

Making Sense of a Crowded Space

The selection, implementation and rollout of a new policy Administration System (PAS) is not only a time and resource intensive endeavor, it is a large investment you hope will last into the next decade. The size of the marketplace, multitude of varying levels of capabilities and services offered, ever evolving technology, and a volatile economic climate makes the selection process that much harder to navigate.



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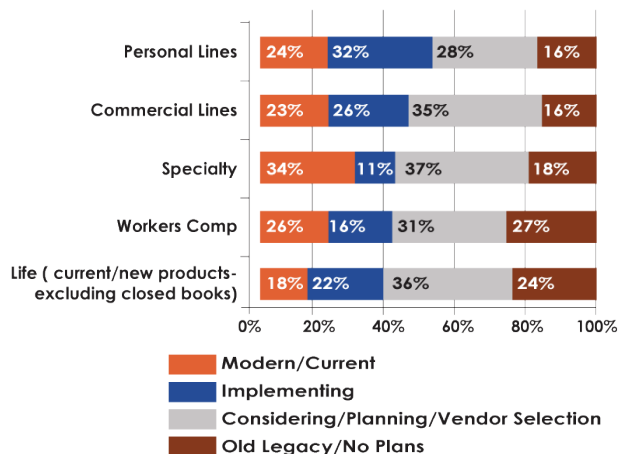
Understanding the environment both externally & internally

as you approach a new implementation any industry analyst or experienced vendor will tell you in order to ensure your success it is important to recognize, evaluate, and reach agreement throughout the organization regarding to the following points:

- Have you separated 'the what' from 'the how' determining the business goals to be obtained vs. how they are delivered?
- Have you considered reusability and where things can be shared across the organization?
- Have you identified the features and capabilities needed from the system and prioritized them?
- Have you evaluated your current process and realized it will need to change?

“It’s important you have strong sponsorship, recognized rationale and goals for the replacement, and realistic expectations of what you are getting when you buy.”

Current State of PAS Solutions by Line of Business



Especially in the arena of policy administration system, where the space is crowded and the messages and feedback sometimes confused, it’s important you have strong sponsorship, recognized rationale and goals for the replacement, and realistic expectations of what you are getting when you buy.

Different carriers have different needs based on many factors, size, line of business focus, organizational bandwidth and vision. As evidence in research from SMA, July 2011, line of business can influence the demand for PAS replacement.

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The Voice of Experience

Working with our customers over the years, we have developed a solid and thorough understanding of what factors drive their business – more specifically how they look at the ways to use technology to achieve a sustainable competitive advantage. The common themes we hear include: expand the distribution channel, broaden and deepen product offerings, improve speed to market, develop and leverage unique insights by combining data internal and external to the organization, and the ability/flexibility to act quickly on the information.

These themes in tandem with best practices have been central to the evolution of our solution set over the past ten years, and were a driving force in a re-architecture of our platform which began four years ago and continues to add new capabilities. But with so many vendors in the “Policy Administration” space, all using the same buzz words, all claiming to offer “the key” to your business, how does one select the right partner? Frankly, there isn’t a one-size fits all answer that would end your selection process today.

Table 1: Common Best Practices and Results

IT Best Practices	Measurable Business Results
Use of industry standards	Higher productivity, lower staff expenses
Optimization of infrastructure	Increased revenue or market share
Positioning for future reuse	Faster cycle times and more consistent processes
Automation, STP, and system integration	Better decisions, more accurate pricing, reduced losses
Data transparency and compliance	Decreased time to market
Improved use of channels	More efficient document/content management
Risk management through proper development, testing, and project management	Improved agent/customer satisfaction and adoption
Solicitation of end user feedback and review	Compliance and reduction of market conduct penalties
Use of metrics	

Source: Celent

However, with more than a few implementations and successful partnerships under our belt, we’d like to offer the following three points for you to consider as you search for a partner/solution:

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What are your objectives, and what enablers do you need to achieve them?

As you consider the features of the ideal solution, it is important to remember how these new enablers will impact the organization... Without this critical step, you could be simply replacing your current solution with a shinier one but ultimately unable to reap any significant benefit.

Early in your analysis, it is important to define exactly what the organizational objectives are. Only then can you determine what capabilities you will need to reach those objectives. As you consider the features of the ideal solution, it is important to remember how those new enablers will impact the organization. With the overarching goals in mind and looking to take full advantage of these new capabilities, what changes will be required to process, and how will roles need to be redefined? Without this critical step, you could be simply replacing your current solution with a shinier one, but ultimately unable to reap the any significant benefit.

As an aside, this is a great opportunity to innovate. Don't be constrained by former processes, convoluted work-arounds, or confusing products. Leverage the expertise of your experienced vendor partner to explore new means to new ends – always challenging the status quo.

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Rules & Tools vs. Full Service

Lack of flexibility, poor turn-around times, and exorbitant costs associated with homegrown and legacy vendor technologies, gave rise to the rules and tools based products on the market today. The idea was that customers could maintain their product set more effectively and efficiently than a vendor. There are potential issues with this line of thinking, however:

- The total cost of ownership for “Rules and Tools” is not always well understood or measured. Internal resource allocation mechanisms often hide the true cost of system development, sometimes misrepresenting the overall cost of the project and subsequent maintenance. Further, very few internal organizations are willing or able to provide their businesses with service level standards. How will you ensure that your various business units will enjoy consistent service, even as organizational priorities shift?
- The learning curve of “Rules and Tools” based solutions is often underestimated. Even in the case of non-standard lines, internal resources can spend months learning not just the vendor’s product, but the nuances of translating business requirements into functional specifications for that particular technology set. What was anticipated as being a more efficient process can result in even longer delays and more constraints, adding to your opportunity cost and potentially, your reputational cost as you risk compliance.

Just ask the customers

The optimum vendor should have a robust client base comprised of both long-time and new customers, as well as customers of varying sizes. But most importantly, customers should be leveraging business models and product offerings similar to those of your organization. Those customers’ testimonials are the best gauge of what type of relationship you can expect. Prepare a detailed set of questions that look to substantiate the claims the vendor has made, as well as questions that address your concerns. Also be sure to speak with customers who are leveraging the specific version of technology being considered. New untested technology presents a set of risks you need to knowingly accept.

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