





ACom3 Return on Investment

This document provides insurance carriers with an overview of expected Return on Investment (ROI) to be gained from deploying the ACom3 Commission and Incentive Compensation system.

Overview

Insurance carriers have been paying commission and bonus dollars to internal and external distribution channels since day one of operation. Although the business process is not a new one, market pressures and increased competition have placed additional stress and strains on older systems which puts many companies in the unenviable position of paying too much and getting too little. In other words—the cost of working with inflexible, hard coded systems is far greater than the cost of implementing a modern, fully functional commission and incentive compensation system.

ROI Methodology

Most organizations would readily admit that the following list of pain points would apply in whole or in part to their organization and business process:

- Lack of flexibility in designing commission and bonus plans
- Too much dependency on IT resources
- Inadequate system reporting
- Cumbersome (lack of?) integration with other applications
- Far too much manual intervention in the business process
- Inability or difficulty in leveraging technology to improve the producer experience

To conduct an ROI analysis it is critical to consider what financial impact these pain points have on the organization, and then to consider the business benefits and resulting ROI that would be generated by deploying a modern, fully functional system such as ACom3.

ACom3 has been designed to provide end to end automation, greatly reduce the need for internal IT support, and to provide the features and functions necessary to introduce a strategic component to commission and bonus payouts. The net result is that ROI is generated from both cost avoidance as well as increased revenue/profitability.

We generally refer to cost avoidance as hard dollar savings, while referring to the strategic impact as soft dollars. The rationale for using these terms is based on the fact that hard dollar savings are easily measured while soft dollar savings or revenue gains are often more difficult to calculate. Therefore we recommend that any company seeking a streamlined corporate approval process be armed with sufficient hard dollars savings to justify the purchase, while also having a strong case for the financial upside tied to the soft dollar side of the argument.

Hard Dollar Savings

Hard dollar savings result from **improved operational efficiency**, a **reduction/elimination of the dependency on internal IT staff**, and the **elimination of overpayment expenses**.

Reduced Operational Costs - The ACom3 application is designed to provide end to end automation of the business process thereby eliminating the need for manual intervention. This will result in reduced operational costs, which are best determined by looking at the operational staff to payee ratio (a payee is defined as an individual or entity receiving incentive compensation). In some cases we have seen these ratios as low as 1 FTE to 50 payees, which reflects very low levels of automation. Our analysis in this area covers resource utilization (people) in the following areas:

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