RMIS REPORT
PERSPECTIVE

2017

**By David Tweedy
& Patrick O'Neill**

Table of Contents

Bickmore

Welcome

Welcome to the *Perspective*. A precursor to **The RMIS Report**, the *Perspective's* goal is to provide current insights on the RMIS industry from leading bundled and unbundled vendors and the authors. Further, it will serve as an introduction to the new main report which will be issued in later this year.

As many of you know I have been publishing the RMIS Review in various formats for many, many years. This year I am pleased to partner with RMIS industry veteran Patrick O'Neill of Redhand Advisors to publish the next generation of this annual report.

The redesigned report will have numerous enhancements which we believe will be beneficial to the industry as a whole. The report will combine the RMIS provider and user survey feedback into an annual process which in the past has been a two-year cycle. This will allow us to better evaluate the providers on a more holistic basis assessing their capabilities, technology, ability to execute, and customer base in one comprehensive annual report.

The report will also include expanded RMIS provider profiles which will include expanding beyond traditional RMIS capabilities to include other client-facing technology that a provider may offer. We will continue to provide in-depth analysis and commentary on the providers and more comprehensive analysis of the marketplace and industry trends.

The report will be published electronically and made available at no charge to anyone interested in downloading the report. We expect to publish first edition of the *RMIS Report* in the third quarter of 2017. To sign-up for the RMIS Report and to participate in the RMIS User Survey please visit www.rmisreport.com.

For now, we hope that you will find our insights and the insights of our industry advisory team beneficial.

Thanks for downloading the *Perspective*.

Dave

About the Authors

David Tweedy

Dave has over thirty years of risk technology and claims management. As a leading expert in RMIS and claims management, he has worked with a variety of organizations from large corporations to public entities. An expert in assessing and redesigning insurers' systems, he has also worked with TPA and independent based systems improving their efficiency from technical, data quality, and functional perspectives.

Patrick O'Neill

Patrick is a recognized leader in risk management, insurance, and health technology. His areas of expertise include risk management information, claims management, health IT, workers' compensation, and disability management solutions. Patrick was a founding member and executive leader of a leading provider in the RMIS industry. He has spent his career creating and delivering state-of-the-art technology solutions for clients.

RMIS Report Advisory Council

Essential to the RMIS Report is the Advisory Council, comprised of leaders from RMIS industry, who represent independent RMIS providers, third party administrators, and insurance carriers. The Advisory Council's role is to provide guidance on the RMIS Report.

The Advisory Council members are:

- Joseph Jordan, AVP/AIO | **AIG IntelliRisk;**

- Jim Leftwich, CEO | **CHSI Technologies;**

- Heather H. Burnham, Vice President, Marketing | **CorVel Corporation;**

- Russell J. Pass, Chief Information Officer, EVP – Product Development | **Gallagher Bassett;**

- Janet Dell, CEO |**Marsh ClearSight;**

- Bob Petrie, CEO | **Origami Risk;**

- Jarrod Magan, VP Client Technology Services and Innovation | **Sedgwick Claims Management Services, Inc.;**

- Michael Strietelmeier, Vice President, | **Travelers;**

- Jeff Gehrke, Chief Risk Technology Executive | **Ventiv Technology;** and

- Randy Paez, Chief Innovation Officer | **York Risk Services Group.**

As we approach the national Risk and Insurance Management Society's annual conference, we are pleased to provide our Advisory's members collective thoughts on the changing role and challenges of technology as they serve their client base. These points, and others, will be expanded upon in much greater detail when *The RMIS Report* is published in later this year.

We asked RMIS Report Advisory Council to comment upon the following questions.

- What trends are you seeing in today's marketplace and how are you responding to these trends?

- What are your clients requesting?

- What new and innovative technologies are you offering to clients?

We have taken these responses and our own experience and knowledge of the marketplace to provide the perspectives on the following pages. The perspectives are split between Unbundled and Bundled providers. The definition for an unbundled system is one that is directly purchased from the RMIS vendor and is portable regardless of carrier, TPA or broker. A bundled system is provided by a carrier, TPA, or broker and is only available while the client is using their services.

Bickmore

Unbundled Perspective

The independent RMIS marketplace, the unbundled market as we like to call it, would be considered by most a very mature market. But in recent years the market has seen a great deal of change and growth that would not typically be associated with such a mature marketplace. What is fueling this rapid change and growth and what does it mean for the industry?

There are many things at work to fuel these trends and they are coming from both sides; the demand of more sophisticated users and organizations, and the innovation that RMIS providers are delivering to the marketplace.

Trends in the Market

There is a new emerging eco-system of digital solutions and platforms available today. Cloud technology is enabling providers to quickly arrive, enhance and compete at a fraction of the time and cost incurred by legacy models and systems.

Jim Leftwich, CEO of CHSI Technologies commented *"We see broader acceptance of cloud based technologies by the general insurance industry, this is helped along by the wide adaptation of consumer cloud services and SaaS products like Salesforce.com."*

The cloud and mobile technology is also facilitating enterprise wide solutions that until recently were limited to single departments or silos within an organization.

Earne Bentley, Director of Sales at Origami Risk said, *"This enterprise adoption has created an opportunity for risk management to take on a central role in organizational operations and increased importance in the strategic direction of organizations."*

Risk Management is evolving just as quickly as the technology. Organizations are under more pressure than ever to manage evolving risks, anticipate what's around the corner, and analyze the big-picture impact – all in less time with fewer resources.

Janet Dell, CEO of Marsh ClearSight commented, *"Risk Managers want deeper insights from their data to take quick action, drive organizational change, and ultimately reduce risk. To do that, they need to understand not just*

why something happened, but what is likely to happen next."

We are also seeing a trend of more first time RMIS buyers in the marketplace, organizations who previously had no system to speak of or relied on spreadsheets and homegrown solutions. This is being stimulated by lower entry costs into the RMIS market and providers that are creating modular solutions that can implement just the features that are required.

Spreadsheets are still the most widely used software to support risk management functions.

"By combining more capabilities into a single platform and allowing each client to select the functionality that best meets their needs, a client can start with lower level of services and "buy up" as their needs increase and as their programs mature," notes Jeff Gehrke of Ventiv Technology.

Client Requests

As Risk Management professionals become more tech savvy they are asking for more sophisticated tools. They want to spend less time tracking down data and more time analyzing what it means. Top on their wish lists are analytics and data visualization tools that make it easier and quicker to search through complex information to identify trends, visualize the potential impact, and communicate critical information throughout the organization.

"Reporting and analytics tools have come a long way. Clients now have access to powerful, easy-to-use analytics at their fingertips that were once thought unimaginable. These analytic tools are putting risk professionals in control and enable the data-driven insights required to proactively manage risk," responds Ms. Dell.

Bickmore

At the core of these tools is more data than ever before. No longer are risk managers limited to claim information to understand what is happening. They have access to seemingly endless streams of information that can tell a more complete story. Now, instead of just claims, policies and property data we are seeing a trend towards private client data, public information and subscription feeds to drive real-time decision making.

Just as important as the technology tools themselves is how the tools are implemented and how they integrate with the workflow and processes within an organization. Legacy systems required users to change their workflow and processes to conform with the system. Today's systems have configurable workflow tools built in so that organizations can implement best practices and processes that today's systems can integrate and enable.

"Having the right technology certainly lowers cost but the multiplier to technology lies in the human processes surrounding the use of technology," states Mr. Leftwich.

Buyers are expecting more than technology expertise from RMIS providers, they want partners who speak their language and understand their business and their needs. Clients are collaborating more than ever with their providers and the user communities that they are a part of.

"We've seen that our clients want to become true partners with us rather than maintaining the traditional vendor/client relationship. Clients are willing to devote time and resources on their side to work with us in developing new functionalities and processes to further expand our core competencies and better serve all of our clients," notes Mr. Bentley.

New Innovative Technologies

RMIS providers are offering advanced reporting, analytics and data visualization tools through their applications. In some cases, they are building these tools themselves but more frequently they are embedding existing best in class tools directly into their products for

seamless integration. This allows the RMIS providers to focus on their core competencies and provide best in class reporting and analytics tools from third parties.

Mobile adoption is also moving much more rapidly. RMIS providers are offering robust functionality across their platforms, allowing clients to use many of the systems features on smart phones and tablet devices. Native mobile apps are also becoming popular. These apps work even when a user is not connected to the internet.

"Mobile capabilities free up functionality to work anywhere, no longer tethered to a desk. This empowers accident investigations in the field, timely incident reporting and functional audits processes to name a few that are immediate and robust," states Mr. Gehrke.

Conclusions

These developments, both technology advancements and the evolution of risk management are feeding off each other. As risk management expands the need for more complex solutions is required. On the flip side, technology advancements are spurring risk management growth. This dynamic is fueling significant advancements in the market and redefining what a RMIS is and can be.

Independent RMIS providers are responding to the expanding and evolving responsibilities that their clients are facing. The solutions that are available in the marketplace today are very different that the RMIS systems of just a few years ago. Technology is also enabling these trends. The ability to more broadly deploy these systems throughout an organization is uncovering opportunities for new and additional features that were not part of most RMIS core offerings just a short time ago.

While it may be a mature marketplace, the growth and expansion that is taking place makes RMIS resemble more of a new and emerging market. One thing is for sure, I don't see a slowdown coming any time soon.

Bickmore

Bundled Perspective

The bundled marketplace continues to grow both in technology and functionality across both insurer and TPA sectors.

Trends in the Market

Both insurers commented on how the insured/client itself is changing. AIG felt that the continual downsizing of the average risk management department (with one doing the work of two) is increasing the pressure to have technology simplify the business processes and improve the analysis. Travelers pointed out that, with more millennials taking over positions of responsibility, that there was a much-heightened demand for better and more responsive technology by service providers. Both insurers acknowledged a much greater necessity to invest in technology to keep pace with client expectations.

> *People are looking for systems that can "do the heavy lifting" and help them make more informed decisions.*

TPAs also agreed with the increased technology investment trend. Risk managers are expecting more from their service providers. According to Russ Pass, CIO of Gallagher Bassett, *"Risk managers need to manage a broader set of risks than in the past, including financial risks, cyber risks, and political risks and global enterprise risk management".* Accordingly, bundled vendors are investing to provide the necessary tools.

Another trend is the positive impact that new technology brings to the industry. Heather Burnham of CorVel believes that *"Technology continues to alter the landscape for workers' compensation. From communication with injured workers, to how we deliver medical care and manage claims, our industry continues to see improvements in outcomes by investing in technological innovations."*

Mobile technology is a related trend that the bundled vendors raised. Ritchie Vener of York Risk Services said, *"Clients want access to critical information at all times, and on all devices."* We have seen both bundled and unbundled providers make their systems available on tablets, smart phones and related devices.

All of vendors we interviewed said that they were continuing to make improvements to their core systems.

AIG, Travelers, CorVel and Sedgwick continue to make improvements to their proprietarily developed risk/claims systems. Joe Jordan of AIG said, *"Our approach has always been relatively simple. We actively engage customers on a regular basis and specifically ask them how we're doing and what they need or want. This happens during ongoing support and at special events such as User Group Conferences."*

Mr. Magan of Sedgwick responded, *"We are responding to these trends by providing customers with a new reporting portal and access to analytics through our viaOne® suite of claims management tools, which provides clients and their employees with 24/7 access to real-time information. In addition, our self-service option, viaOne express, offers responsive design, which adapts to any device and provides full functionality on personal computers, tablets or smartphones."*

Gallagher Bassett and York, however, work with their provider of their core system Origami Risk. York (FOCUS) and Gallagher Bassett (Luminos) have private licensed Origami's system to specifically meet the growing needs and demands of their client base.

According to Russ Pass of Gallagher Bassett, *"We have chosen the leading RMIS platform in the industry, Origami Risk, upon which we have developed and deployed our branded TPA offering. We are addressing core claims needs as well as the broader global risk needs for our clients which include, Corporate Risk Managers, Carriers, Captives, Pools and Public Entities."*

Bickmore

Client Requests

All vendors said that clients are demanding better analytics and tools to help them get a better handle on claims costs.

Michael Strietelmeier of Travelers Risk Management Information Services cited the need for better predictive models to support proactive risk management. Plus, Mike said that clients look for more "push" data delivery for just in time decision making. AIG agreed with those two points as well. Systems must "guide" the client instead of vice versa. That comes through better data analysis delivered through improved systems.

The TPA sponsors also agreed with client demand for better analytics. Sedgwick stated that their system, ViaOne, was equipped to help their clients with providing easier access to "actionable" information. From an operational perspective, clients and consumers directly benefit from ViaOne's decision optimization platform, which ensures that the highest risk claims receive expert oversight to help improve outcomes early into the claims process.

Gallagher Bassett talked a growing desire for benchmarking tools and industry data against which to benchmark to answer a question that senior management is asking with increasing frequency: how are we performing against true claim outcomes – health, disability, and financial?

Ms. Burnham of CorVel said that "*Returning injured workers to the workforce is a primary concern for our customers. However, getting them back to work in a timely manner can be a challenge. Our return to work program includes a new enhanced RTW module in CareMC that provides key details regarding an employee's return to work including a detailed job description, a return to work date, any work restrictions, co-morbidities and any obstacles preventing them from returning to work, such as missed medical appointments. All of these critical factors are 100% visible to all of the stakeholders involved on a claim - and that kind of information transforms into powerful, actionable analytics.*"

York's clients expect instant data accessibility from FOCUS: their data available 24/7, tablet and mobile-friendly and browser agnostic. Also, they expect the system to be user friendly and with flexible reporting.

New Innovative Technologies

The insurers are providing more robust functionality in text analytics (able to search not only numeric, but written words in a variety of documents). They are making improvements in migrating the functionality of their main systems (IntelliRisk for AIG; eCARMA for Travelers) to mobile devices for both clients and injured workers. Dashboard and reporting capabilities are being improved by both carriers.

The TPAs are also providing more innovation in their systems. For example, CorVel is increasing its efforts on predictive and prescriptive analytics. They are using machine learning to transform data into actionable knowledge that allows them to deliver better results to customers in bill review, claims, and case management programs.

Gallagher Bassett reports their commitment to capitalizing on developments in core technologies by taking RMIS products mobile and incorporating state-of-the-art visualization capability.

Sedgwick, through recent enhancements to its viaOne express consumer application allows users to report new claims for disability, leave, workers' compensation, general and auto liability; sign up for direct deposit; search for a medical provider specializing in occupational injuries in select states; and electronically sign a release of medical information (EROI) form.

Conclusion

As we have observed in past comparative RMIS reports, the gap between the Unbundled and Bundled vendor community is narrowing. Both insurer and TPA alike are recognizing the enormous impact that technology (or lack thereof) has on their clients and their bottom lines.

Here are some of the conclusions we draw from the six bundled provider's comments.

1. Expanding Functionality

Insurers and TPAs are no longer content to simply provide claims data, sliced in several ways. Recognizing the power in the information they contain, they are adding to basic claims management capabilities through:

- Utilizing mobile technology to report and access claims information; and

Bickmore

- Expanding core claims functionality with return to work, expanded dashboards, on-line access to safety information, and the host of other functions you have seen in the above comments.

2. Upgrading/Replacing Older Legacy Systems

A good example is what is happening at The Hartford. They are replacing their old @Venture system with the TREO. Here is their official notification:

 "As business evolves, tracking and managing risks can be a daunting task, but it does not have to be. Today's technology and the availability of data put a tremendous amount of power and insight at your fingertips. The key is to find the right technology that allows you to best leverage your data. That's where TREO, The Hartford's new RMIS (Risk Management Information System), bridges the gap. TREO facilitates the right balance of technology, people and time. The combined experience helps risk professionals focus their energy and resources on the right claim drivers to achieve a greater understanding of cause of loss and effectively help you manage loss costs."

Other vendors chose to select an unbundled RMIS with greater functionality to private label and adapt to their client base.

3. More Focus on Data Analytics and Modeling

Insurers and TPAs recognize that they need to provide more information to their clients with the data they possess. This data must be turned into actionable information. Accordingly, you see these bundled vendors continue to invest in analytic models and tools that are either part of their core RMIS offering or that integrate with them. Helping clients lower their cost of claims through the efficient application of technology is becoming one of the core services these bundled vendors offer.

4. Improve or Else

We believe that, to differentiate themselves from their competition, TPAs and insurers alike must provide an innovative RMIS that truly help their clients lower their Total Cost of Risk. Although clients rarely leave an insurer or TPA because of the system alone, it is a definite contributing factor in procurements. We see it all the time in procurements and hear stories from risk managers.

Bickmore

Annual RMIS Checkup

Are you getting the most from your Risk Management Information System (RMIS)?

You rely on your RMIS as a vital part of your organization's health, but what do you do to ensure it is performing at its optimal level? Is your system meeting your current needs? Has your organization's priorities changed since you implemented the system? What new functionality is available or not currently being utilized?

Annual RMIS Checkup

An annual review of your company's critical systems is important to ensure that they are functioning properly, addressing your highest priorities, maximizing your return on investment, and taking advantage of all technological advances. An independent annual checkup will provide governance oversight, build an internal case for the annual expenditure and help keep your RMIS on track and positioned for success.

RMIS Checkup Process

- Interview key business process owners to evaluate system effectiveness.
- Review organization's priorities and how they are addressed by the system.
- Review system documentation, including contract to determine compliance.
- Review vendor's service level and effectiveness.
- Review current system and identify deficiencies and opportunities for improvement.
- Evaluate new functionality and versions of the system not currently being utilized.

RMIS Checkup Outcomes

- Provide feedback on current utilization of RMIS.
- Recommend new functionality to be implemented or further evaluated.
- Determine areas where training would be beneficial.
- Identify current problems and strategies for preventing these issues in the future.
- Identify areas of focus for upcoming year.
- Improved Return on Investment.

Redhand Advisors, in partnership with Bickmore, offers the annual RMIS Checkup to ensure that your system is performing at the optimal level and that you are continuing to maximize your investment.

For more information contact Patrick O'Neill at poneill@redhandadvisors.com or Dave Tweedy at dtweedy@brsrisk.com.

Bickmore

About

Bickmore

Bickmore is the largest, independent non-brokerage affiliated risk management consulting firm in the western United States, and the second largest in the nation. Clients include both public and private entities in over 40 states nationwide. The firm offers risk management consulting, group formation and administration, actuarial, risk control, claims oversight and employment practices services.

Bickmore does not sell insurance, nor are they affiliated with any such organization. This independence allows them to perform consulting activities free from conflicts of interest. In April of 2014, Bickmore was acquired by York Risk Services Group, Inc., but continues to operate as an independent consulting business unit.

www.bickmore.com

Redhand Advisors

Redhand Advisors provides consulting services to organizations focused on risk, insurance and health information management. The firm specializes in helping organizations improve outcomes through information management and technology. They provide the following services - strategic planning, process improvement, best practices, system planning and design, and vendor analysis and selection.

www.redhandadvisors.com

RMIS Report Perspective Copyright © 2017. All rights reserved.

Bickmore

Look for the RMIS Report in the 3Q of 2017

To participate in the RMIS User Survey please visit
www.rmisreport.com

Bickmore