our external experts enable your people to dig deeper and articulate the "why" of each priority. This is best illustrated by some real life conversation examples of this dynamic in action:

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Example 1: Technology Priority Discussion

Carrier Team Statement	ITX External Expert Response
"Our top focus is technology."	"Why"
"Well, because we don't want to waste all this time and money if we don't get the very, very newest thing."	"Is part of the value proposition to your customers that your company is the most technologically advanced financial services company they'll ever do business with? If that is one of your objectives let's capture that."
"Don't write that down. We're not capable of that."	"Why? Why aren't you capable?"
"Well, what we really need to do is there is this term product we can't get out and we need to get that out. But we have to put it on a system that also runs our fixed premium VUL from 1984 and those are the two most important things we have"	"Which one is most important? The VUL is already running somewhere. You're just not satisfied?"
"Whatever system we pick it has to be the same one."	"Why?"
"Well, because we only want one system."	"Why?"
"Doesn't everybody want to get down to just one system?"	"Well, yeah, but realize that very, very few companies have ever done it. They certainly don't do it with any PAS system that was developed during the past few years." "We would like to simplify the project so you guys get done and have success."

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The above conversation is a good example of the "Why" dynamic used in priority setting. This carrier has an existing VUL product on a legacy system. Then, on the other side of the spectrum, there is a new term product – and the carrier team wants a system that can do both. For this particular carrier, it would not be the best alternative.

For their PAS solution, we have three categories of vendors. We have those that do term which are everybody equally as well. You can pick any vendor and they're going to be able to do that and that's really this carrier's driver for the project. They just want to upgrade, while they're doing it, and do the VUL too.

For the VUL product, we can rank the vendors who do VUL based on technology as another way of ranking them. You have maybe ten vendors who can do the term. You have four vendors, of varying compatibility, with the carrier's internal structure, but you can't do both with this project. The term is the driver. They should just do that – because otherwise they're going east and west at the same time. The "One" system is probably going the wrong direction altogether because any vendor that you pick maybe can do both, but doesn't do either as well as those that really have clients doing this and they have a technology match for the carrier.

So, getting to the "Why" is extremely important for enabling everyone to stay grounded in solving the most urgent problems at hand. If you don't have a good answer for "Why", then the goal shouldn't have a high priority.

In the above conversation, if the carrier team had said, "We want one system because we don't have any IT people," then that's a good reason not to have two systems. Even so, considering timeframe and budget, maybe you can't do both at the same time, only one of them.

You may find that, especially if you don't have qualified IT people, having the vendor support the system makes more sense. You don't need to train anybody in skill sets and nobody knows the system better than they do. Just tell them what you need to do and they'll give you a price.

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A Single PAS For All Products?

When it comes to merging multiple PAS systems into one, it is often tried but rarely actually accomplished. The job is much more difficult than most people imagine. There are only a couple of successful conversions but nobody has merged all of their policies onto a single PAS.

In 20 years of observation, ITX has never seen a carrier buy a strategic system and get rid of any of their legacy systems. Most carriers accept the reality that, if they have a new system, they are only going to put new products on it and never address a conversion.

Not only are policy conversions very complex to achieve, they are also very costly. Third party consultants usually won't tell you that or address the conversion costs. Furthermore, the cost is just one part of the problem. Here is a typical conversation, which puts this into perspective:

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Example 2: Policy Conversion

Carrier Team Statement	ITX External Expert Response
"How much do you think the conversion will cost?"	"What is your opinion of the quality of the data that you want to get off this old system and onto a new one? When we give you an idea of what your conversion is going to cost, can we assume that the data is accurate, complete, and easy to get to, or should we assume it's a complete disaster or somewhere in between?
"Our system works great, but our data is a disaster. What's that going to do to my conversion costs?"	"I'm going to strongly suggest that we be pretty selective about what we convert. The last thing you want to do is to take data that is not accurate, put it into your new system, and try to get it to work with nothing to compare it to."
"If we keep the old system around just for these three painful products, what is it going to cost us?	"I think that is a great idea. It will be much less costly, and also less risky, than trying to convert them over?"
"Yes, that is starting to sound like a better idea"	"All your active products – consider them important to convert over. Then you can convert the other product lines over one at a time. There is no big bang conversion.
"Yes, we can just do it little by little and we may find out that, with 80 percent of the products off of the old system, its not worth doing the others. Just let it sit there and process."	

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Conclusion

You have to have the information up front in order to make a sound decision. The point of sale and the point-of-purchase is where you need to get everything done. Don't get anxious to start a project because it may just fall into an abyss and then everybody's going to be unsuccessful.

Part of what you're looking for in a vendor is somebody who has incentive to see you as more than just a walking dollar sign. For example: There is vendor A who doesn't have a great reputation, but credibly they can do your product very well. And there is vendor B with a stronger reputation, but doesn't do your product as well. Vendor B probably sees this as a liability and wants be able to support this type of product better. So, if you go with vendor B, you'll probably get better attention because there is more incentive for them to work out a better deal.

The other part, of course, is you need to figure out what it's going to cost. If you have two vendor directions, look at each one – one year, three years, up to five years down the road. Try to get each vendor to walk through the entire process, based on the past experience that other carries have had.

The biggest reason many carriers are in trouble with their PAS implementation project is carriers usually do not do enough due diligence. Too many carriers leave it up to third party consultants who also don't do it. They don't want to do it. They have reasons to not do it.

There is every chance to be successful. But if you sign something too soon, everything changes. The rules change. The vendor's interest in committing is different. You already gave them money. You're both stuck on this road to uncharted territory.

The point of going through the RFI and RFP process is to figure out what the integration cost is going to be and have some types of parameters for gaging the project.

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You need to know what your most important products are – usually the new ones the agents are trying to push – the active ones. Someone has to decide which are the most important and which are less important. You don't want to waste time and money if you can get all of the active products onto the new system then take more time with converting the rest.

The integration and the conversion are two key efforts where you should know pretty much what it is going to take. Implementation, you have no control over that. The number one rule of project management is that if you can't control something, you can't manage it. That is precisely why up front due diligence is so important. That is your last best chance to have a successful project.

In the vendor workshop, we can give you a lot of information right off the bat, a good foundation, and you can take it wherever you want from there. The rest of the 18 units of our "Vendor 101 for Smarties" can also help at every step along the way. Take advantage of our insight learned from many years of tracking both successful and unsuccessful projects. Take advantage of the industry intelligence we can share – available from no other source – to help you make the right decision for your PAS replacement.