STRATEGY MEETS ACTION

Agency Management Systems: Marketplace and Vendor Analysis

Satisfying today's needs,
Positioning for tomorrow's opportunities

SMA Research
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About the Report

This research report focuses on the business environment in the insurance agency marketplace and specifically explores the current and potential/future use of agency management systems. It also includes a vendor analysis on six top software products.

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Executive Summary

SMA recently examined the business environment in the insurance marketplace to determine agencies' need for and potential use of agency management systems as well as to assess the vendors that provide solutions. Gathering data from insurance agency interviews, survey responses of vendors/solution providers, and vendor/solution provider interviews and product demonstrations, SMA was able to analyze the drivers for technology spending related to the systems and suppliers. Of the 21 systems vendors asked to participate in the survey, five were able to complete the survey on agency management systems, and six systems from those vendors are covered in detail in this report. The survey research was supplemented with product demonstrations and interviews with each survey respondent, as well as with interviews with agencies.

Although agencies saddled with obsolete technology will be challenged to compete successfully because consumers now expect real-time service in all areas of life, budgets will remain tight in the coming year. They must find a way to avail themselves of the rapidly evolving solutions by becoming informed, setting priorities, and making optimal choices. To meet their goals of achieving operational efficiency and reducing expenses, they will be looking for the software that offers these benefits. Understanding the overall strategy of technology investment is essential to making that happen, and they must embrace technology as a business enabler, not just a cost.

The vendors of agency management systems also face challenges, including stiff competition. They need to keep pace with the changes in the industry and with demands on consumer policyholders as well as those on agencies and carriers. The five vendors highlighted can provide some percentage of help in many categories of features and functions for agencies at various stages of sophistication. They need to continue their vigilance regarding agencies and at the same time watch for unexpected competitors, some of which are already beginning to emerge.

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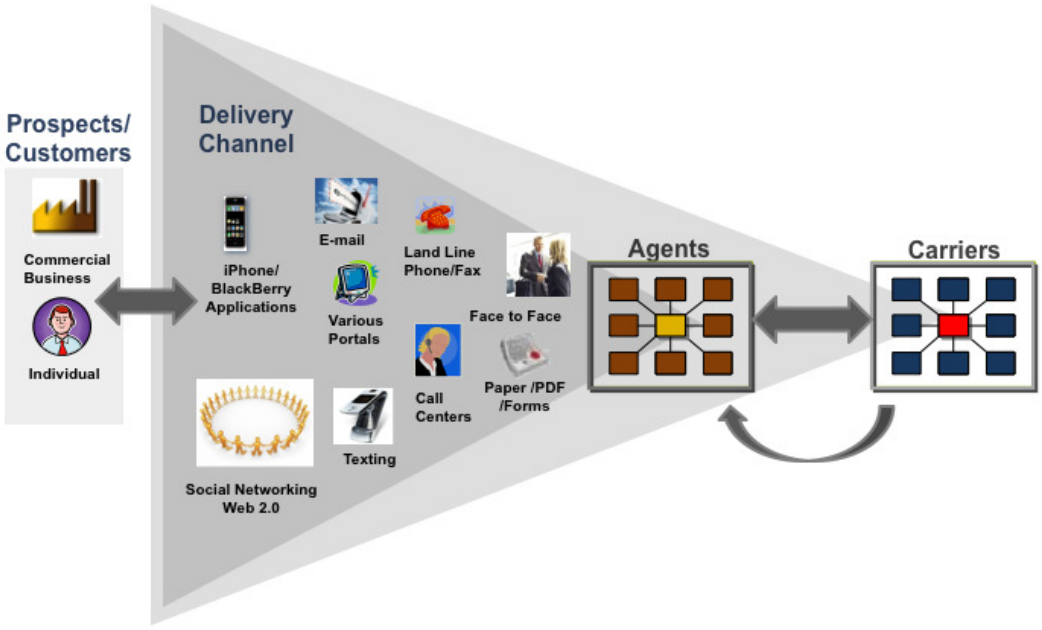
Introduction

Conducting agency business as usual won't cut it anymore. As agents and insurers emerge from the latest economic crisis, it will not be possible to resume old technology investment practices and expect new results. Agency management technology strategies are essential in today's marketplace. Many agencies are saddled with obsolete technology or are still operating manually. They simply don't possess the necessary connectivity to the insurers' world. Yes, there are great uses of technology in pockets of agencies depending on the agency's line of business, but overall, this segment of the industry is far from achieving agile and cost-optimized business operations with modern technologies that drive growth, profitability, and customer service for today's need, let alone tomorrow's opportunity.

Misalignment of technology spending and added value isn't the only problem; the world is rapidly changing. Witness the shift in demographics as 72 million baby boomers begin to retire and the 60 million gen-Yers entering the workforce buy insurance products. Expectations are changing for customers and producers alike because of the way technology is woven into the fabric of everyday life and consequently into the fabric of insurance. Now that people can always be connected, they expect service in real time, anytime and anywhere, with consistency of service, price, and quality, no matter which communication channel they use — face-to-face, paper, Web, or telephone. Agencies that want to grow and thrive have no choice but to stop the debate over the relative merits of approaches and start to embrace the new ways of the world. If agencies do not start to provide a higher level of automation, prospects and customers will clearly begin to take the direct route to carriers. See Figure 1 for an illustration of the paradigm shift and changing reality.

Figure 1: Paradigm Shift in the Distribution Channel



Source: SMA

Consider that, right now, many agency principals and core staff are part of the group we are classifying as "aging baby boomers," and the gen-Yers are primed to become the future producers and office staff. Having antiquated business processes and old technology will not cut it as this shift

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happens. For agencies holding on to old ways and technologies, it will be difficult, if not impossible, to attract and retain top talent.

"But rather than looking down into the budget by cutting expenses, agencies will do well to look up and out at the possibilities presented by the changes and opportunities." Karen Furtado, Partner — SMA

In 2010, budgets will still be tight as the economy and insurance industry recover. Agencies need to treat the year as a new beginning, thinking differently about technology and automation and finding ways to link it to their business plans. Setting the right technology platform is essential so that technology investments can effectively balance both long-term and short-term business.

The good news is that the technology available specifically for the insurance industry is evolving rapidly, and the options available today in modern agency management systems are excellent. Because of this rapid evolution of mature technology, it is more important than ever to be informed and to make intelligent choices. Given the integration of the Internet into the way business is conducted, the advancement of industry standards, the evolution of agency management systems, and other advanced technologies, turning these challenges into opportunities is feasible.

Research Purpose and Scope

This research report focuses on the business environment in the insurance agency marketplace and specifically explores the current and potential/future use of agency management systems. It provides a summary of the current state of the marketplace, including business drivers and challenges. It also examines the factors that are triggering IT spend for this constituency and the way technology can play a critical role in meeting the challenges facing modern insurance agencies. Further, this report provides a primer on the various ways an agency might plan for and implement agency management technology.

The core of this research is based on data gathered from three distinct sources: insurance agency interviews, survey responses of vendors/solution providers, and vendor/solution provider interviews and product demonstrations. Extensive interviews were conducted with 12 agencies of varying sizes and levels of automation, and secondary research was conducted to augment and verify findings. In addition, an analysis of the agency management systems available in the marketplace was executed by means of a survey, interviews, demos with agency management system vendors, and secondary research. Twenty-one systems vendors were approached and asked to participate in the survey, resulting in five vendors completing the survey covering six systems. These six systems are covered in detail in this report. The survey research was supplemented with product demonstrations and interviews with each survey respondent, as well as with interviews with agencies.

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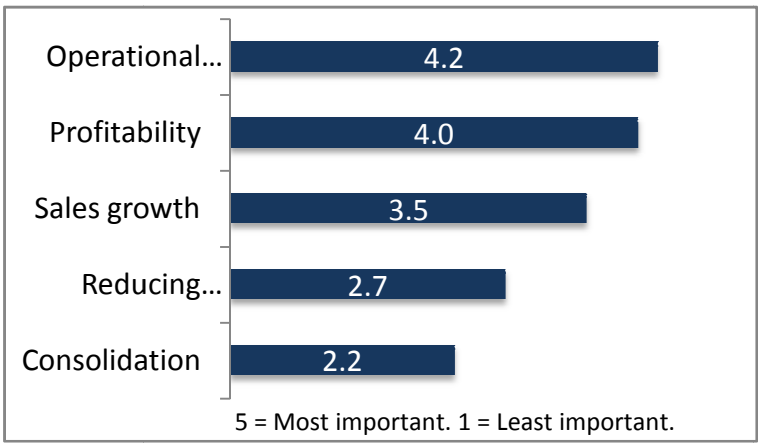
Current Marketplace: Shopping for an Agency Management System

What Are the Business Drivers for a Technology Spend?

In this research, SMA asked agencies and agency management system vendors about the business drivers for technology spend and had the groups rank the drivers by perceived level of importance. Figure 2 provides an average of the responses, with 5 being the most important and 1 being the least important. In the section below, SMA provides an analysis of the current issues for each driver and the impact in the agency marketplace.

Figure 2: Business Drivers for Agencies' Technology Spending



Source: SMA

Operational Efficiency. In today's tough economic times, controlling costs is essential. With average starting salaries for producers ranging from $52,000 to $95,000 (according to Independent Insurance Agents & Brokers of America Study, 2008), payroll is the number one expense for the average agency. Common time wasters at many agencies include faxing, rekeying data into multiple systems, pushing and pulling paper files, searching manually, cutting and pasting spreadsheets to produce basic reports, playing phone tag with carriers, and putting clients on hold. Such manual tasks cost an agency not only significant hard dollars but soft dollars as well, such as in lost business. Automation with modern agency management software is essential for driving down expenses and improving operational efficiency.

Sales Growth and Profitability. Revenues are stagnant. Because of the economic downturn, net written premiums continue to be flat and are actually decreasing in some segments of the market. Not only are commercial customers not growing their own businesses, but both commercial and personal lines customers are looking to cut premiums wherever possible. Agencies have to work harder to maintain current books while looking for every opportunity to cross-sell. It is a zero sum environment in which one agency's win is another agency's loss. Low-performing producers are under pressure to increase production or otherwise be replaced with new blood. As one agent put it, "It's about stealing business from other agencies by aggressively cross-selling, offering new products, and providing top-notch personal service." Technology with centralized database and real-time reporting capability easily enables cross-selling, up-selling, and overall reporting to drive new business and sales.

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Reduced E&O Exposure. Based on this research, it is evident that approximately 90% of agencies carry error and omission (E&O) coverage, costing the industry an estimated $500 million annually. Even with this insurance, coverage limits may not completely address the full risk of loss. To fully address the risks, an audit trail of all correspondence, conversations, and communications, complete with time and date stamps, must be created and maintained. This can be expensive and challenging and is made even more so today because agencies interact with customers and carriers through a complex set of delivery and distribution channels such as phone, fax, paper, e-mail, and the Web. As all these channels feed transactions into a complex, paper-driven process, the chance of error increases. Automation that creates an audit trail reduces human error, enhances error identification and resolution, and actually helps to close out cases more quickly.

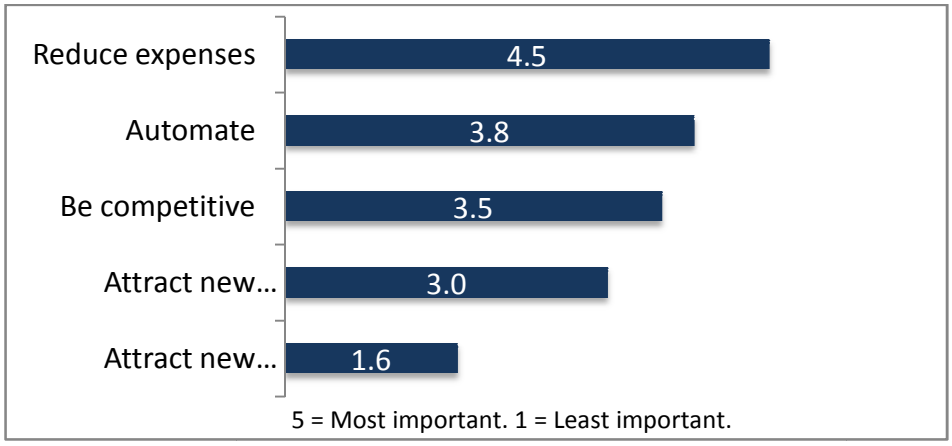
Consolidation. The property and casualty (P&C) business has not been immune to the trend of consolidation that has impacted many sectors of the economy. The number of independent agencies diminished from 44,000 in 1996 to fewer than 37,000 in 2006 (according to *Future One: 2006 Agency Universe Study*). However, the average size of the typical agency book of business is growing. The multibillion-dollar small commercial market, which has historically been served by small agencies, is now a target in the sights of larger agencies. A larger agency that spends 2–3% of revenue on technology annually will be dwarfed in aggregate dollars by a small agency that spends the same percentage of revenue. As a result, the larger firm can be more efficient and effective with automation. This differential creates a competitive advantage for the larger agencies, which will position them to easily meet customers' and carriers' rising expectations for service.

Why Are Agencies Buying Software? What Are the Benefits?

SMA also asked agents and vendors to rank the key reasons that their agencies purchase agency management systems. Figure 3 provides an average of the responses, with 5 being the most important and 1 being the least important. What is interesting, but not surprising, is that the overall top response is "to reduce expenses," which aligns directly with the key business driver: driving operational efficiency.

"What is interesting, but not surprising, is that the overall top response is 'to reduce expenses,' which aligns directly with the key business driver: driving operational efficiency." Karen Furtado, Partner — SMA

Figure 3: Reasons Agencies Purchase Software



Source: SMA

SMA's research also uncovered evidence of a direct correlation between goals and results with clear benefits. More than 50% of the agencies that invested in an upgraded or full new implementation of

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an agency management system felt the company realized significant improvements as a result of the technology investment. Figure 4 summarizes some of the specific benefits.

Figure 4: Benefits to Insurance Agencies of Technology Investments

Goal	Summary of Benefits and Results
To reduce expenses	• Standardized business procedures, business processes, and workflows are implemented. • Processing time is reduced through reduced keystrokes, elimination of double data entry, and fewer errors. • Some agencies have seen up to 60% reduction in cost with automation.
To automate	• Revenue per account manager of roughly $2.5 million is typical of agencies today. • Revenue of $8–9 million per account manager has been observed in agencies with full automation and real-time processing using a modern agency management system, Web portal, upload and download capabilities, and scanning and imaging. (Agency Management Systems Case Study: Moody Insurance Agency, 2008)
To be competitive	• Engage a new generation of producers and service people who are technologically savvy. • CSRs have immediate access to customer records. • Turnaround time from prospect to policy delivery decreases.
To attract new customers	• Many agencies' premium volumes increase (up to double) with little to no increase in staffing. • Customers are able to self-serve.
To attract carriers	• Carrier connectivity enables carriers to conduct business more cost effectively, thereby increasing their flexibility and commitment.

"Of the 21 solution providers, two companies command more than 80% of the market share: Applied Systems and Vertafore (formally AMS)." Karen Furtado, Partner — SMA

Who Are the Vendors? How Are They Selected?

More than 21 solution providers operate in the agency automation marketplace. The market reflects applications that have been used for a number of years as well as those that have been updated to reflect current system requirements combined with new applications that are built with current technology and offer a strong selection of needed feature and functions. Figure 5 reflects the current vendors in the marketplace.

Figure 5: Current Vendors of Agency Management Systems (In Alphabetical Order)

Advantage Information Systems	FSC Insurance Solutions	Special Agent, Inc.
Applied Systems	GBS Inc.	Strategic Insurance Software
Appulate	HawkSoft	**Terrace Software**
Carolina Insurance Services	Hoffman Computer Services	**Vertafore** (AMS 360 and Sagitta)
CCRM Associates	Insurance Business Systems, Inc.	**Xanatek**
Choices Software, Inc.	Insurance Technologies Corp	**XDimensional Technologies**
Ebix	QuickQuote	

Note: The companies whose names are in **boldface** type participated in the SMA survey.

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Typically, agencies interested in purchasing a new agency management system issue an RFP, either formal or informal, depending on the agency's maturity and sophistication in software purchases. They generally compile a list of features and functions that outlines the current technology platform. The detailed list of features and functions in Appendix II is a good starter list for an RFP. Once a short list of vendors is compiled, it is essential to have formal demos and detailed conversations regarding the business and technology capabilities as well as overall benefits.

As SMA compared the features and functions of the leading vendors in the marketplace, it was evident the majority have basically the same level of functionality as well as similar technology platforms. Additionally, agency and vendor interviews revealed that the reputation of service level and the overall culture of the company appear to be attributes that close deals. Of course, superior product offerings and an experienced team play a key role, but ultimately, an agency's reputation for product quality and service is paramount.

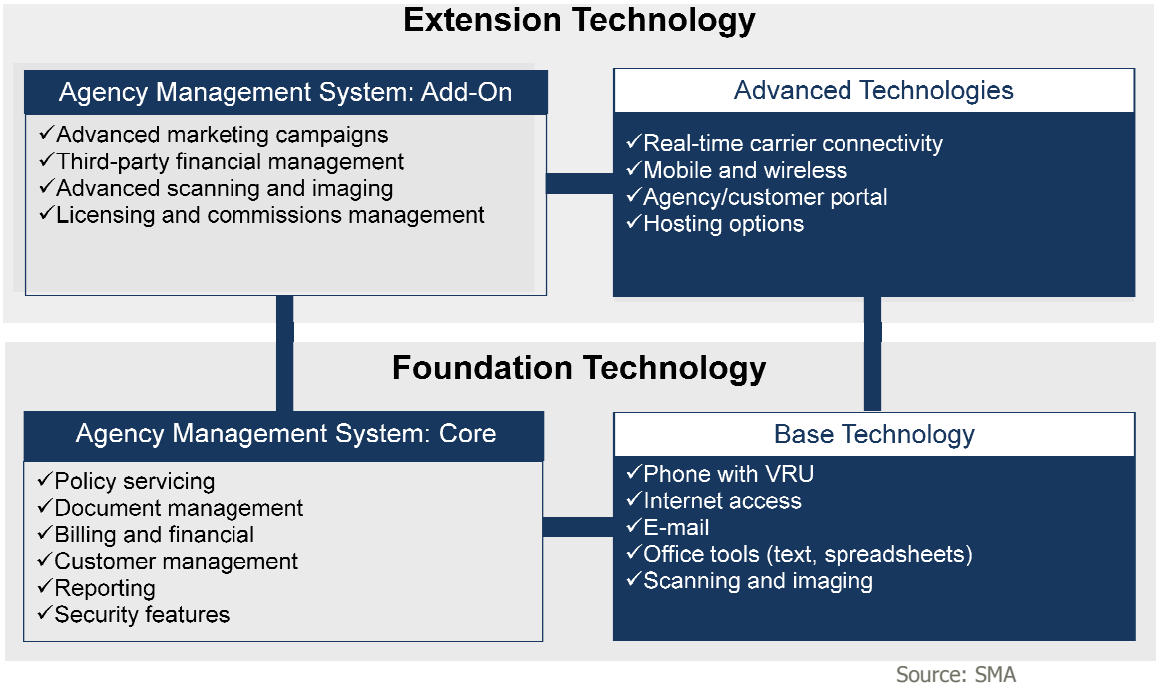
Strategy Meets Action: Thinking Differently

A Different View of Automation: Beyond Feature and Function

"Moving forward, as agencies develop a comprehensive plan for automation, it becomes apparent that it is beyond an agency management system."
Deb Smallwood, Founder — SMA

SMA has developed an all-encompassing framework of technology investments for an agency. In this framework are two major categories for overall automation for an agency: foundational technology and extension technology. As agencies develop a comprehensive plan for automation, it becomes apparent that they need to move beyond an agency management system. Figure 6 is an illustration of this framework and includes the complete set of technologies needed to run a successful agency.

Figure 6: Agency Technology Framework



Source: SMA

The foundation technologies category includes base technologies and is required of any small business today. This consists of phones, Internet access, and office automation tools, such as word

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processing. Because the agency business is so paper intensive, basic imaging and scanning are also essential.

The second set of foundation technologies is the core agency management system. Policy serving, billing and financial, and security features provide essential insurance operations capabilities along with the ability to keep confidential client information secure. In addition, a core agency management system will have document management, customer management, and also reporting in order to better integrate agency management data, with the goal of producing insurance-specific forms and correspondence.

The second major category involves two sets of extension technologies, which may also be integrated with the foundation technologies for the purpose of providing enhanced productivity and communications capabilities. Add-ons to the core agency management system enable it to expand and extend some of its core business functionality. Advanced technologies extend the reach of the core and add-on agency management capabilities to enable the anytime, anyplace environment producers, and customers are increasingly demanding.

The foundation technologies provide the minimum set of capabilities required to operate the agency. The implementation of extension technologies is where real productivity and competitive advantage begin in an agency. The ability to upload with real-time comparative raters and real-time connectivity to carrier systems and carrier policy downloads enables an agency to drive fundamental business process improvements. Complete scanning and imaging software enable an agency to move to a paperless office, while wireless and mobile technology integration enable producers to remain productive even when they are out visiting clients. Finally, agency principals can benefit from both advanced marketing campaigns and advanced commissions systems that monitor revenue streams and allow quick adjustments to the business.

From a technology viewpoint, agencies in the past traditionally bought hardware and software and had to operate the system in-house. For smaller agencies with a small IT staff, this practice presented a risk that had to be managed. Today, agencies have additional options for implementing technologies, including hosted or software as a service (SaaS) solutions, which are excellent options for agencies looking for scale or that want to focus on the "agency side" of the business without the IT risk.

"Based on SMA research, over 80% of agencies have some level of agency management automation. Yet further analysis reveals almost half of these agencies use dated, old technologies which are not fully integrated and, furthermore, may be quite difficult to integrate."
Deb Smallwood, Founder — SMA

A hosted solution is typically run and maintained by a third party. This kind of solution is sometimes provided by the agency management system vendor or by a third-party vendor contracted by the system vendor or by the agency. In a hosted solution, the fees charged to each agency usually include hardware and software dedicated to the agency's business. The responsibility for daily support, maintenance, upgrades, and disaster recovery are shifted from the agency to the host. The result may be some reduction in costs and quite possibly an enhanced level of service, but most certainly a reduction in business risk to the agency.

A SaaS solution is similar in some respects to a hosted solution in that the responsibility for running and maintaining the hardware and software has been shifted to the agency management system vendor. Vendors may run their own data center or use a third party. With a SaaS solution, the software is constructed so that it can be shared among many participants; however, the data remains separated, potentially leading to significant reductions in cost. Not only are costs reduced for hardware, but upgrades and maintenance no longer need to be applied to each agency's machine, significantly decreasing labor costs but, more important, enabling the agency to take advantage of newly enhanced/released updates to the technology on a more consistent basis.

The hosted or SaaS model has some drawbacks. Agencies, particularly larger ones, may prefer to control hardware and software in-house. Agencies should be particularly careful to understand the financial stability of hosting or SaaS vendors.
However, the advantages provided by a SaaS solution become particularly attractive in light of the requirements for advanced technologies to address some of the challenges described earlier.

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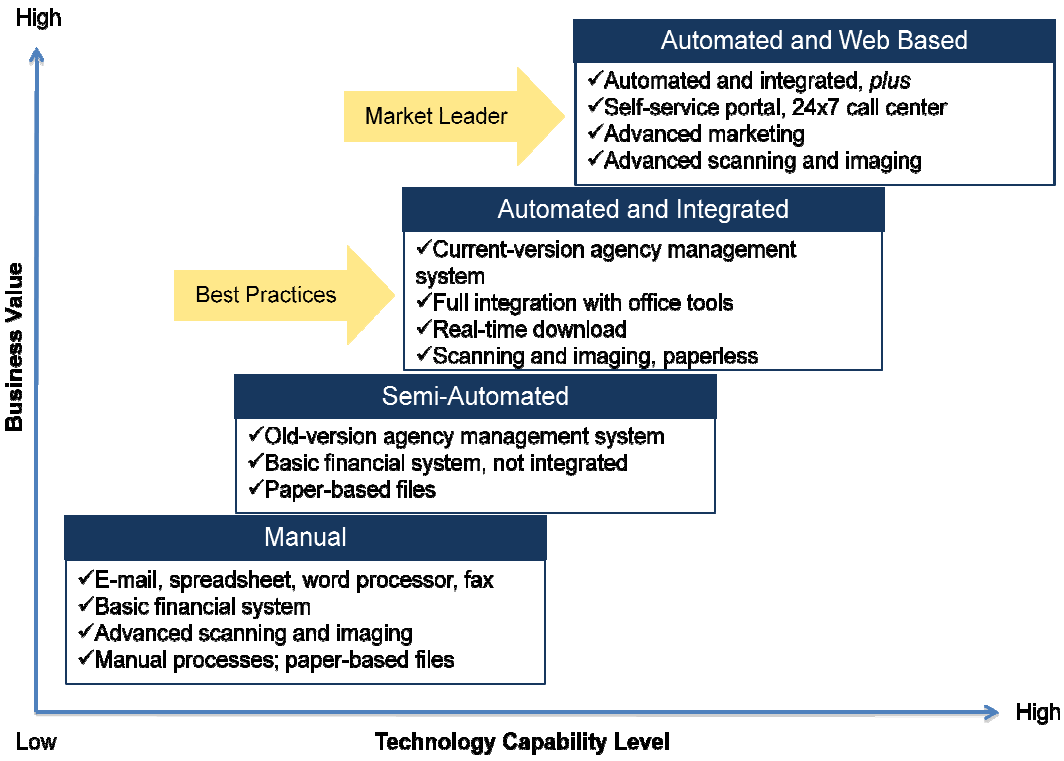
Integrating real-time with multiple carriers, supporting and controlling mobile technologies, and delivering self-service capabilities through a customer portal require different sets of technology expertise that agents can have access to.

How to Get Started

Understanding the overall strategy of technology investment is essential. Figure 7 is a diagram of a common path for agencies and will help determine an agency's current standing in the use of technology in today's market. It also demonstrates the logical steps an agency may follow to see where it could potentially be in the future. Based on SMA research, over 80% of agencies have some level of agency management automation. Yet further analysis reveals almost half of these agencies use dated, old technologies that are not fully integrated and, furthermore, may be difficult to integrate. Moreover, they are not progressing and therefore may not be able to cost-effectively leverage the advancement of technologies. Only a third of these agencies are at a "best practices" level and actively moving forward to a market leader position.

Figure 7: Agency Management Capability Road Map



Source: SMA

The steps outlined below illustrate the agency capability model. This model is based on the Agent Council for Technology and Independent Insurance Agents & Brokers of America (ACT & IIABA) Council for Best Practices: Best Practices Guide to Agency Business Processes and Information Management (July 2008).

Manual. The great paper chase characterizes this environment. Ironically, the office automation software that does exist, including fax, text, and spreadsheets, may only add to the volume of paper produced. A basic e-mail system with a basic financial system supports the agency and rounds out the limited amount of automation in the manual stage. Policies and procedures are informal at this stage, and even if they are formalized, no agency management system is in place to

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support and monitor the execution. This model has some major inefficiencies: the operations cost of duplicate entry, the lack of consistency from desk to desk, and poor access to customer, carrier, and producer information. Ultimately, the inefficiency has a direct impact on the level of service the agency provides to customers.

Semi-automated. At this stage, both aspects of the foundation technologies, an agency management system and base technologies, are in place. Unfortunately, the agency management system runs on dated technology that is not integrated with the base technology. The use of agency management add-ons and advanced technologies is limited to nonexistent. The agency is still largely paper based with a mix of manual and automated procedures. Because of the lack of integration, the agency gets only limited benefit from its investment in technology.

Automated. Automated agencies have a current agency management system installed that includes many or all of the add-on capabilities. Because of the updated technology, the add-ons and the base technologies are integrated with the agency management system. Add real-time interaction between the agency and insurance carriers, and for the first time, an automated, paperless environment for the entire agency workflow is enabled. Service-level goals are being met consistently and customer satisfaction improves.

Fully automated. This fully integrated, paperless environment uses all capabilities available in the marketplace. Routine tasks are automated either by workflow, by self-service Web enablement for clients, or by a 24x7 process center. The overall agency is optimized, keeping overall costs per employee low and revenue per employee high. Access to all data is readily available. This is clearly the market leader position.

Call to Action

Message to Agencies

Agencies no longer have a choice. They must embrace technology not just as a necessary cost but as a business enabler. For some agents, investment in technology is already an integral part of running the business. These agents have made the shift and are thinking of technology and automation as a way to save money and also to make money.

"SMA research finds that agency market leaders view technology spend as a way to take control of their environment, including carrier connectivity, in order to execute their aggressive growth strategies. This enables agencies to 'leap forward' in the competitive landscape rather than be driven by carriers."
Deb Smallwood, Founder — SMA

Even with today's hosted and SaaS solutions, it is not wise to make the transition with a phased approach. People, including staff, customers, and carriers, can absorb only so much change, even if it is good change. Implementation of the vision described in this report takes the formal and visible commitment of the agency principals along with formal planning, budgeting, and training. Agencies with a well-designed road map realize the largest benefits. Understanding an agency's strategy and its business requirements also is key to success.

According to "A Vision of the Future for Agency Technology" by ACT, the average technology spend for an agency ranges from 1.9 to 2.9% of net revenues (revenue minus broker commissions). Included in this number are a core agency management system, networking and Internet connectivity, scanning and imaging, infrastructure, and replacement costs for hardware such as computers and printers. Compared with spending in other industries, this amount is very low.

Insurers are spending, on average, 3.2 to 3.5% of net written premium. In fact, research shows some of the market leaders are spending more than 3.5%. They are driving competitive advantage for themselves by pushing technology down to the agencies. This practice leaves agents with a hodgepodge of carrier technologies that do not integrate and creates further complexities for the agent. All agencies should map out strategies to the business and technology capabilities required not only to achieve goals but also to compete in today's marketplace. Embrace core agency management systems and begin the journey of advancing the system with add-on and advance

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technologies. Taking on today's challenges and translating them into tomorrow's opportunities is truly the path for success.

Message to Software Vendors

The competition is tough, and many vendors have raised the bar by adopting new technologies and advanced features and functions. Because of the variety of software options available in the market, software vendors are very well positioned to service all types of agencies, from those that are new to automation all the way to those that are highly experienced with high automation.

Vendors need to be mindful of the change in the industry. As mentioned earlier in this report, the distribution and delivery channels are exploding. It is imperative for the software providers to continue to keep pace with the changes and demands on consumer policyholders and prospects as well as with those on agencies and carriers.

Beware the unexpected competitor. SalesForce.com, for instance, is gaining traction in insurance. What are its plans for agency desktop? Some say it is the next generation of agency management software, but time will tell.

Areas of evolvement in the insurance industry over the next few years will include the following:

- Maturity into a true Web 2.0 (collaboration, real time) environment with increased sophistication in communication of agencies with their insureds and policyholders.
- Expansion beyond portals into self-service capability for policyholders and ties to agency management systems with mobile technologies.
- Increased use of newer technologies such as SalesForce.com, which would provide agencies with a robust tool for developing lead generation.
- Increased use of straight-through processing (STP), including evolution into commercial lines. Carrier systems are continuing to improve in this area, and agency systems will need to push the acceptance of these transactions. Vendors can be helpful here.

Closing Remarks

Many agency principals are still unwilling or unable to make the change and automate. By forgoing automation, they deny themselves, their employees, and their customers the opportunity for a streamlined business process that is cost effective and efficient and that sets up everyone for success. Embracing change not only addresses today's economic challenges but also positions the agency for the future. When the soft market shifts into a full, hard market, agencies will need to be ready to scale with people, process, and technology and push through high volumes while meeting the new demands of the marketplace. From SMA's perspective, technology is positioned to support these agents for growth in all segments. Providing technology solutions that enable business interactions with carriers and the insured's who are now buying insurance has become imperative.

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SMA Research Methodology and Objectivity

The findings and analyses in SMA's reports reflect our analysts' consideration, opinions, and insights from their experience and research. SMA analysts use a basic research model:

- **Data gathering.** We collect data from a combination of primary and secondary research through surveys, interviews, demos, publicly available materials, and onsite advisory work.
- **SMA analysis.** Our interpretation and understanding of the market trends, data, and information gathered in the research are analyzed, vetted, and validated.
- **The report.** Findings and insights are documented. SMA provides source information for all data from third-party data or opinions. When citing formal survey results, SMA provides as much information as possible about survey methodology and participants, within the limits of confidentiality. All other material appearing in SMA's reports is created by the analysts and is derived from the sources listed above and SMA's experience. Figures and charts based on this analysis are labeled either "SMA analysis" or "Source: SMA."

SMA is an independent, privately owned advisory firm that provides insights, research, and actionable advice on business and technology to the insurance industry. SMA provides unbiased insights into industry trends, best practices, vendors' analysis, and market size with technology spend patterns. SMA's research reports are written by SMA resources who have extensive experience at a variety of top global financial services firms, technology vendors, and consultancies. SMA's research clients include agencies, carriers, vendors, and consulting firms. Occasionally, our reports evaluate clients that are solution providers, including providers with which SMA does not have a relationship. SMA evaluates all vendors willing to participate using the same criteria, whether or not they use our research and advisory services. Vendors and financial institutions profiled in our reports are given the opportunity to correct factual errors prior to publication but cannot influence SMA's analysis or opinions of the products, solutions, or strategies being evaluated. Firms may not purchase or influence positive exposure.

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Exclusively serving the insurance industry, SMA is a new breed of strategic advisory firm offering a unique blend of research, advisory and consulting services to both insurance companies and solution providers. By leveraging best practices from both the management consulting and research advisory disciplines, SMA's advisory service offerings are actionable business-driven and research-based. For companies eager and ready to embrace change and achieve business success taking strategies to meet action. Their suite of advisory offerings include: advice, consulting, research, and education. **Additional information on SMA can be found at www.strategymeetsaction.com.**

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Appendix I: Summary of Vendor Analysis

Summary of Findings

SMA conducted a Web-based survey seeking to identify full-featured agency management system vendors that can provide the technology described in this research paper. Twenty-one vendors were approached, and many showed interest in participating. Five vendors provided survey responses with enough detail for evaluation and inclusion in this report. Because one of the vendors offers more than one agency management system, the report covers six product offerings.

In addition, SMA interviewed all vendors that participated in the survey. All vendors performed a demonstration of the capability documented in the survey results.

The survey consisted of 51 questions in the following areas: contacts, company profile, revenue sources, customer base, product and technology strategy, business drivers, features and functions, and technology platform. Figure 5 (in the body of the report) lists the 21 companies that were invited to participate.

Evaluation Methodology

In the survey, for each feature/function, the vendor gave one of the three indications:

- **Base.** Feature/function is available in current base offering.
- **Next.** Feature/function is not currently available but will be in next release of base offering.
- **N/A.** Feature/function is not available in base offering and not planned for next release.

The detailed feature and function responses are summarized in functional categories in Figure I-1, described earlier in this report. In each vendor perspective that follows the summary figure, the detailed responses for key categories are provided. If a response was left blank in the survey, it is left blank in the vendor perspective and assumed to be N/A for purposes of the feature/function.

Figure I-1. Key to Summary of Features and Functions in the SMA Survey on Agency Management Systems

Key to Summary of Features and Functions			
Key based on percentage of features and functions from each category provided in current base offering			
● 75–100%	◉ 50–74%	⊙ 25–49%	○ 0–24%

Vendors' scores in each functional area are based on the key in Figure I-1; the results are shown in Figure I-2. If a functional area had 12 features and a vendor offered 6 of those features (50%) in base functionality, that vendor would fall in the 50–74% range. This scale gives agencies a gauge to start evaluating and comparing vendors. However, agencies need to be specific about their goals and their system needs to achieve those goals. Even vendors scoring in the 75–100% range may be missing critical functionality. Where functionality is missing, an assessment of a vendor's plans to address those needs and/or the agency's plans to work around those needs should be executed.

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Figure I-2: Vendors' Features and Functions Determined from the SMA Survey on Agency Management Systems

Summary of Features and Functions of Vendors Surveyed						
Feature/ Function Category	*Vertafore AMS 360*	*CCRM Associates*	*Vertafore Sagitta*	*Terrace Software*	*Xanatek*	*Xdimen-sional Tech-neologies*
Agency Management Systems: Core						
Policy servicing	●	○	●	●	◉	●
Document management	●	⊙	●	●	●	●
Billing and financial	●	○	●	●	○	●
Customer management	●	○	●	●	◉	●
Reporting	●	○	●	●	◉	●
Security features	●	◉	●	●	◉	●
Agency Management Systems: Add-On						
Third-party financial management	◉	○	●	●	○	●
Marketing campaign*	●	●	●	●	●	●
Licensing**	●	○	●	◉	●	◉
Advanced Technologies						
Carrier connectivity	●	○	●	●	◉	●
Mobile and wireless	◉	⊙	◉	⊙	⊙	●

* Terrace has full integration with various marketing software.
** Vertafore offers a full licensing product, Sircon, and plans to fully integrate it with both agency management systems by 2010.

In selecting an agency management system, a good first step is to consider where your agency resides along the Agency Management Capability Road Map (Figure 7). For agencies in the manual or semi-automated stage, moving to a full-featured, Web-based agency management system is critical. Examining the core section of agency management systems of Figure I-2 makes it apparent that the products from Vertafore (AMS 360 and Sagitta) and XDimensional have very solid feature and function sets. With its next release, Terrace Software will add more features in the areas of customer management and reporting that will move it up into the top rating. Xanatek is making a concerted effort to upgrade the functionality of its offering, but it currently lags its competitors significantly.

Notice that moving into the stage of automated and integrated (best practices) or automated and Web based (market leader) requires extending beyond the foundation of base technology and a core agency management system. Although best practices do not necessarily require a Web-based

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system, if the agency plans to add Web-based features or extend functionality to parties outside the office environment (agents in the field, customers), selecting a core agency management system that is Web based is logical if not essential. Systems from Vertafore, CCRM Associates, Terrace Software, and XDimensional Technologies are all Web based.

Functional completeness in vendors' agency management system add-on and advanced technologies categories is more of a mixed bag. Except for licensing, XDimensional Technologies appears to be a step ahead of the other vendors. Licensing is an area where only Xanatek and, to an extent, Terrace Software have solid functionality. Vertafore offers licensing management through its Sircon subsidiary. With the integration capabilities of newer technologies, it is likely that these vendors could integrate with a third-party system.

Agencies could take a number of paths as they move into best practices and then to market leadership. The agencies' specific needs should be matched to the current and planned capabilities of the vendors. In addition, some functionality is considered more important to the core business in reaching best practices and/or an essential building block to move into market leadership. For example, carrier connectivity is to be addressed as part of integration (best practice) and would be necessary to have a fully functional self-service portal (market leadership).

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Appendix II: Detailed Vendor Profiles

Vendor Perspectives and SMA Commentary

This section contains a perspective, which includes an SMA commentary, on each agency management system vendor in the survey. The vendor perspective includes:

- Company overview
- Product background
- Technical offering model
- Technology profile
- Client base
- SMA Commentary
- Figure showing products' features and functions
- Contact information

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CCRM Associates, LLC (www.ccrmassociates.com)

Company Overview

CCRM Associates, LLC provides hardware, software, and workflow consulting services targeted to small and midsized businesses in the financial services sector.

Product Background

Agency Commander is an Internet-based customer relationship management (CRM) solution for the insurance agent market that has been in production for two years.

Technical Offering Model

Agency Commander is offered as a hosted solution at a monthly or annual subscription price for unlimited users per agency.

Technology Profile

No technology profile was provided.

Client Base

CCRM targets small to midsized agencies or agencies just starting in business.

SMA Commentary

Agency Commander is an insurance-focused CRM system with integrated imaging. Although it cannot accurately be called an agency management system, it may be a fit for an agency looking for a low-cost CRM solution.

Product Features and Functions

Figure II-1 lists the features and functions of Agency Commander from CCRM Associates.

Figure II-1: Agency Commander Features and Functions

Feature/Function	Availability	Feature/Function	Availability
Policy Servicing			
New business		Claims inquiry	
Endorsements		Quoting	
Cancellations		History	Base
Renewals		Policy analyzer	
Manual		Policy versioning	
Automated		Customize carrier data	
Claims		Third-party verification	
FNOL			
Document Management			
Scanning and imaging	Base	Bills	
Embed data into PDF		ACORD forms	
Integrated word processor		Auto ACORD form updates	
Auto prefilled forms	Base	Single-click form dupe	
Letters	Base	Combine multiple forms into one PDF	
Declarations, schedules, endorsements		Letter/label merge with Microsoft Word	Base

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Figure II-1: Agency Commander Features and Functions *(continued)*			
Feature/Function	Availability	Feature/Function	Availability
Billing and Financial			
Insurer billing		Bonus payments	
Accounting workflow		Commission processing fees and taxes	
Auto invoicing		General ledger	
Audit trail		Gross and net involving	
Auto posting		Installment plans	
Commissions		Policy taxes and fees	
Split		Premium finance	
Annualized		Vendor payables	
Volume based		Split billing	
Agent disbursement		Split payables	
Deferred		Statement reconciliation	
Commission activity view			
Customer Management			
Agent/customer portal		Claims	
Online self-service		Billing	
Reporting		Policy	Base
Real-time inquiry			
Reporting			
Loss runs		Agency reports	
Online reporting views		Commission reports	
1099 and e-filing		Report scheduler	
Earnings reports		Business analytics	
Claims reports		Other reports	
Policy reports	Base		
Security Features			
Multi-user access	Base	Password manager, reduce multiple logins	
Activity log	Base	Access carrier site from within	Base
Security login		Name/date stamp	Base
Carrier Connectivity			
Agency upload		Carrier-defined data fields	
Agency download			
Third-Party Financial Management			
Clients		Banks	
Brokers		Carriers	
Vendors		Other	
Marketing Campaign			
Prospect management	Base	Create newsletters	Base
Cross selling	Base	Advanced marketing	Base
Lead lists	Base	Campaign management	Base
Mobile and Wireless Technologies			
Desktop faxing		PDA/cell phone alerts	Base
Instant messaging			

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Figure II-1: Agency Commander Features and Functions *(continued)*			
Feature/Function	Availability	Feature/Function	Availability
Licensing			
Part of core system		Licenses	
Stores state and company rules		Appointments	
Stores training requirements		Renewal notices	

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Terrace Software, Inc. (www.terrace.com)

Company Overview

Terrace Software, Inc. was founded by Todd P. Ziesing in 1993, with a focus on providing technology solutions for insurance producers and carriers as well as custom software development. The company has maintained a development partnership with Microsoft since 1994 and has been associated with ACORD since 1998.

Product Background

Terrace's agency management system, called Agent and Broker Software (ABS), has been in production for eight years. ABS supports property and casualty (personal and commercial), life and health, and risk services. The product was significantly redesigned over the past few years to enhance usability. In addition, the middle tier was redesigned to use Microsoft .NET to enhance integration capabilities. ABS has a Microsoft Office-like interface that will be very familiar to Office e-mail users. Usability features include search, hover pop-ups on list items, custom screens, and a left-side toolbar for access to tasks, favorites, gadgets, checklists, and help.

Technical Offering Model

The software is licensed based on a combination of named users, number of servers, forms, and interfaces. It is offered as an in-house solution or as a hosted solution with a third-party vendor. Currently, all customers are in-house installations, but Terrace expects two hosted implementations by the end of 2009. Terrace is evaluating whether to offer a SaaS solution in 2010. Two maintenance models are offered: standard maintenance at 20% of license fee and enhanced maintenance at 30% of license fee, which includes one version migration per year. Approximately 40% of customers use standard and 60% use enhanced.

Technology Profile

ABS was designed with Web 2.0 technologies and Microsoft .NET version 3.5; it utilizes Web services for interoperability and communications (see Figure II-2). The architecture is supportive of ACORD standards.

Figure II-2: Agent and Broker Software Technology Profile

Agency workstation	Microsoft Internet Explorer version 7+, Microsoft Office, Adobe PDF Reader
Agency server	Microsoft Windows Server, SQL Server; Terrace will run on any LAN that supports Windows Server and Desktop operating systems
Data center	N/A; runs in-house in LAN environment
Product integration	Integrates with Terrace-developed products, ACORD Form Library, and Carrier Interface Manager

Client Base

Terrace Software currently has 20 installed customers (3,000 named users), all with over $10 million in revenue and 85% with more than $25 million in revenue. Approximately half of the customers cover all lines; some cover life and health only, and some cover commercial lines only. Five of the current clients, with 750 named users, are on the latest release, and most of the

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remaining customers are expected to upgrade this year. Ideal customers for this technology are agencies with more than $10 million in revenue or agencies with complex operations.

SMA Commentary

Terrace has experienced success exclusively in the large end of the agency market. ABS has robust core agency management system capability, and several additional features and functions are scheduled for the next release, including billing and financial, customer management, reporting, and security. The company should be well positioned to extend ABS's technical platform and feature set as technology continues to evolve. The possible additional of a SaaS model in 2010 would position the solution to be attractive to high-growth agencies that are looking for agility in the delivery models.

Terrace Software Product Features and Functions

Figure II-3 lists the features and functions of ABS from Terrace.

Figure II-3: Agent and Broker Software Features and Functions

Feature/Function	Availability	Feature/Function	Availability
Policy Servicing			
New business	Base	Claims inquiry	Base
Endorsements	Base	Quoting	Base
Cancellations	Base	History	Base
Renewals	Base	Policy analyzer	Base
Manual	Base	Policy versioning	Base
Automated	Base	Customize carrier data	Base
Claims	Base	Third-party verification	Base
FNOL	Base		
Document Management			
Scanning and imaging	Base	Bills	Base
Embed data into PDF	Base	ACORD forms	Base
Integrated word processor	Base	Auto ACORD form updates	Base
Auto prefilled forms	Base	Single-click form dupe	Base
Letters	Base	Combine multiple forms into one PDF	Base
Declarations, schedules, endorsements	Base	Letter/label merge with Microsoft Word	Base
Billing and Financial			
Insurer billing	Base	Bonus payments	Base
Accounting workflow	Base	Commission processing fees and taxes	Base
Auto invoicing	Base	General ledger	
Audit trail	Base	Gross and net involving	Base
Auto posting	Base	Installment plans	Base
Billing and Financial			
Commissions	Base	Policy taxes and fees	Base
Split	Base	Premium finance	Base
Annualized	Base	Vendor payables	Base
Volume based	Base	Split billing	Base
Agent disbursement	Base	Split payables	Base
Deferred	Base	Statement reconciliation	Base
Commission activity view	Base		

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Figure II-3: Agent and Broker Software Features and Functions *(continued)*			
Feature/Function	Availability	Feature/Function	Availability
Customer Management			
Agent/customer portal	Next	Claims	Base
Online self-service	Next	Billing	Base
Reporting	Base	Policy	Base
Real-time inquiry	Next		
Reporting			
Loss runs	Base	Agency reports	Base
Online reporting views	Base	Commission reports	Base
1099 and e-filing	N/A	Report scheduler	Base
Earnings reports	Base	Business analytics	Next
Claims reports	Base	Other reports	Base
Policy reports	Base		
Security Features			
Multi-user access	Base	Password manager, reduce multiple logins	Base
Activity log	Base	Access carrier site from within	Next
Security login	Base	Name/date stamp	Base
Carrier Connectivity			
Agency upload	Base	Carrier-defined data fields	Base
Agency download	Base		
Third-Party Financial Management			
Clients	Base	Banks	
Brokers	Base	Carriers	Base
Vendors	Base	Other	Base
Marketing Campaign			
Prospect management	Base	Create newsletters	Base
Cross selling	Base	Advanced marketing	3rd-party integration
Lead lists	Base	Campaign management	3rd-party integration
Mobile and Wireless Technologies			
Desktop faxing	Base	PDA/cell phone alerts	Next
Instant messaging	Next		
Licensing			
Part of core system	Base	Licenses	Base
Stores state and company rules	Base	Appointments	Base
Licensing			
Stores training requirements		Renewal notices	Base

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Vertafore, Inc. (www.vertafore.com): AMS 360

Company Overview

Vertafore, Inc. offers technology solutions and services for insurance distribution targeting agencies, carriers, and managing general agents. Through a number of key acquisitions in the past 24 months, Vertafore is uniquely positioned to provide a broad range of services to all tiers of the agent/broker market. A significant development for Vertafore is recent growth in the facilitation of real-time transactions through its TransactNOW and PL Rating solutions. The company reported 3.4 million transactions in Q1 of 2009, an 80% increase over Q1 2008.

Both agency management systems highlighted in this report, AMS 360 and Sagitta, interface with TransactNOW. AMS 360 has a broader customer base, whereas Sagitta is more highly customizable to meet the needs of the largest agencies.

Product Background

The AMS 360 agency management system was launched in 2002 and targets agencies with 10 to 50 users as well as customers with enterprise-level requirements. These agencies have revenue over $2.5 million. AMS 360 does have life and health functionality, but Vertafore advises agencies to use BenefitPoint for benefits management. BenefitPoint integrates with AMS 360, Sagitta, and non-Vertafore management systems. It uses a tab-based interface with tabs for entities including the user, brokers, bankers, sales, and finance. Tabs are customizable for both the agency and individual users. The next release in October 2009 will have updated schedules and proposal creation and management features that take advantage of new functionality in Microsoft Word 2007.

Technical Offering Model

AMS 360 is deployed as in-house license software or hosted by Vertafore. In either instance, it is priced on a named-user basis. The license has an initial licensing fee plus monthly maintenance fee; the monthly fee for the hosted version includes maintenance.

Technology Profile

In building AMS 360, Vertafore used Microsoft .NET, ASP.NET, Web services, and Windows forms. The desktop is a hybrid model using a browser and smart client functionality (see Figure II-4).

Figure II-4: Vertafore AMS 360 Technology Profile	
Agency workstation	Operating system: Minimum Windows XP Professional Sp2 or Vista Business edition. Does not include x64 or 64-bit editions. Vista Business edition tested but should run on Enterprise or Ultimate as well. Processor: Processor/CPU Speed. Does not include Intel Celeron, AMS Sempron, or other reduced-feature CPUs. Suggested dual core: 2.5GHz + Core 2 Duo: 2.5GHz + Core 2 Quad or Extreme: 2.4GHz + Athlon 64 x2: 2.6GHz + Minimum Dual Core: 1.6GHz Core 2 Duo: 1.8GHz Single Core: 2.8GHz
Agency server	Not required
Data center	Database server: Suggested multicore or Xeon-class processor minimum 3GHz single-core processor. IIS Server: Processor/CPU speed minimum 1GHz single-core processor. SQL Server 2005, standard or Enterprise version
Product integration	Agency/customer portal: TransactNOW Business analytics: Performance Analyzer
Add-on components	Rating: PL Rating/Imaging: ImageRight/Licensing: Sircon

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Client Base

The system supports property and casualty (personal and commercial lines) and is currently deployed at over 2,500 agencies. More than 85% of these agencies are online with a hosted solution by Vertafore. The current customer base is split roughly equally between agencies focused on personal lines, those focused on commercial, and those with a mix of business.

SMA Commentary

Because it offers options for in-house-licensed software or hosting, AMS 360 has the ability to scale to serve a wide spectrum of agencies. Its architecture on Microsoft .NET and embrace of Web services should enable Vertafore to expand and extend functionality. Connectivity to its suite of applications may be attractive to agencies that would prefer to buy from only a few vendors.

AMS 360 has a full set of core features and profiled well in the core agency management system functional areas as well as for agency management system add-ons, except licensing, for which it integrates with Vertafore's Sircon Compliance Express licensing product. The product also has solid advanced features.

Product Features and Functions

Figure II-5 lists the features and functions of AMS 360 from Vertafore.

Figure II-5: Vertafore AMS 360 Features and Functions

Feature/Function	Availability	Feature/Function	Availability
Policy Servicing			
New business	Base	Claims inquiry	Base
Endorsements	Base	Quoting	Base
Cancellations	Base	History	Base
Renewals	Base	Policy analyzer	Base
Manual	Base	Policy versioning	Base
Automated	Base	Customize carrier data	Base
Claims	Base	Third-party verification	N/A
FNOL	Base		
Document Management			
Scanning and imaging	Base	Bills	Base
Embed data into PDF	Base	ACORD forms	Base
Integrated word processor	Base	Auto ACORD form updates	Base
Auto prefilled forms	Base	Single-click form dupe	Base
Letters	Base	Combine multiple forms into one PDF	Base
Declarations, schedules, endorsements	Base	Letter/label merge with MS Word	Base
Billing and Financial			
Insurer billing	Base	Bonus payments	Base
Accounting workflow	Base	Commission processing fees and taxes	Base
Auto invoicing	Base	General ledger	Base
Audit trail	Base	Gross and net involving	Base
Auto posting	Base	Installment plans	Base
Commissions	Base	Policy taxes and fees	Base
Split	Base	Premium finance	Base

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Figure II-5: Vertafore AMS 360 Features and Functions *(continued)*			
Feature/Function	Availability	Feature/Function	Availability
Annualized	Base	Vendor payables	Base
Volume based	N/A	Split billing	Base
Agent disbursement	Base	Split payables	Base
Deferred	Base	Statement reconciliation	Base
Commission activity view	Base		
Customer Management			
Agent/customer portal	Base	Claims	Base
Online self-service	Base	Billing	Base
Reporting	Base	Policy	Base
Real-time inquiry	Base		
Reporting			
Loss runs	Base	Agency reports	Base
Online reporting views	Base	Commission reports	Base
1099 and e-filing	N/A	Report scheduler	Base
Earnings reports	Base	Business analytics	Base
Claims reports	Base	Other reports	Base
Policy reports	Base		
Security Features			
Multi-user access	Base	Password manager, reduce multiple logins	N/A
Activity log	Base	Access carrier site from within	Base
Security login	Base	Name/date stamp	Base
Carrier Connectivity			
Agency upload	Base	Carrier-defined data fields	Base
Agency download	Base		
Third-Party Financial Management			
Clients	N/A	Banks	Base
Brokers	Base	Carriers	Base
Vendors	**Base**	Other	
Marketing Campaign			
Prospect management	Base	Create newsletters	Base
Cross selling	Base	Advanced marketing	Base
Lead lists	Base	Campaign management	Base
Mobile and Wireless Technologies			
Desktop faxing	Base	PDA/cell phone alerts	Base
Instant messaging	N/A		
Licensing			
Part of core system	N/A	Licenses	N/A
Stores state and company rules	N/A	Appointments	N/A
Stores training requirements	N/A	Renewal notices	N/A

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Vertafore, Inc. (www.vertafore.com): Sagitta

Company Overview

Vertafore Inc. offers technology solutions and services for insurance distribution targeting agencies, carriers, and managing general agents. Through a number of key acquisitions in the past 24 months, Vertafore is uniquely positioned to provide a broad range of services to all tiers of the agent/broker market. A significant development for Vertafore is recent growth in the facilitation of real-time transactions through its TransactNOW and PL Rating solutions. The company reported 3.4 million transactions in Q1 of 2009, an 80% increase over Q1 2008.

Product Background

Sagitta has been in production for 30 years in various incarnations and platforms that have continually evolved to take advantage of useful and proven technologies to match the needs of its customers to support property and casualty (personal and commercial) insurance. Benefits business can be run on Sagitta, but for agencies with substantial business in this area, Vertafore usually recommends integration with its BenefitPoint solution. The user paradigm is similar to that for Outlook, having explorer options down the left side and multiple panes with the ability to open multiple instances. It is designed to be highly customizable with custom data and make data available through Web services to a variety of Vertafore and third-party applications. The base functionality integrates with either Microsoft Office or Lotus Notes.

Technical Offering Model

Sagitta is available for deployment as a software license or as a hosted solution and is priced on a per-seat basis. The client base splits approximately 50/50 between the two options.

Technology Profile

In March 2009, Vertafore conducted scalability testing at the IBM Innovation Center in Waltham, Massachusetts. Tests were performed on a reasonably sized system using Microsoft Visual Studio Team Systems (VSTS) 2008 Test Edition to simulate the work of actual users. Six tests were conducted — with user counts of 5,000, 7,500, 10,000, 12,500, 15,000, and 20,000 — and a proportionate number of transactions for each group.

In the test of 20,000 users, the system processed 627,816 transactions per hour and averaged only 50.6% CPU utilization. These results show that, even with such a large number of users and transactions, Sagitta operates at a very efficient level. This evidence demonstrates that Sagitta is capable of scaling efficiently to meet the needs of independent insurance agencies of any size.

Sagitta is deployed on IBM (AIX, RS/6000) and Microsoft (Microsoft Windows Server, Intel servers). It uses Web services for data exchange. See Figure II-6.

Figure II-6: Vertafore Sagitta Technology Profile	
Agency workstation	Intel workstation with Microsoft Internet Explorer
Agency server	Same as data center if in-house installation
Data center	Operating system: IBM AIX DB Server; Microsoft Windows Server for Intel server Hardware: RS/6000 database server; Intel Web Server(s) Database: UniVerse NF2, multidimensional, nested relational; size is contingent on the population
Product integration	Agency/customer portal: TransactNOW, Agency Port Business Analytics: Performance Analyzer, Business Objects, ODBC

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Figure II-6: Vertafore Sagitta Technology Profile *(continued)*	
Add-on components	Rating: PL Rating Imaging: ImageRight Licensing: Sircon Benefits: BenefitPoint

Client Base

Sagitta is focused on providing enterprise-class support for large agencies and on managing general agents, bankers, and national brokers. Of 340 customers, approximately 275 are on the current release of Sagitta. The company touts that approximately 50% of the top 100 agencies use Sagitta. The install base leans more heavily toward commercial lines, but Sagitta also has some major personal lines agencies using the system.

SMA Commentary

Sagitta provides deployment flexibility to meet the potentially more demanding and technologically sophisticated needs of the largest agencies. Because it offers the ability to deploy an in-house or a hosted solution, the largest firms should be able to select an implementation to their liking.

Sagitta boasts full functionality in core areas of billing and financial, customer management, reporting, and security features as well as third-party financial management. Solid functionality exists in all other areas, with only a few gaps where agencies should assess any potential impact.

Product Features and Functions

Figure II-7 lists the features and functions of Sagitta from Vertafore. Note that document management is available either via CBDDoc or ImageRight or through AMS Word within Sagitta where customers create letters and proposals that are stored on separate servers.

Figure II-7: Vertafore Sagitta Features and Functions			
Feature/Function	Availability	Feature/Function	Availability
Policy Servicing			
New business	Base	Claims inquiry	Base
Endorsements	Base	Quoting	Base
Cancellations	Base	History	Base
Renewals	Base	Policy analyzer	Base
Manual	Base	Policy versioning	Base
Automated	Base	Customize carrier data	N/A
Claims	Base	Third-party verification	N/A
FNOL	Next		
Scanning and imaging	N/A	Bills	Base
Embed data into PDF	Base	ACORD forms	Base
Integrated word processor	Base	Auto ACORD form updates	Base
Auto prefilled forms	Base	Single-click form dupe	Base
Letters	Base	Combine multiple forms into one PDF	Base
Declarations, schedules, endorsements	Base	Letter/label merge with MS Word	Base

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Figure II-7: Vertafore Sagitta Features and Functions *(continued)*			
Feature/Function	Availability	Feature/Function	Availability
Billing and Financial			
Insurer billing	Base	Bonus payments	Base
Accounting workflow	Base	Commission processing fees and taxes	Base
Auto invoicing	Base	General ledger	Base
Audit trail	Base	Gross and net involving	Base
Auto posting	Base	Installment plans	Base
Commissions	Base	Policy taxes and fees	Base
Split	Base	Premium finance	Base
Annualized	Base	Vendor payables	Base
Volume based	Base	Split billing	Base
Agent disbursement	Base	Split payables	Base
Deferred	Base	Statement reconciliation	Base
Commission activity view	Base		
Customer Management			
Agent/customer portal	Base	Claims	Base
Online self-service	Base	Billing	Base
Reporting	Base	Policy	Base
Real-time inquiry	Base		
Reporting			
Loss runs	Base	Agency reports	Base
Online reporting views	Base	Commission reports	Base
1099 and e-filing	Base	Report scheduler	Base
Earnings reports	Base	Business analytics	Base
Claims reports	Base	Other reports	Base
Policy reports	Base		
Security Features			
Multi-user access	Base	Password manager, reduce multiple logins	Base
Activity log	Base	Access carrier site from within	Base
Security login	Base	Name/date stamp	Base
Carrier Connectivity			
Agency upload	Base	Carrier-defined data fields	Base
Agency download	Base		
Third-Party Financial Management			
Clients	Base	Banks	Base
Brokers	Base	Carriers	Base
Third-Party Financial Management			
Vendors	Base	Other	Base
Marketing Campaign			
Prospect management	Base	Create newsletters	Base
Cross selling	Base	Advanced marketing	Base
Lead lists	N/A	Campaign management	Base

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Figure II-7: Vertafore Sagitta Features and Functions *(continued)*			
Feature/Function	Availability	Feature/Function	Availability
Mobile and Wireless Technologies			
Desktop faxing	Base	PDA/cell phone alerts	N/A
Instant messaging	Base		
Licensing—Sircon integration planned for 2010			
Part of core system	N/A	Licenses	N/A
Stores state and company rules	N/A	Appointments	N/A
Stores training requirements	N/A	Renewal notices	N/A

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Xanatek Incorporated (www.xanatek.com)

Company Overview

Xanatek Incorporated has provided technology solutions to the insurance industry since 1993. Its initial focus was on imaging solutions, but since 2002, Xanatek has focused on its Insurance Management Solutions (IMS) agency management system as the core of its business. In addition to IMS, Xanatek provides Call Center, an integrated call management system.

Product Background

IMS has been in production for 12 years and has made significant enhancements since 2002. The company targets property and casualty insurance agencies and can also handle life and health business. The interface, which has the look and feel of Outlook, closely integrates with Microsoft Office. Integration with Xanatek's Call Center product enables tracking of phone activity with linkage to IMS functionality for enhanced customer servicing.

Technical Offering Model

IMS is sold as licensed software for in-house installation. Its pricing uses a monthly subscription fee based on concurrent users. All support and upgrades are included in the subscription fee. Upgrades are implemented in various ways, depending on the complexity of the new functionality being implemented. Xanatek's strategy is to provide the essential features demanded by its client base at a low cost. In late 2010, Xanatek plans a hybrid hosting model through which an agency can host the system in-house or Xanatek can host it.

Technology Profile

IMS is a client/server-based offering using Microsoft Windows Server and SQL Server database (see Figure II-8). Field office personnel can access the home office system via Windows Terminal Server.

Figure II-8: Xanatek Insurance Management Solutions Technology Profile	
Agency workstation	Operating system: Windows 2000/XP or Vista
Agency server	Operating system: Windows Server 2000, 2003, 2008 Database: Microsoft SQL Server
Data center	Not applicable
Product Integration	Comparative Raters: EZLynx, MI-Rater RT Carrier System Interface or Tools: RoboForm

Client Base

Xanatek has grown its IMS install base from 12 in 2002 to over 300 deployed clients today. Most clients have revenue of $2 million to $10 million; its largest client's revenue is roughly $50 million. For approximately 40% of its new installations, IMS is the first agency management system that agencies have implemented. Xanatek also does some data conversions from systems wherein the agency determines that the current system provides more feature/function than is needed or that the agency feels it can afford.

SMA Commentary

Xanatek is making a concerted effort to build on its original base of imaging and document management functionality to move more strongly into the agency management market. With its next release, the company will largely address significant feature and function shortfalls in the areas

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of policy serving, billing and financial management, and reporting. It should be noted that IMS has a robust licensing capability.

Xanatek has established a niche for itself as a low-cost provider. It will be difficult to close the functionality gap from its rivals in the near term. Therefore, it will need to be nimble in matching its enhancement curve to the demands of current clients and prospects to provide the right functionality while maintaining its low-cost differentiation.

Product Features and Functions

Figure II-9 lists the features and functions of IMS from Xanatek.

Figure II-9: Insurance Management Solutions Features and Functions

Feature/Function	Availability	Feature/Function	Availability
Policy Servicing			
New business	Next	Claims inquiry	Next
Endorsements	Next	Quoting	Base
Cancellations	Base	History	Base
Renewals	Base	Policy analyzer	Base
Manual	Base	Policy versioning	Base
Automated	Base	Customize carrier data	Base
Claims	Base	Third-party verification	N/A
FNOL	Next		
Document Management			
Scanning and imaging	Base	Bills	Base
Embed data into PDF	Base	ACORD forms	Base
Integrated word processor	Base	Auto ACORD form updates	Base
Auto prefilled forms	Base	Single-click form dupe	N/A
Letters	Base	Combine multiple forms into one PDF	N/A
Declarations, schedules, endorsements	Base	Letter/label merge with Microsoft Word	Base
Billing and Financial			
Insurer billing	Next	Bonus payments	Next
Accounting workflow	Next	Commission processing fees and taxes	Next
Auto invoicing	Next	General ledger	Next
Audit trail	Next	Gross and net involving	Next
Auto posting	Next	Installment plans	Next
Commissions	Next	Policy taxes and fees	Next
Split	Next	Premium finance	Next
Annualized	Next	Vendor payables	Next
Volume based	Next	Split billing	Next
Agent disbursement	Next	Split payables	Next
Deferred	Next	Statement reconciliation	Next
Commission activity view	Next		

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Figure II-9: Insurance Management Solutions Features and Functions *(continued)*			
Feature/Function	Availability	Feature/Function	Availability
Customer Management			
Agent/customer portal	N/A	Claims	Base
Online self-service	N/A	Billing	Base
Reporting	Base	Policy	Base
Real-time inquiry	Next		
Reporting			
Loss runs	Base	Agency reports	Base
Online reporting views	Base	Commission reports	Next
1099 and e-filing	Next	Report scheduler	N/A
Earnings reports	Next	Business analytics	Base
Claims reports	Base	Other reports	Base
Policy reports	Base		
Security Features			
Multi-user access	Base	Password manager, reduce multiple logins	N/A
Activity log	N/A	Access carrier site from within	N/A
Security login	Base	Name/date stamp	Base
Carrier Connectivity			
Agency upload	N/A	Carrier-defined data fields	Base
Agency download	Base		
Third-Party Financial Management			
Clients	Next	Banks	Next
Brokers	Next	Carriers	Next
Vendors	Next	Other	Next
Marketing Campaign			
Prospect management	Base	Create newsletters	Base
Cross selling	Base	Advanced marketing	Base
Lead lists	Base	Campaign management	Base
Mobile and Wireless Technologies			
Desktop faxing	N/A	PDA/cell phone alerts	N/A
Instant messaging	Base		
Licensing			
Part of core system	Base	Licenses	Base
Stores state and company rules	Base	Appointments	Base
Stores training requirements	N/A	Renewal notices	Base

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XDimensional Technologies, Inc. (www.xdimensional.com)

Company Overview

XDimensional Technologies, Inc., founded in 1989 under the name Fuher and Associates, provided products and consulting services focused on enhancing efficiencies and reducing costs in the distribution of insurance products. In changing its name to XDimensional Technologies in 2000, the company signaled a new focus on developing Web-based applications and services in the insurance market.

Product Background

Nexsure, XDimensional Technologies' agency management system, was launched in 2002. It supports a variety of products, including property and casualty (personal and commercial lines), life and health, and benefits. Nexsure uses a tab interface with three levels. The top level is more task oriented and cuts across all clients and prospects. The second level is client specific, and the third level is policy specific. At the client level, all top-level tabs will operate on the specific client. Menus are customizable for each agency. A search mechanism enables the user to go more directly to a client or policy, and filters enable selection of items on which to work. Nexsure releases were more frequent, but XDimensional expects to settle on a cycle of two releases per year.

Technical Offering Model

Nexsure is offered as a SaaS solution and priced on a named-user basis. All maintenance and upgrades are included in the pricing.

Technology Profile

Nexsure is architected on Microsoft .NET and supports ACORD standards and ACORD XML. It uses Web services to interface closely to the Microsoft Office suite and any other tools that use Web services. It is browser based, except for a desktop plug-in that gets loaded to facilitate integration with Microsoft Office. See Figure II-10.

Figure II-10: Nexsure Technology Profile	
Agency workstation	Hardware: Personal computer with 133MHz or higher Pentium-compatible CPU for Windows 2000; 233MHz or higher Pentium-compatible CPU for Windows XP Professional; 1GHz or higher 32-bit (x86) or 64-bit (x64) processor for Windows Vista. Memory: As recommended by Microsoft. Operating system: Microsoft Windows 2000 Professional SP4, Windows XP Professional SP1 (SP2 is recommended), or Windows Vista, with Internet Explorer 6.0 SP1 or 7.0 (Internet Explorer 7.0 is recommended).
Agency server	Not required
Data center	Application servers: Windows 2003 Server platform. Programmed in C# with Microsoft ASP.NET as the architecture methodology and. NET and JavaScript as user interface technologies. Some of the ActiveX controls are Java based. Database: Microsoft SQL Server 2000 ADC (Advanced Data Center Edition).

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Figure II-10: Nexsure Technology Profile *(continued)*	
Product integration	Agency portal: Unique by customer; Nexsure also offers its own customer portal. Business analytics: SQL Server Reporting Services is preferred for data warehouse; Crystal Reports for ad hoc reporting. Carrier system interface or tools: IVANS, plus direct integration to multiple carriers Comparative rater: FSC, EZLynx, ACS, Hartford Express, SeaPass

Client Base

Nexsure is currently deployed at 125 agencies from small to large, but the majority of clients are in the larger segment of agencies (60% of clients have revenue of $25 million and up). Clients at the low end of the market tend to focus more on personal lines, while clients in the middle and upper tiers focus more heavily on commercial lines. Most do some health and life as well as some benefits business. When it offers new accounting functionality in the next release (Q4 2009), XDimensional expects to begin targeting managing general agents.

SMA Commentary

As a SaaS solution, Nexsure has the ability to scale to service the full spectrum of agencies. Because of its Microsoft .NET technology architecture and the continued evolution of insurance industry and technology standards, Nexsure should be well positioned to enhance functionality and extend integration with resulting efficiencies for agencies.

Nexsure has the most complete set of features and functions within one product set. It includes all features for agency management system core as well as third-party financial management, marketing campaigns, and mobile/wireless technology.

Technologies Product Features and Functions

Figure II-11 lists the features and functions of Nexsure from XDimensional.

Figure II-11: Nexsure Features and Functions			
Feature/Function	Availability	Feature/Function	Availability
Policy Servicing			
New business	Base	Claims inquiry	Base
Endorsements	Base	Quoting	Base
Cancellations	Base	History	Base
Renewals	Base	Policy analyzer	Base
Manual	N/A	Policy versioning	Base
Automated	Base	Customize carrier data	Base
Claims	Base	Third-party verification	Base
FNOL	Base		
Document Management			
Scanning and imaging	Base	Bills	Base
Embed data into PDF	Base	ACORD forms	Base
Integrated word processor	Base	Auto ACORD form updates	Base
Auto prefilled forms	Base	Single-click form dupe	Base
Letters	Base	Combine multiple forms into one PDF	Base
Declarations, schedules, endorsements	Base	Letter/label merge with Microsoft Word	Base

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Figure II-11: Nexsure Features and Functions *(continued)*			
Feature/Function	Availability	Feature/Function	Availability
Billing and Financial			
Insurer billing	Base	Bonus payments	Base
Accounting workflow	Base	Commission processing fees and taxes	Base
Auto invoicing	Base	General ledger	Base
Audit trail	Base	Gross and net involving	Base
Auto posting	Base	Installment plans	Base
Commissions	Base	Policy taxes and fees	Base
Split	Base	Premium finance	Base
Annualized	Base	Vendor payables	Base
Volume based	Base	Split billing	Base
Agent disbursement	Base	Split payables	Base
Deferred	Base	Statement reconciliation	Base
Commission activity view	Base		
Customer Management			
Agent/customer portal	Base	Claims	Base
Online self-service	Base	Billing	Base
Reporting	Base	Policy	Base
Real-time inquiry	Base		
Reporting			
Loss runs	Base	Agency reports	Base
Online reporting views	Base	Commission reports	Base
1099 and e-filing	Base	Report scheduler	Base
Earnings reports	Base	Business analytics	Base
Claims reports	Base	Other reports	Base
Policy reports	Base		
Security Features			
Multi-user access	Base	Password manager, reduce multiple logins	Base
Activity log	Base	Access carrier site from within	Base
Security login	Base	Name/date stamp	Base
Carrier Connectivity			
Agency upload	Base	Carrier defined data fields	Base
Agency download	Base		
Third-Party Financial Management			
Clients	Base	Banks	Base
Brokers	Base	Carriers	Base
Vendors	Base	Other	Base
Marketing Campaign			
Prospect management	Base	Create newsletters	Base
Cross selling	Base	Advanced marketing	Base
Lead lists	Base	Campaign management	Base
Mobile and Wireless Technologies			
Desktop faxing	Base	PDA/cell phone alerts	Base
Instant messaging	Base		

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Figure II-11: Nexsure Features and Functions *(continued)*			
Feature/Function	Availability	Feature/Function	Availability
Licensing			
Part of core system	Base	Licenses	Base
Stores state and company rules	N/A	Appointments	Base
Stores training requirements	N/A	Renewal notices	N/A

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