



White Paper

11 Advantages of a Best-of-Breed Approach

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Introduction

Updating core legacy systems: should you go with a suite or a best-of-breed strategy?

Using a Suite: Concerns & Complications

A monolithic suite will present several issues that must be weighed into your final decision

Best-of-Breed Approach

The approach to take if you want to leverage the best solution in each core solution category

A Shifting Paradigm

Two innovations have shifted the balance and benefits to a best-of-breed approach

SIMS Claims from Systema Software

The best-of-breed solution in claims management software

11 Advantages of a Best-of-Breed Approach

Flexibility, robust features, intuitive interface, depth of knowledge, faster implementation, competitive advantage and more

Best-of-Breed Approach Breeds Success

Be nimble and responsive to customers, as well as to market and industry needs



Introduction

As insurance organizations embark on their mission critical journeys to update core legacy systems, they face an important decision: Should they use a single vendor with a consolidated suite? Or should they go with a best-of-breed strategy?

This debate is important for systems that manage core business processes, including claims, policy, and billing. Until recently, insurers found the decision between the two options a difficult one to make, as the advantages and disadvantages seemed fairly balanced. In this paper, we discuss recent developments that have caused the tides to shift in favor of a best-of-breed approach.

Using a Suite: Concerns & Complications

Typically, a monolithic suite will contain a number of products that have a consistent look and feel, but each component when evaluated on its own may not be considered “the best” in its respective category.

With this approach, insurance organizations essentially put all their eggs in one basket, becoming dependent on a single vendor for the delivery of their core capabilities. Oftentimes, suites provide less system flexibility, and clients may experience a lower level of customer service and support over time.

As customer service wanes, clients may find themselves locked into an agreement, with vendors having the upper hand, especially if a large upfront investment has been made. The client is often unable to get their needs met. A vendor might say, that’s how the system works; you’ll have to deal with it.

What’s also surprising is, many times, an all-in-one platform may not live up to the promise of full integration. This is because many product suites have been patched together through acquisition. There are only a few vendors that have actually architected and integrated all core components from the ground up.

Product integration after an acquisition can create a disjointed user experience. Insurance organizations should not assume that two products sold by the same vendor are well integrated. Only research and reference checks can uncover the real experience from actual users. This due diligence can provide valuable information toward an organization’s final decision.



Best-of-Breed Approach

The best-of-breed model is the approach insurance organizations take when they want to leverage the best solution in each core system category. This approach has recently been propelled by the rise of browser-based platforms, service-oriented architecture, data standardization, and pre-built interfaces. These technological advances support the modular nature of a best-of-breed strategy, allowing organizations to more easily plug-and-play across their enterprise.

Organizations will also have greater business agility. They can more easily stop using a solution that is not meeting their needs and replace it with a new one, as they are not locked into a single vendor. They essentially have the freedom to create an ecosystem of solutions common in a service-oriented architecture.

A Shifting Paradigm

Today, two innovations have shifted the balance and benefits to the side of a best-of-breed approach:

- ***Easier Integration.*** Today, many best-of-breed solution providers offer pre-built connectors, using APIs (application programming interfaces), Web services, or other custom interfaces, which make it easier to integrate core solutions from different providers.
- ***Browser-based Applications.*** Browser-based solutions are native to the Internet, and with the Software-as-a-Service (SaaS) model and cloud-hosted options, companies can implement best-of-breed systems faster than ever before—sometimes in a matter of months, rather than the longer period required by a suite.

These two factors have switched the paradigm and virtually eliminated the advantages of a suite approach.

SIMS Claims from Systema Software

To meet the need for a best-of-breed solution in the claims category, Systema Software has designed and offers the newest and most advanced claims solution: SIMS Claims™.

SIMS is a modern claims solution that is fast, flexible, and functional. Next-generation options include SIMS Insight (a business intelligence module), SIMS Cloud (a cloud-hosted solution), and SIMS Mobile (claim mobile apps). The company's entrepreneurial spirit has unleashed extraordinary product



innovation and superior customer service, which has resulted in industry awards and accolades, and has led to phenomenal growth and success in the insurance market.

SIMS is a pure browser-based solution, built by experienced system architects with direct input from a knowledgeable group of seasoned insurance professionals. With a complete set of out-of-the-box functionality, SIMS enables insurance organizations to reduce claims expenses and increase productivity. SIMS also provides the flexibility companies need to configure the system to meet their unique business needs.

Case in Point

SIMS Claims provides many of the benefits of a true best-of-breed claims solution, a fact recognized by Pennsylvania and Indiana Lumbermens Mutual Insurance Companies, which selected SIMS as the claims component in its best-of-breed legacy replacement project.

“We started a modernization project three years ago to replace all of our core legacy systems, including policy, billing, and claims. Selecting Systema Software and SIMS Claims marks the final phase of this project. Within our best-of-breed approach, we found Systema Software to be the best claims software vendor out there.”

- Joseph McGurrin, VP of IT, Pennsylvania and Indiana Lumbermens Mutual Insurance Companies

11 Advantages of a Best-of-Breed Approach

In this portion of the white paper, we look at 11 ways insurance organizations can benefit from a best-of-breed approach, particularly when using SIMS as the claims component in their best-of-breed strategy.

1. Flexibility

A best-of-breed solution will typically offer a high level of flexibility, so insurance organizations can define their own data fields and modules. They should be able to configure options to meet their unique process and workflow requirements. With this flexibility, insurance organization will be better equipped to thrive in today’s ever-changing market.

“SIMS Claims offered the flexibility of a highly configurable claims solution. Its advanced capabilities will support our future business needs.”

- Larry Fortin, CIO at Millers Mutual



2. Robust Features

A vendor that is focused on a single area, such as claims administration, will be able to deliver a more comprehensive solution. A robust set of features and functions will ultimately help insurance organizations to drive specialized tasks and focus on important action items in their claims process.

For example, within a claims solution, a high-level overview or summary for each claim can enable adjusters to get a quick snapshot of key data points. Having an action plan for each claim is also important, helping adjusters to stay focused on key steps, activities, and priorities that can advance claims toward superior outcomes, exemplary service, and ultimately, timely closure.

3. Intuitive User Interface & Delightful User Experience

A best-of-breed solution will offer an elegant user interface. Claims professionals benefit from intuitive, user-friendly tools that automate routine tasks and enable them to focus on actions that truly impact results.

User experience (UX) is also a critical part of software design in today's digital age, and it's closely tied to user interface design. Best-of-breed vendors will carefully examine how users interact with their systems, and the types of tasks and actions that are performed on a day-to-day basis. With these considerations, solution providers can structure their interface to make a user's experience and interaction with the system more pleasant and efficient. For example, items on the interface should be grouped logically to make smart use of the real estate on each screen.

After all, many adjusters get into the office in the morning, fire up the claims system, and pretty much work in that software environment all day. A best-of-breed vendor will take this into account and make the interface light and pleasing to the eye, as well as modern and sophisticated.

4. In-depth Industry Knowledge

Best-of-breed solution providers have in-depth expertise in their given business process. They've implemented their solution for many customers and helped hundreds of users become acquainted with their system capabilities. As such, these

“Systema Software has a reputation of having an excellent solution, solid support, and staff with in-depth expertise in claims.”

- Amanda Granger, VP of Workers' Compensation Claims at ICW Group



vendors have the knowledge and know-how to help new customers implement, configure, and leverage the system to meet their unique business objectives.

5. Rapid Implementation

Today, best-of-breed solutions utilize a modern, browser-based platform that can be deployed in a matter of months. If an organization chooses to host the solution via the cloud, implementation may go even faster, as organizations will not have to purchase or make changes to their data center or network infrastructure.

6. Decreased Risk

Best-of-breed solutions are modular in nature. Implementation of one module enables insurance organizations to improve their operations in that particular area, without significant risk to the rest of the enterprise. If a solution in one category fails to deliver on the expected benefits, it can be replaced with a new modular application.

7. System Performance and Availability

Application performance and availability are critical components for any software package. Best-of-breed solutions incorporate the latest web-based technologies not only to handle hundreds of thousands of transactions quickly and efficiently, but to also run on any browser or device (including laptops, tablets, and smart phones). They use the latest cloud-hosting services, such as Amazon Web Services (AWS), and state-of-the-art cloud architecture to ensure a high level of system availability and responsive system performance.

8. A First-Mover Competitive Advantage

In a competitive landscape, insurers must be able to launch new products and services quickly in order to leverage a “first mover” advantage. Best-of-breed solutions are well equipped to deal with new product launches.

“Since implementing SIMS, we’ve gone from owning 8% of market share to 25%.”

- Craig Scott, Senior Financial Analyst at SaxonMG (auto insurance company)



In addition, as new technologies emerge, such as wearable devices, drones, and connected cars, a best-of-breed solution is able to integrate with new data sources to offer additional capabilities and services.

9. Improved Productivity

Insurance leaders continually strive to optimize their claims operation. A best-of-breed solution can help to automate and streamline complex claims transactions, which involve multiple parties, multiple systems, and various regulatory concerns.

By comparison, process changes within a suite may require specialized IT skills, such as programming and take more time to facilitate. As a result, process enhancements may be delayed or never attempted due to the effort required.

10. Enhanced Customer Service

Customers view an insurer's claims department as the "face" of the company. They may switch carriers if they've had a bad claims experience.

Industry pundits speculate that companies like Amazon and Overstock.com may one day become key players in the insurance market. These companies are masterful in creating an innovative customer experience in today's digital world.

"On an everyday basis, we strive to establish our claims department as a vital service center. We plan to leverage SIMS to implement the Net Promoter Score (NPS) in claims. By doing this, we'll be able to ensure we're delivering excellent service."

- Craig Scott, Senior Financial Analyst at SaxonMG (auto insurance company)

To compete, insurance organizations need best-of-breed solutions that can meet consumer expectations of convenience and efficiency. Consumers want to be able to use multiple channels to communicate, to get the information they need, and to conduct seamless transactions. Best-of-breed applications provide the infrastructure for insurers to foster a customer-centric business strategy.



11. Vendor Support

When it comes to vendor support, insurance organizations must be cautious about getting locked in with an all-in-one provider. Some organizations believe it's simpler to deal with one vendor. However, it may be difficult to find an expert for each component of the suite, as support calls are typically handled by an all-in-one helpdesk. There may be slow response times, poorly trained technicians and layers of escalation bureaucracy. The moral of the story is that a vendor's service arm should be evaluated separately based on reputation and references.

“Systema’s team members have been prompt and responsive, and our relationship with this vendor continues to deepen, as they’ve been highly organized in orchestrating our project plan.”

- Bill Scribner, Director of IT at ALPHA Fund

Having a best-of-breed strategy keeps all vendors sharp and on their toes, vying to keep their piece of the solution pie. Companies with a best-of-breed strategy have escalation options that include ongoing consultation with system experts for advice and counsel—not to mention dropping the particular solution and implementing a new one if service expectations are not met.

Case in Point

Baldwin & Lyons (B&L), a recognized leader in providing P&C insurance products to the transportation industry, started to consolidate its claims operations in 2010 from six claims systems to the modern, architecturally strong platform found in SIMS Claims.

Through this process, B&L reduced IT costs, streamlined claims operations, and improved data collection. Consolidating claims on SIMS has reduced its IT maintenance and support costs by approximately 25%, and with improved data, B&L is now able to track claims, injury statistics, and financials, which have contributed to better business management and ongoing growth.

Best-of-Breed Approach Breeds Success

A single vendor approach may seem attractive, but it may not meet all the needs of an innovative insurance company striving to succeed in today's market.

As the companies in this white paper have illustrated, best-of-breed solutions enable insurance organizations to be nimble and responsive to customers, as



well as to the market and industry requirements. These solutions can be deployed quickly and help insurers achieve exceptional customer service, operational efficiency, and business profitability.

With in-depth functionality, a sophisticated architecture, and business intelligence capabilities, best-of-breed solutions can easily adapt to today's competitive landscape and fast-moving technology field. Using pre-built interfaces, organizations can seamlessly integrate best-of-breed solutions to create a seamless enterprise-wide IT strategy.

To receive more information on SIMS Claims and how it can fit into your best-of-breed strategy, please contact:

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About Systema Software

Systema Software provides flexible, comprehensive solutions and services to the insurance industry. SIMS Claims is an innovative, award-winning claims administration system, which is highly praised by clients and well recognized by industry experts as a leading claims solution. Together, our team of Big 4 consulting and industry veterans, experienced software developers, and project managers deliver an architecturally strong enterprise platform, designed for superior speed, scalability, and performance. With advanced technology and focused customer service, Systema Software has experienced phenomenal growth and success, earning high rankings on the national Inc. 5000 and local Fast 100 lists of fastest-growing private companies.

For more information, visit us online at www.systemasoft.com.
