5 Questions Agencies Wished They Had Asked Before Choosing an Agency Management System

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"There are no right answers to wrong questions."
Ursula K. Le Guin on the importance of asking the right questions

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THE INTENT OF THIS PAPER

The worst plan is no plan. A management system serves as the blueprint upon which you will build and run your agency's operations and workflows. Your staff's workday and office productivity rely on the effectiveness, ease-of-use, and seamless workflows of the management system with the actions your agency engage. Multiply these efficiencies by 250 (the average number of working days per year). You'll quickly see that making the right decision today will affect where your agency will be in the years ahead.

The other intangible area a reliable management system affects that many agency principals value – sanity to their workday. How much is workplace sanity worth?

*The intent of this paper **is not** to convince you that HawkSoft is the right management system for your agency. Only you can make that determination because only you know the goals and needs of your agency.*

*The intent of this paper is to arm you with the right questions to ask any management system vendor (including HawkSoft) so that you can thoroughly compare systems and choose **your** right one.*

QUESTION 1
HOW CAN I VERIFY THAT A VENDOR'S PROMISES ARE REAL?

Agencies are brimming with war stories of how they were promised capabilities only to learn later that an add-on purchase is required or that the promised features don't exist in a way that was described on the sales call. The former can be construed as bait-and-switch. The latter is called "vaporware" in the software industry.

Ask the vendor to show – *in writing* – what your agency is getting as part of your purchase. Your policyholders likely put your agency through the same level of due diligence. There's no reason you shouldn't demand that promises are written down when you are shopping management systems.

The following are four (4) areas to get promises in writing. We have included examples of questions you can ask to decipher whether those promises are real.

Promise 1: Data Conversion

Client data and the rich contextual notes about each relationship your agency has is the lifeblood of your agency. The value of your Book of Business has strong correlation to this rich client information. The biggest risk to your agency is losing this data.

All data conversions aren't created equal. Details of the process are often obfuscated in a rush to close the management system license agreement. You never get a clear picture of which data you can expect to migrate and what you will lose in the process of deploying a new management system.

Ask these questions to verify Data Conversion promises.

- What type of data from your existing management system will be converted?
- Is there a document that lists the data that will convert?
- Does this document reference the specific management system you are using, or is it generic to most management systems?
- Is there a single point of contact (i.e. – dedicated conversions manager) assigned to your agency to oversee the conversions process?
- What is the timeline for the conversion to begin?
- How long will the conversion process take to finish once it has begun?
- What process is in place for your agency to provide feedback during the conversion process?
- Under which situations would your agency incur additional costs for data conversion?

Promise 2: Customer Service / Technical Support

Here's a trick to validating support promises – give the support number a call or submit a support ticket. Put the support team to a test before you become a paying customer. You will quickly learn how long it takes for the vendor to pick up the phone. How many hand-offs did it take to get a human being?

Ask these questions to verify Support promises.

- What types of support options are offered?
    - Phone
    - Email
    - Chat
    - Remote access where a specialist will log in to your PC to help you
    - Hours of operation
- Which types of support options will I need to pay for? Under what situations do I need to pay?
- What is the first-call resolution rate for phone support?
- What is the call satisfaction rate?
- What is the average wait-time before a real person (not a phone menu) answers the phone?
- What is the average call length?

Promise 3: Data Ownership & Extraction

Every vendor claims that your data belongs to you. What does that really mean?

- Who is specified as the owner of the agency's data in the agreement? Can your data be shared or sold to other parties without your knowledge or consent?
- Is there a fee to get a backup or export of your data?
- Can your agency get a backup of data at any time? How is "any time" defined?
- Is the backup going to be in a format that you can open and view even if you don't have a license to the management system?
- If you choose to switch to another management system, is there a fee to extract or decrypt your data?
- Will the data extraction be in a format that can be imported into another system?
- How many days does it take to extract data from the time you place a request?
- Which data will you not be able to extract?
- Does the vendor allow you to integrate your data with the other tools you need to run your business (marketing automation, business intelligence, etc)?

- Does the vendor vet their integration partners and hold them to standards regarding the treatment and ownership of your agency data?

Promise 4: Training

The efficiencies of a management system mean nothing if your staff never learns to apply them. Agencies that operationally thrive with their management system usually have deep adoption of workflows within the system. The more people in your office that learn the system, the greater your chances of getting the most value from the system and simplifying workflows.

Ask these questions to verify Training promises.

- Do I get access to an implementation consultant that helps me customize training to meet my agency's needs?
- How many total hours of training are included with my license fee?
- Does your training involve live, instructor-led courses or just pre-recoded videos?
- Which topics are included in the training?
- Do I get a recorded copy (i.e. – video) of the training that you do with my agency?
- Is there an additional fee if I want more training?
- Can I track each staff member's training progress?

QUESTION 2
WHAT IS THE TOTAL COST OF OWNERSHIP?

Price is not the same as Total Cost of Ownership ("TCO"). Price is how much you pay upfront to buy something. TCO is the sum of how much you will pay to own the complete product, service, or experience that you wanted to buy.

Let's use the example of an amusement park. Price is the cost of admissions to get into the park. TCO is the total amount you will spend (including admissions) when you buy food, souvenirs, and add-ons that you purchase for the complete experience at the amusement park.

The subtle difference between Price and TCO of a management system can add up to thousands of dollars of expenses, time, and not-so-pleasant surprises.
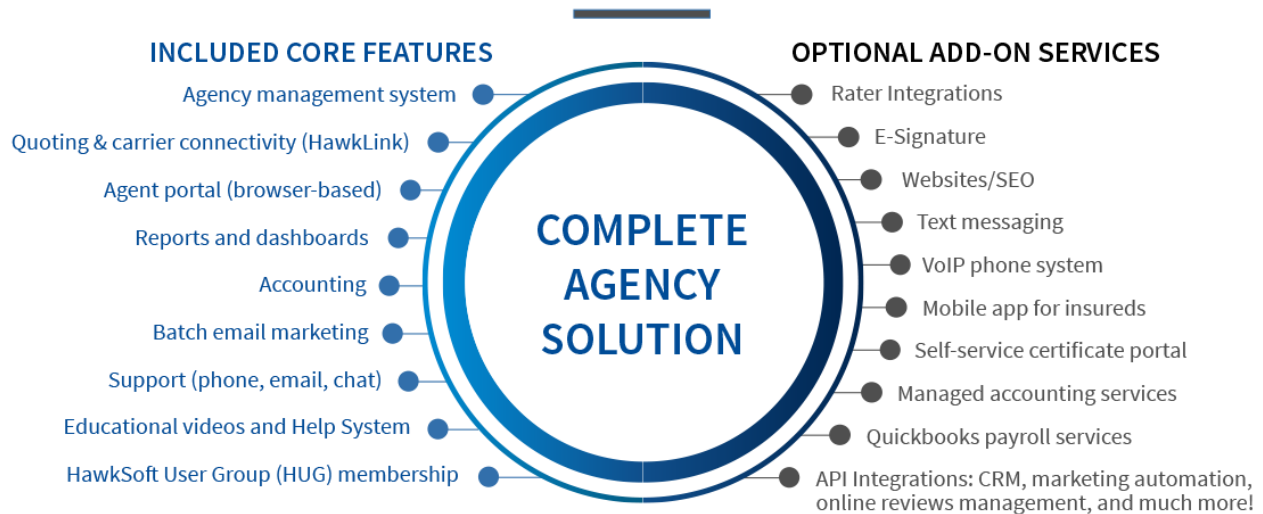
The pricing game in a nutshell: A La Carte vs. Bundling

Some vendors split core features into an a la carte menu of add-ons. Each feature is optional and costs extra. This allows markdown of the upfront price for the management system, only to mark up fees on the back to achieve a complete system. This means that you will buy a barebones management system without all the features your agency needs to conduct business.

Using the HawkSoft Insurance Platform as an example, here are all the core features included in the management system and those that are add-on purchases.

HawkSoft Insurance Platform

All core features included. Add-ons that grow with your agency.

INCLUDED CORE FEATURES

- Agency management system
- Quoting & carrier connectivity (HawkLink)
- Agent portal (browser-based)
- Reports and dashboards
- Accounting
- Batch email marketing
- Support (phone, email, chat)
- Educational videos and Help System
- HawkSoft User Group (HUG) membership

COMPLETE AGENCY SOLUTION

OPTIONAL ADD-ON SERVICES

- Rater Integrations
- E-Signature
- Websites/SEO
- Text messaging
- VoIP phone system
- Mobile app for insureds
- Self-service certificate portal
- Managed accounting services
- Quickbooks payroll services
- API Integrations: CRM, marketing automation, online reviews management, and much more!

We consider everything on the left-hand side as a core feature to retention, growth, and the management of your insurance business. Agencies with war stories to tell are the ones that did not understand that they were getting a great deal on a _bare-bones_ system. Instead, they learned later that they would need to purchase add-ons to get the complete system and experience that they wanted.

Some vendors, like HawkSoft in the example above, bundle all core features into a single price. While these vendors may appear to be more expensive, your agency might save money when you add all the features and compare apples to apples. **Remember: Compare TCO instead of price. Don't be fooled by the price.**

> _Price is not the same as Total Cost of Ownership._
> _Price is how much you pay upfront to buy something._
> _Total Cost of Ownership is the sum of how much you will pay to own the complete product, service, or experience that you wanted._

Decrypt the pricing puzzle by asking these questions

Ask these questions to get a clearer picture of the Total Cost of Ownership of a management system. The TCO is your true cost.

- How much is the License Fee? Is this a one-time fee?
- What is the Monthly Subscription to use the system? Is this billed per-user, per-office, or something else?
- Is the Monthly Subscription that I'm being offered a promotional rate? How long will this rate last? How much does the rate jump after the promotion period?
- Is there a schedule of price increases every year or on a regular basis?
- What fees will I pay if my agency chooses to switch to another system?
- Is advanced phone support a separate fee or included in the Monthly Subscription?
- Are there optional or add-on services offered for your system? Can you provide a list of these so I know what is not included in the price for the base management system?
- Is there a cap on how much phone support is available each month without additional charge?
- Am I limited to purchasing only the vendor's solutions to expand the capabilities of my management system, or can I integrate with other vendors and products I want to use? Is there an additional cost or programming required to do this?

QUESTION 3
IS THERE A TIME COMMITMENT OR CONTRACT?

Some vendors require contracts for a specific length of time, like 12 or 24 months. Make sure you are clear on whether your agency wants to be accountable to a contract, and how long you are willing to commit to a new system.

"Why are contracts still required in the era we live in?" you may ask.

We see two common scenarios where vendors use contracts to lock agencies into a time commitment. To understand both scenarios, it's important to first understand that management system vendors incur a cost to acquire customers. This is commonly known as Customer Acquisition Cost ("CAC"). It's the total amount (advertising, marketing, sales, admin, salaries, etc.) that a company spends to get a customer to sign.

Why some management system vendors require contracts

Scenario 1
Software vendors use contracts to recuperate their CAC. Contracts are a way to ensure vendors don't make a loss on their investment in acquiring your agency as a customer. Vendors whose products are not able to hold customers long enough, on average, to recuperate CAC may resort to contracts as a way to ensure a positive return on their investment.

Clearly, the winner in this situation is the software vendor. The loser is the agency that wishes to switch to another management system before their contract expires.

Scenario 2
Software vendors use contracts to subsidize low-introductory offers. Many industries use this model (i.e. – cable TV, internet, etc.) to entice customers with a lower upfront License Fee cost in exchange for a 12- or 24-month term commitment. Often, the License Fee is waived or reduced just to get the agency in the door.

If a vendor requires a contract, find out how much it will cost to terminate if your agency isn't happy with the management system and wants to switch to another. Termination costs often negate – and in many cases *cost more than* – the "savings" you are being promised with introductory offers and other discounts.

QUESTION 4

WHAT TYPE OF CLOUD MODEL DOES THE VENDOR USE?

Most modern systems tout themselves as being "in the cloud," but it can be difficult to know what that really means. Users often assume that all cloud systems are browser-based, but in reality there are a variety of different cloud models, including desktop-based applications that access data in the cloud. One model is not inherently superior or more "high-tech" than the others; rather, each model has different strengths and weaknesses. It's important to understand these so you can make an informed decision for your agency.

There is no such thing as a one-size-fits-all solution. There is no one *right answer* that applies to all agencies. Instead, the right answer for your agency is the set of risks and trade-offs that you feel most comfortable taking, depending on your needs and preferences for accessibility, efficiency, technology, and security.

> *Users often assume that all cloud systems are browser-based, but in reality there are a variety of different cloud models. Every model has its own strengths and weaknesses, and the right answer for your agency depends on your needs and preferences.*

Browser-based vs. desktop-based cloud applications

The two main types of cloud systems available today are desktop-based and browser-based applications. While both types *store* data in the same location (a cloud server rather than your local device), they are *accessed* in different locations. Browser-based cloud apps exist entirely online and are accessed solely via website browser, while desktop-based cloud apps are installed on your local computer (similar to a traditional desktop app) but access data in the cloud via an internet connection. In the chart below, you can see basic information, benefits, and drawbacks of each model.

It's important to note that as technology evolves, the line between desktop-based and browser-based technology is blurring. Many systems (including HawkSoft) now offer elements of both experiences: a comprehensive desktop app *and* a full or limited feature set through browser login. For example, Microsoft Office 365 has applications that are installed on your computer (Word, Excel, etc) but can also be accessed via browser login.

	BROWSER-BASED cloud applications	**DESKTOP-BASED** cloud applications
Data storage	• Cloud server	• Cloud server
Access via	• Website browser	• Locally installed program • Some or all features *may* be accessible via website browser
Benefits	• Convenience of access and full functionality across devices	• More computing power (stable, fast, robust user experience) • May have some functionality when offline
Drawbacks	• Dependent on internet access (can't access offline) • Possible slower load times / user experience	• Limited to supported operating systems • Full feature set is limited to devices where app is installed

Ask these questions to ensure you understand what type of cloud model the vendor uses, and whether it's a good fit for your agency.

- Where do users access the application? Which features, if any, are available via browser login or mobile devices?
- What are the internet requirements and/or system requirements for the application?
- Can the system be used when internet is offline?
- What cloud provider does the vendor use for data storage?
- How is data stored, secured, and backed up in the cloud?

QUESTION 5
WHAT TYPE OF COMPANY AM I INVESTING IN?

The business structure, leadership, and product vision of the management system vendor will dramatically affect how your agency's operations evolve through the years. Unlike software utilities and apps that you may use today and abandon tomorrow, an agency management system is something your agency will likely be with for a very long time.

The average time agencies stay with HawkSoft is 18 years. Which other software products – besides Microsoft Office – have you used for that long?

Choose wisely when selecting your management system. You will likely live with that decision for a very long time.

Who are the stakeholders the company prioritizes ROI for?

Companies owned by private investment firms or larger parent organizations have a different perspective than privately-owned software companies. Investment firms must prioritize ROI for their many stakeholders – bankers, shareholders, board of directors, parent companies, etc. Often, there is a short window for ROI. Rapid user-base growth with a 5-year exit plan to sell the company is not an uncommon goal for these organizations.

Privately-owned companies usually serve fewer stakeholders. Often, it's just the company's employees and customers. Roadmap features may be designed to address deeper challenges that insurance agencies have versus a glamorous feature whose hype attracts new customers. These companies often do not have an exit plan because they are in business to stay in business under the same ownership group.

What background does the leadership team have?

Founders and CEOs who come from the insurance industry tend to have a better pulse on the needs of independent agencies. Extra kudos are in order if the leadership team has owned or managed agencies in the past. They intimately know the challenges of bringing sanity to agency operations and workflows. They understand the day-to-day fires that agency staff put out. Their management system features often build these efficiencies into the workflow.

A FINAL WORD

Many agency principals view their management system as their most valuable employee. The foundation of an agency's operations is built on it. The system will affect how effective and efficient two of the most important functions of your business are – retention and sales.

Here's what you are investing in with a management system.

- Communication tools to market and nurture relationships
- Tools that track every interaction, mitigate E&O, and build your agency book of history
- System that organizes staff's daily agenda with alerts, reminders, and tasks
- Reports that identify the health of your business, growth opportunities, and clients that need more attention
- Systematic way to manage Carrier Downloads and keep policies updated
- Sanity to your workday with a system of procedures and consistent documentation across policyholders, multiple carriers, and agency staff

Ask the right questions. Vote with your pocketbooks. The agency management system you invest in today will determine the type of culture you are supporting and expecting in your own agency.

Choose wisely.

ABOUT HAWKSOFT

In 1984, Paul Hawkins and his 9-year-old son, Sean, began programming on a Tandy 1000 they purchased from Radio Shack. Their first programs included a check register, recipe book, and genealogy program. Paul opened his own agency in 1990 where the predecessor of the HawkSoft Client Management System, named PC-Client, was first developed. In 1993, while working for another independent agency in Portland, Oregon, Paul and Sean began development on the HawkSoft Client Management System.

Paul Hawkins recognized the opportunity to apply technology to make insurance workflows more effective. HawkSoft's roots are in challenging the status quo of insurance agency automation with a surprisingly uncommon belief: insurance agents know how to do their jobs better than software developers.

HawkSoft is built around the agent's workflows, not the other way around. We come to work to help agents do quality work more efficiently – not by forcing them to adapt to software, but by ensuring HawkSoft automates the actions that agents already know to work best.

Our biggest accolade – beyond all the awards and industry recognition – is what our customers say about us.

"HawkSoft is so much a part of my agency's DNA that if – at any point in the future – HawkSoft did not exist, that would be the day that I'd put my agency up for sale."

Claudia McClain
McClain Insurance Services

Contact Us

Let us know if we can help in your agency's pursuit of the right management system. Even if you decide not to use HawkSoft, our conversations will give you a toolkit of ideas and best practices to immediately apply in your agency.

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