

# Technology Vendor Selection

## How to Ensure a Successful Partnership

Wayne Umland  
Umland Consulting, LLC



# Agenda

- Introductions
- MGA/PA Positioning
- Technology Survey Results
- Vendor Selection
  - What is it
  - How to do it
  - How to make sure you are successful
- Discussion



# Market Size & Growth

- \$33.1B in 2014 with 10% CAGR
- Probably underestimated
- By 2016 - >\$40B, well above 10% CL premium
- Specialization
- Success brings new competitors
  - Virtual MGAs, new spin-offs, M&A
  - New entrants from different industries



# Survey Results

- Needs abound
  - Largest have solutions and infrastructure
  - Smaller rely on AMS and carrier solutions
  - Solution to growth?
    - throw people at business problems
    - revenues too small for technology solutions today
- In \$25-\$100mm, largest people:premium ratio



# Technology Spending Focus

<u>&lt;\$10</u>	<u>\$10-25</u>	<u>\$25-100</u>	<u>&gt;\$100</u>
AMS	Quote	Issuance	Data Integ
CRM	Portals	Portals	PAS
Quote	BI	CRM	Configure
Rating	CRM	PAS	CRM/Mktg
PAS	Data	Doc Mgmt	Doc Mgmt



# Significant Business Pain Points

- Too much manual processing – *all groups*
- Time to market - *competition*
- Competitive Pressures - *adaptability*
- Carrier Bureaucracy – *old demands, new times*
- Inefficient Distribution Channels/Methods – *due to technology, efficiency, time pressures*



# Technology Spending

- All responders recognize the need to invest to gain efficiency and automate
- 70% say technology spending will increase
- Our survey results confirmed by Target Markets/Advisen, Dowling and Conning all conclude:

***Technology spending will drive MGA success!***



# Where Are We?

- May Meeting – Novarica
  - Lots of changes and innovation happening
- Agree!
- Beyond that, new or changed competitors
  - Easy to get in: money, filing and product
- The companies who can change the paradigm and better meet expectations will win





# How To Position

- Lots of choices and solutions
- No infrastructure necessary
- Need to develop your future strategy/plan
- Understand the future
- Consider new competition and don't rest

*Google, MS, product manufacturer, virtual MGAs, spin-offs*

- Recognize technology – not easy; not cheap



# Vendor Selection

## *Before you get started.....*

- Identify your business strategy
  - Where do we take the company
  - How do we get there
  - Constraints and obstacles
- Identify your technology strategy
  - What do you have, what do you need
- Understand your corporate culture



# Vendor Selection

- There are hundreds of vendors who can “solve your problem”
- If you are big with a seasoned staff you can certainly take on selection internally
- Recognize that it is big - large and deliberate
  - It’s not quick, not easy and not cheap!!
- When done well – usually successful
- When done poorly – disastrous



# What is Vendor Selection?

***A MEANS TO IDENTIFY WHO  
BEST MEETS YOUR NEEDS***

What you need to do to get it started:

- Identify business requirements and goals
- Prioritize and weight each requirement
- Understand and document technology requirements and restrictions



# The Process – Phase One

- Identify and prioritize all requirements
- Prepare an RFI/RFP
- Identify solutions available that might help
- Distribute RFI/RFP to the pool of vendors



# The Process – Phase Two

- Receive RFIs and evaluate to determine who to invite to “out of the box” demos
- All stakeholder delegates participate in these “speed demos” to narrow the field
- Thumbs up/thumbs down
- Identify the finalists to be invited to participate in detailed, custom demos



# The Process – Phase Three

- Create business use cases and scripts – identify what you want to see in action
- Distribute to the 4 – 6 finalists
- Participate in half or full day sessions with finalists who will show you how their system will handle your needs
- Score each of the finalists based on the demos



# The Process- Phase Three (con't)

- Talk to customer references – success, on time, on budget, support issues, etc.
- Ask follow-up questions
- Match the culture of the vendor with yours
- Negotiate price
- Hold preliminary conversations about contract
- Make the selection





# Cautions

- Requires time and staff committed to the task
- If new or no luxury for dedicated staff allocation, use an industry consulting firm
- Choose carefully!!
- Know what you are looking for before engaging



# Outside Engagement

- Prescribed process with proven results
  - Current vendor lists
  - Templates for industry detailed requirements
  - Process and templates for scoring and weighting
  - Discipline to help get the right facts and information to make a sound decision.
- Keep you and the vendors isolated
- Vendors understand the process



# Critical Aspects

- Know what you are doing
- Don't short-cut the process
- Identify, rank and prioritize all requirements
- Clearly identify cultural and collaborative needs and concerns
- Understand vendor methodology and what it will take in terms of people, partners and \$\$\$
- Talk to as many customers as you can



# Discussion & Questions

