

Choosing an IT Solutions Provider by Simon Hughes

As brokers' requirements become increasingly complex with continued consolidation, and new 'start-ups' join the market, choosing an IT platform has never been more important.

What factors should brokers consider when committing to a long term IT partnership? Are software houses capable of providing solutions to meet brokers' demands?

Simon Hughes, Open GI Sales and Marketing Director, outlines some of the major considerations.

Choosing a business critical trading system is an important decision for any broker. You need to be sure you are dealing with the right IT solutions provider, that the technology delivers against your requirements and your business is future proofed. Implementing a new system can be costly and due to the technical nature, fairly complex. However, there are pitfalls that can be avoided.

1. Business profile

The first thing brokers should consider is the IT provider's business profile. How long have they been in business, what's their market position and who are their key clients? Do they have a proven track record of delivery and the financial stability to invest in new product development?

There are many providers in today's market with different strengths. Some have come and gone. Several of the newer entrants may well offer financial incentives, but they often lack the market presence and financial stability to invest in product development or access to the breadth of insurer product that brokers require.

Choice and flexibility is vital. Those that allow brokers to retain their IT core platform, make regular enhancements and provide additional software to cater for different requirements are the most attractive as it protects any initial investment. Costs are kept out of the broker's infrastructure and maximum benefit is delivered with minimum pain.

Many IT providers will also have an independent user group or community of brokers that you can talk to in order to gather feedback as to whether customer needs are being met.

2. Functional ability

The second thing brokers should question is whether their IT system is able to meet their business requirements. A good place to start is to make a list of exactly what you want to achieve, whether it's to improve operational efficiency, automate schemes, capture commercial data or trade on the web.

Some IT solutions providers are better placed to fulfil particular requirements. For example, those that use XML technology have the capacity to allow brokers to handle massive web quote volumes – a prerequisite when dealing with aggregators. And some are able to provide access to more insurer product than others. Choose a partner with proven, tried and tested solutions.

3. Support and service

A real test of an IT provider's ability is how quickly and effectively they respond when you have a problem. Firstly, your day to day trading system needs to be stable and robust. Any downtime will have a negative impact on your bottom line but also client service. It's often a good idea to talk to an existing client in advance to gather feedback. This could be via a reference site or member of their user group.

It's worth noting that service and support should not just be confined to system related issues, but also the delivery and installation of new product and the transfer of data from other systems.



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4. Future proofing

Another important consideration is whether or not your IT solutions provider can help future proof your business. For example, do they use the latest new technologies, do their systems integrate with other applications and offer regulatory support or can they provide access to new distribution channels?

Some of the latest technologies on offer include Intel / Linux servers – widely used within the world's top banks for speed, security and scalability. Operating in a Linux environment is more cost effective and less complex than a Windows environment where licences can run into thousands of pounds. Most web servers also run on Linux. Other technologies include Microsoft SQL, Microsoft.NET, Java and XML. The latter allows brokers to web enable their system functionality.

Systems integration and interoperability with other applications is also improving. Instances where brokers are managing and rekeying data across disparate technology platforms continue to reduce. This has a positive impact on usability – making systems more intuitive.

Regulatory compliance is another area where IT providers can give support, however levels will vary. At Open GI we have released a range of enhancements to our regulation module to help brokers comply with client money rules and demonstrate they are providing contract certainty. This is just one example of how brokers can demonstrate they are meeting industry targets via their day-to-day trading system.

5. New distribution channels

As brokers continue to identify and exploit new distribution channels, such as the web, it's important to choose an IT provider that has a wide range of solutions to facilitate access and maximise trading efficiency.

Many providers now offer 'Quote and buy' technology to allow brokers to compete online with direct writers and other non-intermediary players and extend service for existing clients. There are also more universal e-commerce solutions that allow brokers to trade non-open market products online and facilitate client self service in real time from the internet.

Open GI's X-Stream solution for example enables brokers' clients to manage their accounts and make payments online via a two-way XML link between the Open GI back-office and the broker / underwriter's website.

With e-commerce it's absolutely vital that brokers understand what they want to achieve. It's a complex and often costly area. However if you work closely with your IT solutions provider they can offer consultative advice to help you understand exactly what's involved and can project manage the process.

However, in the majority of cases it's considerably cheaper now to set up an e-commerce site as there are more web companies competing for the same business. Equally, the rise of the aggregator has helped brokers mitigate the costs of web marketing.

Another area is scheme technology. As brokers continue to develop new schemes in order to capitalise on their unique strengths, they are looking to their IT provider to help improve trading efficiency and increase their profitability.

6. Cost

Cost will always be a consideration for today's broker. It's important to know what you want to achieve, the types of costs involved – capital fees, license fees etc. and the terms of your agreement. Beware of IT providers that require brokers to re-buy their solution after a fixed period. If you work closely together from day one you can avoid these issues. Also long term IT partnerships tend to be more cost effective.

Although cost is an important factor, it is not the most important factor. It's about value for money i.e. whether or not the solution delivers against your business requirements.

7. Summary

Of course there will always be brokers that will stick to what they know rather than consider investing in a new IT partnership. Potentially as a result of a reluctance to invest, fear of change or perhaps their business model hasn't changed in 20 years. But if it is damaging your business or restricting its growth then it's not a strategy we'd recommend and we would suggest reviewing the IT options available to you.

In our experience, brokers wanting to succeed in this market are continually reviewing their IT requirements and embracing new technologies in a bid to drive out cost, open up new distribution channels and deliver competitive advantage, but are keen to mitigate the risk of any change.

IT providers are more than capable of meeting brokers' requirements but will often say the same things. Make sure you really know what you want to achieve and talk to brokers to get past the hype. As long as you do your research then you have nothing to fear.



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