A BUYER'S GUIDE
TO A RISK MANAGEMENT INFORMATION SYSTEM

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WHO SHOULD READ THIS BUYING GUIDE?

This guide is written for any risk manager with an interest in risk technology, whether you're a first-time buyer or you already have a risk management information system (RMIS) but are interested in changing, upgrading or maximizing the value from it.

What will you get from reading this guide?

This guide will give you, the risk manager, a good general understanding of:

- How to identify the risk-management needs that risk technology can help you meet;
- How to make the business case for investing in risk technology;
- How to structure the process of selecting and implementing a RMIS; and
- How to identify and engage the internal stakeholders with whom you'll need to collaborate.

PLANNING:
IDENTIFYING AND PRIORITIZING THE CAPABILITIES MOST IMPORTANT TO YOUR ORGANIZATION

With all of the potential capabilities at your disposal, it's unlikely that any organization will implement them all at once. This means that you will have to prioritize which capabilities are most important, which should wait until later (a year to 18 months is typical), and which are more strategic in nature, meaning that they can wait for a year or more before you bring them under your RMIS roof.

We see many new adopters of RMIS technology select a system for the purpose of solving a single, isolated issue, such as consolidating claim information from a wide variety of sources into a single database. Sure, most RMIS systems can do this quite well, and some can do it much better than others, but something as basic as consolidating claim information just scratches the surface of a robust RMIS's functionality.

Following is a general list of the capabilities you should consider when planning to procure a RMIS system for your company. Consider current and future needs carefully, and include a wide variety of potential system users in your thought process.

- **RMIS system administration:** Including audit trails; multiple languages and/or currencies; controlled access to different parts of the dataset for different users; and module/field customization.
- **Claim and incident reporting and consolidation:** Including level of detail and frequency of information updates.
- **Claim input:** Including processes with third parties such as insurers and TPAs and incident information capture.
- **Policy information:** Including whether you keep both current and historical policy information, and whether the information is searchable.
- **Exposure details:** Including level of detail to be captured and kinds of exposures captured.
- **Surety bonds:** Including integrate surety bond portfolio into cost-of-risk calculations and reporting on surety bond program status.
- **Global programs:** Including programs with sub-coverages or local underlying policies.

- **Safety and health:** Including automating OSHA-required recordkeeping and single-source safety analysis across the enterprise.
- **Reporting and distribution:** Including electronic distribution of reports, dashboards for key executives and real-time ad hoc analysis.
- **Insurance submissions:** Including improving the focus and appearance of your underwriting submissions.
- **Enterprise risk management:** Including an editable, scalable, distributed risk inventory tool.
- **User-specific work flows:** Including automating specific decision processes or workflows.
- **Supply chain and product recall exposure tracking:** Including documenting complex supply chains and tracking suppliers and compliance with specific insurance requirements.
- **Inbound certificates of insurance:** Including tracking of vendor compliance and expirations and cancellations.

HOW DOES A RMIS DELIVER ROI SAVINGS?

A RMIS provides you with a broad view of all your risks and exposures so you can make informed decisions that drive short-term profit and increase long-term organizational value. Furthermore, by providing you with more accurate and reliable data, you will be empowered to make decisions on what risks to retain or transfer, risk-retention strategies and how to effectively transfer risk, which all helps lower your overall cost of risk.

RISK RETENTION SAVINGS

- Provide the ability to set strategies that deal with uncertainty over time.
- Empower managers with live information so trends and root causes can be quickly discovered and where possible prevented and reduced.
- Ability to rapidly respond to business changes based on live input from business units.

RISK TRANSFER SAVINGS

- More accurate, complete and reliable data because of consistent data entry processes that automatically spot errors, old data, and missing components.
- Deliver a full picture of current and historical trends.
- More focused insurance purchasing through a more informed view of your entire operation.

RISK MANAGEMENT COST SAVINGS

- Less time spent managing data and completing low-value tasks.
- Consolidations and data merges are done automatically.
- Managers no longer need to maintain backup systems.

DECISION MAKING:
SELECTING THE SYSTEM THAT'S RIGHT FOR YOUR ORGANIZATION

Follow these six steps to identify whether you can benefit from a RMIS, what you want it to do, who to buy it from and how to implement it.

1 IDENTIFY YOUR NEEDS

- Discuss requirements with all your internal stakeholders: the risk management team, IT, procurement, health and safety, and senior executives.
- Ask the RMIS providers for help, for example arranging workshops with you to review your requirements in detail.

2 RESEARCH THE MARKET

- They may appear similar, but not all RMIS are the same – check to see they provide what you need.
- Check to ensure their business credentials will satisfy your procurement department.
- Ask to speak to other customers to find out firsthand about the provider's approach and their RMIS reliability.

3 PLAN YOUR TIMELINE

- Don't rush. Make sure all your requirements are factored in.
- Beware of short timelines – corners may be cut – and watch out for cost overruns or add-ons, which you can avoid with a fixed-price contract.

4 PICK YOUR TEAM

- Make sure your IT, procurement and executive sponsor are on board for the long-term.
- Check what specialists your provider will bring to the team, including account and project managers, software and technical expertise and insurance specialists.

5 IMPLEMENT YOUR RMIS

- A RMIS is not just about technology; it's also about people and relationships. You need the right people in place to make rollout a success.
- Your provider should begin with quick wins so your RMIS delivers value quickly.

6 REVIEW AND EVALUATE

- Your provider should run a detailed process of continuous reviews so you can monitor benefits against your KPIs.
- Annual reviews should examine potential future opportunities and keep you abreast of technology advances and changes in insurance legislation and regulations.

DECISION MAKING:
SELECTING THE SYSTEM THAT'S RIGHT FOR YOUR ORGANIZATION

Some risk professionals identify the need for a technology solution to meet the challenges in their area of responsibility and miss the opportunity to empower others in their organization through the thoughtful and distributed use of a RMIS. For this reason, a cross-functional team of potential users from across the enterprise is a best practice in the development of a RMIS needs assessment.

Some suggested partners include:

- Information Technology
- Human Resources
- Operations
- Purchasing/Procurement
- Project Management
- Finance
  - Financial Planning & Analysis
  - Fixed Assets
  - Treasury
  - Accounting

- Facilities/Properties/Real Estate
- Legal/General Counsel
- Safety
- Claims
- Internal Audit

From these partner-functions within your company, select forward-thinking contributors who are actively conversant with the details of the business and its strategic direction. Work to have these contributors focus beyond today's needs as they assess the functionalities that will help to move the company forward. Bear in mind that your investment in a RMIS is a strategic investment.

It is often best for the project leader, often the risk executive, to meet with each proposed member of the Assessment Team to explain the proposed project, and to describe how the organization as a whole, would derive value from the adoption of an RMIS. Engaging each potential member prior to the first formal meeting sets the stage for productive discussions at the outset. It also gauges the interest and understanding level of each group member and aids the leader in managing the process to a successful outcome.

GAINING INTERNAL APPROVAL

Okay, you know you need a RMIS and you've worked out your return on investment. Now you need to convince your organization's decision-makers to give the go-ahead. Here are the compelling arguments:

CHIEF FINANCIAL OFFICER

A RMIS will help you keep your organization's stakeholders happy by reducing costs, improving profit margins to grow the business in line with corporate strategy.

CHIEF INFORMATION OFFICER AND IT DIRECTORS

A RMIS delivers a rapid return on investment, requires clearly identified (and relatively limited) input from the IT department during implementation, and comes with full support. Furthermore, the system is fully accredited and offers the highest levels of security, including; encryption, central password controls and data protection mechanisms.

PROCUREMENT DEPARTMENTS

During the decision-making process you will have established the credentials of your RMIS provider that should satisfy their requirements. This will enable you to provide information and financials about the supplier and how they can deliver the best results for your organization by combining strengths, ideas and actions.

SYSTEM USERS

A RMIS will simplify and speed up the tasks you have to complete, such as collecting data, building reports and delivering them to management. This frees up your time to focus on more value-added activities and improve motivation by removing time consuming manual processes.

FINDING YOUR RMIS VENDOR

The next step is to study the marketplace and garner an understanding of which suppliers are the best potential matches for your preliminary list of needs. Look for a long-term partner, one that will be with you at the beginning (implementation) and is positioned in the marketplace to be a long-term player and has the business model to support your RMIS activities as they change and grow over the years.

Now that you have a comprehensive list of your current and future needs, begin the process of selecting the system that is right for your company. Using your needs list and working within your company's strategic procurement process, create a simple request for proposal (RFP) to be submitted to the RMIS marketplace. Keep the decision points very focused and concentrated on the most important aspects of Company need.

Suggested keys include:
- Implementation experience and support
- Customer support depth
- Data and system security standards and practices
- Scalability
- Ability to customize to meet changing needs
- Clarity of vision
- Experience in the field
- Ease of use
- User training and support
- Long-term cost structure

At this point, it is important to keep a very level playing field. All of the potential suppliers should all receive the same information from the company and from the same source. All communications to the potential suppliers should come from one source in your company, and any deviation from that communication channel should be strictly prohibited. If one competitor asks a question, all of the competitors should receive the same answer at the same time.

RMIS SELECTION CRITERIA

As well as ensuring your preferred RMIS provider speaks your language, you'll need to assess the usability of the system. Set out below are some considerations to help you evaluate systems and suppliers.

FEATURES AND FUNCTIONALITY

Probably the most important criteria to evaluate as you consider different RMIS providers. Make sure you focus on your key differentiators first and they have the right functionality to fit your specific requirements.

Sample considerations:

- Provides a broad selection of modules to cater for current and future needs.
- Provides flexible reporting tools, in-built templates, ad-hoc reports and automated report distribution facilities.
- Ability to automate processes.
- Provides customized interface views.

TECHNOLOGY

It is important to ensure you are buying into a forward looking technology that has a planned roadmap. Furthermore, ensure the RMIS provider will continue to develop, enhance, and improve the product.

Sample considerations:

- Ability to interface/interoperate with existing systems.
- Operates on preferred operating environment and hardware, including tablets and mobile devices.
- Access control of data (read, write, delete, copy) at the file level by user and user group provided.
- Provides best-quality data security and hosting, backed with accreditation.

THE RMIS SUPPLIER/VENDOR

Ensure the RMIS supplier has a good track record of delivering these types of systems and has a good credit and financial rating.

Sample considerations:

- Insurance and technology expertise.
- Consistent financial position over the last three years.
- Years in business and age of product.
- Number of system/product developers currently employed by the supplier.

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IMPLEMENTATION

Make sure the supplier has experience with the industry that you are in and the type of system set up and functionality you require.

Sample considerations:

- Implementation follows a standard methodology.
- Training in functional use and system administration provided.
- Training provided at: customer site(s) and supplier site(s).
- Multi-language training and training materials provided, as required.
- Location of customer service employees (in relation to client): same country, different country.

MAINTENANCE & SUPPORT

You can expect 24/7 support and you should also evaluate system upgrade entitlements. Furthermore, planned maintenance should typically occur outside normal business hours.

Sample considerations:

- Range of ways to contact support, including; telephone, online portal and email.
- Telephone service provided: xx hours per day, x days per week.
- Guaranteed response times and defined SLAs.
- On-site expertise available.

TOTAL COST OF OWNERSHIP

You need to consider the total cost of ownership of the Risk Management Information System over the first five years. Focus on user licenses, software maintenance, and implementation services.

Sample considerations:

- All costs are included in the pricing; recurring annual costs, training costs, upgrade costs, implementation support costs, customisations costs, user licenses, training materials etc.
- Pricing structure for follow-up training provided.
- Pricing arrangements available.

STANDARD CONTRACT FORMS

Contract compliance has become a sticking point in many RMIS projects, and it is best to know if there are significant areas of variance between your company contract standards and those of your potential suppliers.

Concurrent with your evaluation process, it is a good practice to secure copies of each supplier's standard contract forms and submit those to your Contracts or Legal staff and perhaps even your IT staff for review and comment. Many chief information officers and their teams are developing very strong technical contract requirements for any third-party software suppliers, so their assessment can be critical.

REFERENCES

An often-overlooked step is to contact several references for each of the finalist suppliers. Getting candid feedback on the experiences that others have had with your potential vendors may be helpful in your selection process or in final negotiations. Many people find that making a cold call on someone that they don't know can be difficult. To make that easier, it is a best practice to have a common set of scripted questions to ask each reference.

REFERENCE QUESTIONS

Below is a common question set as a starting point.

- How long have you been a client of {Vendor Name}?
- Speaking of the support services, not the software solution right now,
  > What would you say are the three strengths of {Vendor Name}?
  > What would you say are the three weaknesses of {Vendor Name}?
- Did you find that the software solution of {Vendor Name} met your needs once it was fully implemented?
- Did you experience any unexpected problems in the implementation process? If so, what were those surprises?
  > How did {Vendor Name} respond to those surprises?
  > Were the {Vendor Name} responses satisfactory, in your opinion?
- Did {Vendor Name} develop a strategic plan with you for the optimal use of their system to best meet your long term needs?
- On a scale of 1 – 10, how would you rate {Vendor Name} client services
  > If above is below 7, why?
- If you were in my position as a prospective client of {Vendor Name}, what cautions would you advise me of that I may not think of asking?
- What was your company's experience with contract negotiations with {Vendor Name}
  > Was {Vendor Name} flexible?
  > Was {Vendor Name} promptly responsive to your contract comments?
  > Did you have any large surprises in the contract negotiations?

SCORING THE RFPS

A simple scoring tool that each reviewer completes after reviewing each proposal helps in the final decision process. Whatever decision support method you elect, it is important to use a scoring tool that is fair, simple for the reviewers to understand and use and should be able to support outside scrutiny for fairness in the evaluation process.

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TECHNOLOGY

Let's talk.

Ventiv Technology helps organizations achieve clarity and efficiency through optimal management of their risk and insurance programs. We provide award-winning business software solutions, designed with and for our clients. Ventiv strives always to put our clients at the center of everything we do.

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