

# 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 your agency's operations and workflows. Your staff's workday and office productivity depends on the effectiveness, ease-of-use, and seamless integration of the management system with the actions your people engage. Multiply these efficiencies by 250 (the average number of working days per year). I think you'll 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.

Choosing the right management system for your agency is dependent on answers to some critical questions about your goals and processes. The intent of this paper is to give you the questions to ask and the context in which to ask them.

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*The intent of this white 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 accurately compare each and choose the right system.*

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## 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**

There is a trick to validating support promises – give the support number a call or submit a support ticket. You don't have to be a customer to put the support team to the test. You will quickly learn how long it takes for the vendor to pick up the phone, and how many hand-offs take place to get someone who can help on the line.

Ask these questions to verify Support promises.

- What types of support options are offered?
  - Phone
  - Email
  - Remote login/access
  - 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 call tree) answers the phone?
- What is the average call length?

## **Promise 3: Data Ownership & Extraction**

Every vendor claims that your data belongs to you. But, what does that really mean?

- 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?
- Is there a fee to get a backup?
- 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?

## **Promise 4: Training**

The efficiencies of a management system mean nothing if your staff never learns to apply them. The common denominator we see in agencies that operationally thrive with their management system is the 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.

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-recorded 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 mark-down of the upfront price for the management system only to load add-on fees on the back-end. This model may mean that you will buy a bare-bones management system without all the features your agency needs to conduct business.

Here are examples of core capabilities that are often split into an a la carte menu of fees.

- Rating
- Email marketing
- Customized Reports
- Letters & Mailings
- Text messaging
- Outlook integration
- Accounting
- Sales quotes
- Downloads

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 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 up all the features and compare apples-to-apples. **Remember: Compare TCO instead of price. Don’t be fooled by the price.**

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### **Decrypt the pricing puzzle by asking these questions**

Ask these questions to get a clearer picture of the TCO 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 Recurring Fee to use the system? Is this billed per-user, per-office, or something else?
- Is the Monthly Recurring Fee that I'm being offered a promotional rate? How long will this rate last? How much does the rate jump after the promotion period?
- 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 Recurring Fee?
- 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 limit to how much phone support is available each month without additional charge?



## QUESTION 3

### IS THERE A TIME COMMITMENT OR CONTRACT?

Some vendors require contracts for a specific 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

### DO I GET TO CHOOSE BETWEEN CLOUD AND IN-OFFICE DEPLOYMENT?

There is no such thing as a one-size-fits-all. The right deployment option for your agency depends on your preferences for accessibility, technology, security, and privacy.

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*“Any customer can have a car painted any color that he wants...  
...so long as it is black.”*

*Henry Ford*

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#### Cloud/Online Deployment

Cloud services are the new shiny toy of our generation. They offer access to data from PCs, tablets, and phones with a username and password. A reality of using the cloud is that your data is hosted on someone else’s server (this called the “cloud”) that is outside of your office. You generally use a thin-client or app with an interface to access your data on their servers.

CLOUD/ONLINE DEPLOYMENT	
Perceived Benefits	Potential Drawbacks
<ul style="list-style-type: none"><li>• Location-independent access from outside the office</li><li>• Access from any supported computer, tablet, and smartphone</li><li>• Lower in-office hardware costs</li><li>• Lower hardware maintenance costs</li><li>• Data is safe when disaster or tragedy strikes the office</li></ul>	<ul style="list-style-type: none"><li>• Your business data is hosted on someone else’s servers</li><li>• Cost of hardware may be bundled into the Total Cost of Ownership</li><li>• Privacy of your data is dependent on security measures applied by your cloud service provider</li><li>• Security of your login credentials is your responsibility</li></ul>

## In-office (Local) Deployment

This deployment uses the server/computer configuration in your office to store and run your management system database. This may be the right option for agencies that wish to limit access to data to the office only, or for agencies that more comfortable storing and managing all business technology and data in-house.

<b>IN-OFFICE (LOCAL) DEPLOYMENT</b>	
<b>Perceived Benefits</b>	<b>Potential Drawbacks</b>
<ul style="list-style-type: none"><li>• Sensitive data is stored in the office</li><li>• Prevent out-of-office access by staff</li><li>• More control over the costs and choice of hardware products</li><li>• Fewer recurring fees when hardware is purchased upfront</li></ul>	<ul style="list-style-type: none"><li>• Data may be lost or adversely affected if disaster strikes or hardware failure occurs</li><li>• Hardware costs and maintenance are your responsibility</li><li>• Privacy of your data is only as strong as your security protocols</li><li>• Access to data outside of office and on mobile devices requires extra setup</li></ul>

There are many advocates of both sides to this debate. There is no universal right answer. The right answer is the set of risks and trade-offs that your agency feels most comfortable with. Does the vendor you are considering offer the options and freedom to choose which deployment is best for your situation, or is “black” (as in Henry Ford’s quote) the only solution given?

## 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.

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*The average time agencies stay with HawkSoft is 16 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.*

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#### **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- or 7-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
- Tool that builds history, mitigates E&O, and tracks every interaction
- System that designs agency staff's daily agenda with alerts, reminders, and tasks
- Reports on the health of your business, unmet 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 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.

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*“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*

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### 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 with give you a toolkit of ideas and best practices to immediately apply in your agency.

Call: 1-866-884-4680

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