

## RMIS Shopping

### Introduction

A Risk Management Information System (RMIS) is the most strategic tool in a Risk Manager's 'bag' of tricks. Acquiring one represents a significant investment of money and resource. Naturally, the goal is a return that justifies your investment by improving your ability to manage your risk portfolio. Take an organized approach, and you will improve your probability of success.

### Getting Started

#### Start with Your Needs

The search for a RMIS should begin with an assessment of needs. Focus on what your department does today, but don't be short-sighted: extend the scope to how you would ideally like to run the department. Consider such factors as:

- **Communication:** presenting concise and meaningful summary information to upper management, financial operations, line management, safety and loss control groups, regulators, underwriters and brokers.
- **Day to day operations:** reviewing claim status, significant events, case development, and litigation progress.
- **Ad-hoc analysis:** sifting efficiently through data to identify trends, exceptions, and scenarios.
- **Financial and accounting functions:** creating budgets and charge-backs for departmental cost allocation, and actuarial projections for booking self-insured reserves.
- **Processing and workflow efficiencies:** automating manual tasks and freeing up department time for proactive management.
- **Defining Users:** determining who needs to use the system, where, when, how much of it, and how often. As Risk Management grows, so does the network of potential users.

A formal needs assessment will allow you to compare ideal needs with current capabilities and identify where gaps exist. Since it is a blueprint, it is often a multi-year, phased strategy to improve automation of the department. An in-house project coordinator is critical to assure that internal departments are engaged in the process, so that their requirements are considered, and their support is assured.

#### Stay Grounded

Ideals must be grounded with realities. Review your blueprint and assign priorities. Think of it as a long-term plan and approach it in phases. Recognize that some things may not be attainable, or may be too costly for their value.

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## Know Your Own Appetite for Risk

If you are looking at the vendor market to purchase a system, develop an understanding of factors that go beyond product functionality, such as:

- **Technology hurdles:** Are there technologies that you or your internal IS department are required to consider or avoid?
- **Customer Service:** How do your in-house support resources compare with the vendor's ability/capacity for proactive customer service?
- **Flexibility:** Some vendors provide fairly rigid solutions, while others are known for their ability to customize to your needs.
- **Vendor Size, Experience and Stability:** Vendors come and go, and not all operate profitably. Are you willing to tolerate some risk to gain features, technology, or a lower price tag?

## Learning What's Out There

### Test the Market

Become familiar with the RMIS vendor community. Visit vendor booths at the annual national RIMS conference. Take advantage of industry groups or professional contacts, and find out how companies with similar issues are solving them. Talk to vendors and communicate your issues. Set up brief demonstrations, and get a feel for the products and their capabilities.

### Types of Systems and Components

Learn what types of systems exist and how they compare with your needs.

- Do you need claims administration features?
- Can you use a system provided by your Carrier or TPA, or do you need to consolidate data from various providers?
- Extend your focus beyond claims. Tracking exposures, building values, and policies should be critical to the management of your entire risk portfolio.
- Consider regular electronic updates from your Accounting, Payroll and Human Resource systems to consolidate risk-related data in your RMIS.

## Finding a Match

If you are not required to have an open, competitive bidding process, it is advantageous to narrow down your list of prospective bidders. Begin a formal process of soliciting bids.

- **Return to Your Needs:** Use your needs assessment to develop a request for proposal. Keep it as focused as possible, and send it to your limited list of pre-qualified vendors.
- **Find Objective References:** Don't rely solely on vendor-provided references. Find them yourself, assess factors that may lead to project failure, and determine the likelihood of you falling into the same category.
- **Meet with Vendors:** Schedule meetings with the candidates, where you can see in-depth demonstrations that are focused on how their solutions will work for you. Take advantage of attending the vendor's client conference.
- **Select a Winner:** Itemize critical decision factors, encompassing system functionality, vendor strength, and service track-record. To add a degree of objectivity to the process, create a rating form, and have members of a selection committee independently rate each vendor in each category according to a numeric scale. Keep options open until you have successfully negotiated a contract that documents your vendor's promises.

Choosing the right vendor is a necessary, but not sufficient condition for real RMIS success. Like the right diet or exercise routine, success comes from an ongoing commitment.

## Avoid These Common Pitfalls

- **Don't choose technology for technology's sake:** Focus on solutions, and not particular technologies.
- **Don't expect your RMIS to do it all:** You will, and should, use a variety of tools to analyze and present data. The Microsoft Office suite is ideal for this purpose.
- **Get help:** Your problem is not unique, but your time may be limited. Find business partners who can help you achieve your goals.
- **Educate yourself and your staff:** Know how to use your system and interpret your data.
- **Expect delays:** The advantage of a project plan is that you know when you deviate from it.