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BUYERS KIT

BINDHQ BUYERS GUIDE

How to Find an
Agency Management System
to Supercharge our Performance

TABLE OF
CONTENTS

EXECUTIVE
SUMMARY

An 'agency management system' (AMS) has long been a 'nice-to-have' asset for MGAs, MGUs and Wholesale Brokers – but times have changed – using software in some shape or form is now an integral part of business operations, and the scope (and limitations) of the platform(s) you use is one of the single biggest determinants of your business performance.

"YOUR CHOICE OF AMS - AND HOW YOU LEVERAGE IT — IS A KEY DIFFERENTIATOR OF YOUR SUCCESS COMPARED TO YOUR COMPETITION"

In any sector and at every size, maintaining market position requires businesses to combine a process of continuous operational improvement with periodic strategic renewal in response to an ever-increasing array of extraneous factors. Within insurance distribution, these issues include growing obligations to carriers, reinsurers and retail agents, uncertain macroeconomic conditions, and the ever-increasing challenge from competition across the value chain – other MGAs, directto-consumer, carriers etc. Market dynamics compel management to demand greater productivity from their underwriting teams, heightened visibility into measuring individual, team and company performance and wider and easier access to different markets for new growth opportunities.

Within insurance distribution, customer responsiveness has always been a cornerstone of business performance; the starting pistol in an increasingly competitive game. But speed and responsiveness are no longer the only game in town, today's twin currency is data and the technology you use to leverage your data and provide you with a competitive advantage. The amount of data that your business generates and must respond to grows ever larger by the day. More clients, more carriers, more products, means more data, after all. Is your business harnessing the value of this data? Or is it siloed and unusable? Do you feel shackled by the limitations of how your firm operates?

> "THE HARSH REALITY IS THAT THE FIREHOSE OF DATA YOUR BUSINESS PRODUCES IS USELESS WITHOUT THE PLATFORM, TOOLS AND INSIGHTS TO MAKE IT USEFUL."

Whether formally or informally, the way your agency operates is already governed by some form of AMS. Maybe you built it, or bought it, inherited it or happened upon it through trial and error. It's now time to determine its strategic value to your firm. Does it provide you with the integrated, data-rich environment you need to support profitable underwriting? Does it provide you and your sales teams with the speed and intelligence to respond to your customers faster than your competition?

MGAS, MGUS AND WHOLESALERS LIKE YOURS ARE NO LONGER QUESTIONING WHETHER THEY NEED A AMS.

The critical decision is about which approach to AMS is best for your firm and how does it set you up for future success.

HOW TO
USE THIS GUIDE

One size does not necessarily fit all; no MGA, MGU or Wholesaler is the same; accordingly, you need to identify the best technology solution that meets your unique requirements today and positions you best for the future by addressing all the trends shaping the industry as a whole.

This buyer's guide maps the landscape of AMS solutions to help you answer these questions and plan the optimum next steps for your business. You should use it to evaluate the features and functionality you require now and in the coming years, create scenarios and benchmark your existing set-up against a realistic view of the future.

ABOVE ALL,
USE IT TO UNDERSTAND THE CRITICAL ROLE AN AGENCY MANAGEMENT SYSTEM COULD PLAY IN YOUR BUSINESS SUCCESS.

CHALLENGES OF
AGENCY MANAGEMENT

The speed and responsiveness of your underwriters, the quality of their underwriting, the management of policy data, the reporting of your data to carriers and retailers, and the quality of your client management – all of these attributes and more drive the underlying profitability of your business and likely are areas where you strive for continual year on year improvement. Not every AMS platform can solve for these problems – and you may not need it to.

LET'S START BY CONSIDERING THE CHALLENGES THAT ANY SUCCESSFUL AMS MUST OVERCOME – 'TABLE STAKES' SIMPLY TO BE A VIABLE OPTION. THESE CAN BE GROUPED AS FOLLOWS:

1 USER EXPERIENCE & ACCESSIBILITY

Make no mistake, no amount of 'my way or the highway' hardball with underwriters will make them utilize a new tool or process unless they like using it and it adds value to their individual workflow. Simply to meet minimum customer expectations, a modern AMS must be logical, responsive, mobile and easy to learn. It must be flexible to the way your sales teams like working. Most importantly, the AMS (and the intelligence residing within it) must be easily accessible to all involved in the managing, underwriting, supporting, issuing, accounting and reporting process – wherever they are, and whatever they are doing.

2 COMPLIANCE

The early pioneers of AMS recognized one fact above all others that remains critical to this day: the AMS should be the authoritative system-of-record. Applying this principle – a single digital record of all your customer and carrier information, data, policies and activity – is critical to your ability to demonstrate the due care taken to support your fiduciary duties.

3 CYBERSECURITY

The amount of sensitive data can make MGAs, MGUs and Wholesalers an obvious target for cybercriminal activity.

The system-of-record principle is also the basis for delivering this, and securing your firm and its records from the threat of data loss, exploitation and malicious attack. Some elements of AMS security are a given: two-factor authentication and encrypted information during transit and at rest, but flexibility and mobility can attract additional security risks so the AMS approach also needs to be capable of achieving these capabilities in a secure fashion. With greater transparency demands and stricter examinations and enforcement on the horizon, it's important your choice of AMS doesn't become a compliance or security weakness.

4 VISIBILITY & MONITORING

You can't manage and improve what you can't measure - the reality is that gleaning insight into underwriting and sales performance can often be painful and time-consuming. This doesn't just present a compliance risk, but is a missed opportunity to provide your business with the intelligence from which to drive greater productivity & performance improvements - and ultimately, your ability to reach revenue and profitability targets.

5 INTEGRATION OF DATA, SYSTEMS & WORKFLOW

A major problem with insurance data is how it gets categorized, named and stored. Over time, as data volumes increase, systems can easily become complex with cumbersome file directory structures. Inevitably chaos ensues, and the only solution is often overly prescriptive naming conventions that underwriters and support teams struggle to understand and comply with – with the unintended consequence is that it introduces more friction into the workflow.

Underwriters work the way they want to, and – to a large extent – an AMS must be sufficiently flexible to account for this fact. The AMS must facilitate the integration of underwriting working practices, along with other business systems and third party data, within a collaborative team environment, avoiding duplication of work and making the sales process smoother, and make any compliance spot-tests simple and painless.

SO HOW DO THE AVAILABLE AMS SOLUTIONS MEASURE UP AGAINST THESE DISTINCT REQUIREMENTS?

To help answer this question, the next section charts the evolution of AMS and categorizes the solutions into four distinct product categories.

THE EVOLUTION OF AMS

STAGE 1:
THE FIRST CUSTOM AGENCY MANAGEMENT SYSTEMS ARE CREATED — BUT THEIR LIMITATIONS SOON BECOME APPARENT

The initial technology investment business case for MGAs, MGUs and Wholesalers was replacing paper customer files with a rudimentary digital document solution containing customer and policy data within a common management system. Over time, a greater need to manage and report on the policy data generated by its underwriters meant that a simple shared drive on an on-premises server became insufficient. As a result, the first firms elected to slowly (and expensively) develop their own customized software.

The overwhelming business need for these customizable applications, and their ability to store and record sales and submission records, was to establish a consolidated system-of-record and assist with compliance needs upstream to carriers and downstream to retail agents. Ease of use, and sensitivity to the sales practices of underwriters themselves, took a back seat to the generic software development priorities of document management and data governance.

Owing to cost and implementation complexity, during this formative period, the customized approach was beyond the reach of all but the largest MGAs and Wholesalers. The early technology solution remained primitive and not really fit for purpose. The maintenance costs were high and it was difficult to react to changing market conditions and external technology innovations. As a result, the vast majority of implementations were unpopular, and ultimately unsuccessful.

STAGE 2:
TRADITIONAL AMS APPROACHES CREATE A FUNCTIONAL BUT LIMITED TOOLSET BASED ON AGING TECHNOLOGY — THEN NEW CUSTOMER FOCUSED SAAS PRODUCTS BEGIN TO FILL THE VOID

Identifying a market opportunity, around 25 years ago, several software vendors entered the market to create the first commercially available Agency Management Systems (the term AMS was first coined around 1994-5) by applying document management solutions that were already developed for sectors other than insurance.

These 'Traditional AMS' platforms were originally designed and sold with very different objectives –and the business model has stifled platform improvement. Sold for a one-off license fee and with no meaningful recurring revenue, the incentive of Traditional AMS providers to continue to innovate and enhance platform functionality was eliminated. Improvements have been marginal, slow and incremental rather than truly disruptive. Keeping customers just happy enough has long been the modus operandi – in truth, the aging and largely unsupported technology stack makes integrating disparate systems difficult and time intensive and, given the lack of alternatives, legacy customers have borne their displeasure in silence.

As a result, with the arrival of consumer-based technology tools for CRM, document storage and team collaboration the traditionally understood concept of AMS changed. From the start of time, every underwriter has developed their own preferred methods of working, and these new generation of tools have equipped underwriters with a smorgasbord of informal workarounds and 'hacks' to optimize performance in their individual roles.

The consumerization of enterprise IT has overtaken many traditional applications, but AMS was a particularly vulnerable victim. Underwriters value responsiveness, smooth functionality and familiar, easy-to-use interfaces. They value mobility and flexibility. And where traditional AMS fell short, underwriters found solutions in consumer-led software. Whether 'hacking' lightweight integrations between office apps (like G-Suite, Office, Quickbooks) and shared file drives (like Box or Google Drive). The ends justified the means, especially for underwriters at smaller firms where established AMS approaches have never really worked.

But using so many different tools takes its toll- one significant downside of all this is an immediate decline in managerial visibility into underwriting, sales performance, security and compliance. Data and workflows retreat back into silos rather than easily shared across organizations. Firms benefited from a great leap forward in technology infrastructure, but in so doing had – in effect – taken a step back in terms of overall performance.

STAGE 3:
MODERN AMS SOLUTIONS ARRIVE WHICH ADDRESS BUSINESS OBJECTIVES AND CATER TO ACTUAL USER DEMANDS

The need for a high-performing agency management system that could combine the best attributes of customer facing applications with industry specific workflow configurations and compliance requirements has never been greater. But the threshold has also never been higher – as organizational entities across the insurance value chain struggle to adapt to uncertain market dynamics, there are numerous, frequently conflicting, requirements that an AMS must address. Internal and external stakeholders must be placated, regulatory bodies satisfied and top revenuegenerating sales and underwriting talent kept happy.

Increasing responsiveness to customers and carriers alike, capturing actionable data, generating actionable insights and reporting and integrating with third parties in a reliable fashion is now of paramount concern.

All this has served to put the tools underpinning agency management into sharp focus, compelling MGAs, MGUs and Wholesalers of all sizes to critically assess whether their existing solution is capable of delivering productivity improvements and operational excellence - and therefore provides a scalable means of competitive advantage.

New approaches are significantly more likely to be software-led, user-driven, highly configurable and fully integrated with the unique data workflows of businesses. The best examples of 'Modern AMS' provide sales, document management, policy issuance and compliance capabilities as an integrated solution together with robust APIs to enable rich underwriting data input and date export to third party business critical solutions. Scalable design and cost-competitive pricing models also make them more accessible to MGAs, MGUs and Wholesalers of all sizes.

The result of all this evolution has fractured the original DNA of AMS into distinct species. Next, we define each of these in turn, and compare their strengths and weaknesses.

THE FOUR CATEGORIES OF AMS TODAY

The evolution of AMS over the last 10-15 years provides Firm managers and CTOs with a wide choice of options when considering how best to support their research management processes. These are:

CUSTOMIZABLE IT

✔ The oldest approach to AMS.

✔ MGAs, MGUs and Wholesalers who embark on the made-to-measure path commit themselves to building, instead of buying, their way to a solution that serves their unique needs at the time.

✔ This approach is the preserve of those Firms with the financial resources, time, internal IT resource and budget required to deliver major software and infrastructure projects.

✔ It's risky - the benefits of getting it right are equally balanced by the risks of getting it wrong.

✔ Not for the faint-hearted.
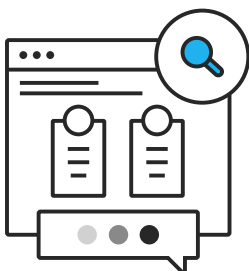
TRADITIONAL AMS

✔ A sizeable number of medium-size firms have implemented these solutions - a significant proportion of experienced insurance intermediary professionals will be familiar with the downsides of traditional AMS.

✔ Although many adjusted to these solutions in the early days, few have positive things to say about the user interfaces and mobile integration today. They look to have been designed in the 1990s, and it turns out they were.

✔ The legacy software code makes integrations almost impossible – and improvements are largely incremental rather than disruptive.

✔ By modern standards, the user experience is lacking and considered comparably clunky and rigid.

✔ Compliance officers are more likely to favor keeping hold of these traditional AMS assets, as each has been developed from a control and compliance perspective, rather than for usability.

✔ Traditional AMS are rarely found in newer MGAs, and rarely the choice of MGAs, MGUs and Wholesalers managed by younger generations with a keener view to what success requires in the next decade.

CONSUMER TECH 'HACKS'

✔ These constitute the complete opposite approach to traditional AMS.

✔ A disparate toolbox generated by the individual preferences of underwriters -typically permitted rather than mandated by agency management

✔ These approaches are borne of frustration - lacking in compliance, but usable and agile.

✔ As SaaS-based infrastructure – it's ready to go within minutes and practically free.

✔ Management lacks control, visibility and accountability
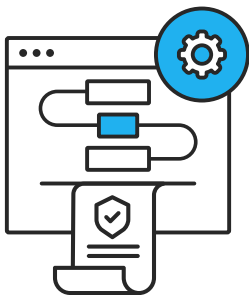
MODERN AMS

✔ Attempting to accomplish the best of all worlds, this category is the newest, fastestgrowing, and is establishing a growing foothold in the market.

✔ By combining the system-of-record approach of traditional AMS, with the configurability of customized approaches and the usable, automated, web-scale characteristics of consumer technology hacks, modern AMS now must prove it can live up to its transformational potential.

✔ Even if it can, there are significant remaining barriers to adoption - these include simple inertia of some MGAs, MGUs and Wholesalers to transition away from their existing AMS set-ups, and a disregard from others for the role that a fit-for-purpose AMS can play in boosting business performance and assuring compliance.

✔ In acknowledgement of the pent-up demand for Modern AMS solutions, some market data providers have begun backing into the space with what can only be described as 'AMS-lite' products.

✔ These solutions exhibit some of the analytics and user interface characteristics of Modern AMS, but lack the productivity features and compliance support that MGAs and Program Managers require. In some cases, they even fuel the misconception that the ideal AMS is essentially little more than a document management application.

✔ Care should be taken to understand the distinction between these approaches within the Modern AMS category of products, particularly with regard to the effect this has upon speed, responsiveness, technology savings, compliance and revenue generation.

HOW YOU SHOULD SCORE ATTRIBUTES
ACROSS THE FOUR TYPES OF AMS SOLUTION

	CUSTOMIZABLE IT	TRADITIONAL AMS	CONSUMER TECH HACKS	MODERN AMS
Compliance Value	HIGH	HIGH	NONE	VERY HIGH****
Data Security Against Attack/Theft	HIGH	HIGH	LOW	HIGH****
Tailored to Needs of Modern MGAs, MGUs, Wholesalers	VERY HIGH	MODERATE	MODERATE	HIGH
Flexibility to Changing Sales & Underwriting Processes	LOW *	LOW	VERY HIGH	VERY HIGH
Productivity of User Interface	MODERATE TO HIGH **	MODERATE	HIGH	HIGH
Mobility/Accessibility to Support Dynamic Working Practices	MODERATE TO HIGH **	LOW	VERY HIGH	HIGH
Seamless Integration with Common Underwriting Tools & Applications†	MODERATE TO HIGH **	HIGH	LOW	HIGH
Total Time to Deployment	12 – 18 MONTHS	9 – 12 MONTHS	< 1 WEEK***	1 – 4 WEEKS
Ongoing Management Overhead	VERY HIGH	MODERATE	LOW	LOW
Visibility and Control by IT Department	VERY HIGH	VERY HIGH	LOW	VERY HIGH
Cost	VERY HIGH	HIGH	VERY LOW	MODERATE
Typical Consumption Model	ON PREMISE	ON PREMISE	PUBLIC CLOUD	SAAS*****

- MS Office, G-Suite,
- Low in Practice - With infinite time and resources, bespoke IT can be as flexible to change as required.
- These capabilities are rarely seen at high levels. High levels are – in effect – hypothetical in the event of unlimited time and resources.
- Some deployments can be accomplished in days, if not hours.
- Does not apply to AMS-lite products that can score very low on these counts
- Modern AMS can also be consumed on-premise where SaaS is not desired.

HOW TO EVALUATE
AMS OPTIONS FOR YOUR FIRM

There are sufficient AMS solutions to allow MGAs, MGUs and Wholesalers to choose a platform based on their unique business objectives.

Use the following framework to apply your own needs and circumstances to your selection.

1. Internal Resources

2. IT Consumption Model

1. INTERNAL RESOURCES

Are your internal capabilities adequately resourced to develop, implement, migrate and manage an effective AMS?

✔ Typically only larger MGAs, MGUs have pockets deep enough and in-house engineering resources large enough, to enable them to manage the full range of AMS functions.

✔ The lack of organizational scale at mid-sized and startup firms makes the customizable IT route materially more difficult, though still possible.

FURTHER QUESTIONS TO CONSIDER:

• Should having large internal resources automatically predispose your firm to pursue AMS approaches that require them?

• Are internal resources currently overstretched, or do you have available capacity with the right skillset?

• Could taking a different approach to AMS provide you with opportunities to streamline your overheads by removing unnecessary cost and complexity?

Take each AMS approach in turn to consider the relative pros and cons, as they apply to your organization.

WHEN CONSIDERING BESPOKE IT…

1. Development requires a large IT team with significant internal skills, diverse expertise, staff and infrastructure.

2. In most cases, planning, designing, building, testing, migrating and implementing takes well over 24 months.

3. These painstaking activities facilitate the 'baking-in' of highly compliant and secure processes that precisely meet the needs of your firm and satisfy current underwriting and support user preferences at that point in time.

4. Upgrades and updates are typically time-consuming and resource-intensive.

5. Major ongoing management, maintenance and development is essential to keep pace with technology developments, market opportunities and new industry requirements.

WHEN CONSIDERING TRADITIONAL AMS…

1. Systems are pre-built and mature, so little – if any – initial internal development resources are required.

2. However, customization and integration of traditional AMS can take a long time – around 12 months – to get right, and professional services mostly come at additional cost.

3. Traditional AMS have limited features - for key workflows, task collaboration and mobile access – so if you need these you will likely have to develop and integrate them yourself.

4. Underwriters are typically reticent to have traditional AMS imposed upon them, owing to its rigidity and disruption to preferred working practices. Adoption can require heavy, ongoing project management and new procedures for IT governance and compliance.

5. Upgrades and updates are typically rare and sporadic in nature (usually every 12-24 months) – and these can be frustrating and are frequently disruptive.

WHEN CONSIDERING CONSUMER TECHNOLOGY HACKS…

1. Few internal resources are required to develop or implement these technologies, so they are ideal for very small MGAs, MGUs and Wholesalers whose mission is to move fast.

2. The user-friendly and highly intuitive interfaces of these tools means they are rapidly adopted.

3. Any problems with adoption can be rapidly and cost-effectively executed by replacing with other similar tools according to individual preference.

4. There are significant drawbacks to this approach - lack of integrations with other industry-specific tools, databases and workflows, lack of compliance governance and exposure to cybersecurity risk are all impediments – this approach does not allow for a scalable solution.

5. When upgrades and updates occur they reflect consumer trends, rather than industry specific requirements. SLAs are not used, especially for 'free' tools; these can be withdrawn from the market or left unsupported without notice.

WHEN CONSIDERING MODERN AMS…

1. Like traditional AMS, modern AMS components are pre-built and relatively mature, so no initial development resources are required.

2. Specific customization and integration may need to be undertaken to suit the specific needs of your firm, its underwriting and sales processes and the people who use it. However, these processes are significantly simpler and faster with modern AMS – with highly configured implementations typically achieved in less than one to two months.

3. User experience is highly valued – and on par with familiar consumer technology applications, which in turn drives rapid and successful user adoption.

4. Compliance is available 'out-of-the-box' with limited burden upon internal resources for tuning or training.

5. Updates and upgrades are part of a continuous process (e.g. typically two-week cycles, though this varies by vendor) – which means minimal disruption to the user experience. Modern AMS delivered via SaaS means updates are performed centrally rather than at each customer site.

2. IT CONSUMPTION MODEL

How your chosen AMS solution is managed and delivered has important implications for your internal resources, oversight and IT strategy. Making the right choice from the available IT consumption models represents the prime opportunity to ensure your business objectives are fully realized.

In the last 10 years, the most significant development in software has been ubiquity of cloud computing. Most firms now use at least one cloud IT or SaaS service, whether in data backup, CRM or office management tools. These can co-exist with onpremise IT for other business-critical applications and services.

ON-PREMISE IT

remains a viable model for AMS, especially for firms who are sensitive about the physical location of their IT assets. This comes at a cost though - on-going responsibilities for application delivery and management. Firms wishing to streamline their IT function are less inclined to pursue this approach than those content to maintain a large IT development and support organization.

CLOUD-BASED SAAS SOLUTIONS

allow your users (and managers) to access your AMS from anywhere, anytime and on any device. The AMS vendor manages the burden of securing and maintaining the hardware, software, and application. SaaS is consumed and paid-for on an ongoing basis, rather than as a capital investment. For distributed teams, or businesses where team members work from home or from multiple locations cloud-based solutions are ideal. **During Covid-19,** this factor is becoming increasingly important.

10 AMS PITFALLS TO AVOID

1. **Taking too long** - Spending so long implementing and tuning your AMS that you cannot keep pace with evolving demands and opportunities.

2. **Making a half-decision** - Choosing a partial, quick-fix, AMS-lite solution, instead of a ground-up approach that meets the evolving needs of your business strategy amid changing industry dynamics

3. **Not mandating usage** – you should enshrine the principle that the AMS should act as the authoritative system-ofrecord for your firm research.

4. **Overpaying for professional services costs** - Paying excessive professional services costs related to AMS integration and configuration requirements.

5. **Choosing a manual-heavy solution** - Over-reliance upon manual AMS data processing instead of enabling automation to speed up processes and reduce overheads.

6. **Being overly prescriptive** - Constricting the flair and talent of research underwriters by imposing a rigid AMS methodology rather than a framework that can accommodate and enhance their workflows.

7. **Not balancing trade-offs** - Lack of balance between compliance on the one hand, and usability on the other – causing you to choose one over the other when selecting your AMS.

8. **Delegating responsibility to the wrong stakeholders** - Investing blind faith in underwriters to find robust, compliant, accountable and secure AMS solutions when you give them carte blanche to 'hack' the most productive approach to managing research data using consumer technologies.

9. **Paying insufficient attention to industry trends** - Overlooking the importance of mobile access and intuitive collaboration in your AMS solution as catalysts for better Firm outcomes.

10. **Solutions with infrequent upgrades** - Signing up to periodic software upgrades that force users to repeatedly reacquaint themselves with the AMS, and adjust their working practices accordingly

CONCLUSION

As the underlying architecture for your business, an AMS plays a critical role in your success – saving costs, improving productivity, ensuring compliance and driving greater performance and profitability.

An effective AMS allows your business to thrive and grow. An ineffective one inhibits team morale, restricts team productivity and limits your growth opportunities. Implementation and configuration should be rapid, but that's not all. Using the AMS should be frictionless. Nobody should have to think about the AMS as they go about their work.

While the value of formal over informal AMS approaches is clear, the very fact that lightweight, consumer-driven technology hacks have achieved traction says much about the compelling advantages of an intuitive user interface that accommodates increasingly dynamic and mobile working practices of today's insurance professionals.

Businesses have the opportunity to reassess the role of a formal AMS in their underwriting processes, and explore new solutions that best satisfy a range of business objectives including business strategy, growth opportunities, cost base, most efficient use of internal IT resources.

ADDITIONAL RESOURCES IN THIS KIT

✔ **Sample AMS vendor evaluation templates** - A feature checklist and smart vendor comparison spreadsheet, prepopulated with all the major players across AMS categories and customizable scoring criteria. Use this as a template during your AMS assessment; easily modify weighting and scoring to match the criterion of your Firm.

✔ **AMS demo checklist** - The key areas to cover in any AMS demo. Get the most out of your vendor demos and consistently evaluate solutions across these 9 key topics.

✔ **Critical questions to ask during an AMS reference call** - The 15 must-ask questions to get the most out of a client reference call. Use this list of questions to make sure you have every angle covered, from features and functionality to pricing and configuration.

STILL HAVE **QUESTIONS?**

Contact us at **info@bindHQ.com** and we'll help guide you through the process of selecting the best AMS for your firm.

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Agency Management Simplified

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