# AMS Buyer's Guide: How to Evaluate Your Agency's Options

*By: Brendan Mulcahy*

What do single-person agencies and the largest brokers in the country have in common? They all depend upon their agency management system (AMS).

When used to its full potential, an AMS can bring immense value to independent agents. It will serve as your single source of truth for all policy data. An AMS will give you visibility into your premium and commission information. And it doesn't have to break your budget. Today, even the smallest of agencies can find an entry-level AMS for less than $100 a month.

## Do all agencies need an AMS?

In my opinion, having an AMS is table stakes for all agencies. Using one is far more effective and efficient than trying to manage your business through paper files or limited software like Microsoft Excel. An AMS also empowers you and your staff to deliver higher levels of customer service.

One of the biggest benefits you'll derive from your system will come if and when you decide to sell your agency. In order for a buyer to be able to accurately value your agency, you must have accurate and complete policy and customer data, and the AMS is the system of record for that information. If you don't have it, you won't be able to sell or you'll get pennies on the dollar.

## What can an AMS do for me?

Agencies need a single place to store all policy and customer information, download policies, update policies and facilitate data sharing through Ivans. An AMS provides a platform capable of managing all these needs. Ideally, an AMS should also either include accounting functionality, or it should be able to integrate seamlessly with whatever financial software your agency uses for that task.

A best practice is to use your AMS exclusively for customer and policy information, and then to use another tool — a customer relationship management (CRM) system — for your prospect data and marketing initiatives. However, many AMS platforms on the market today also include CRM and marketing automation capabilities, so you'll need to consider this when choosing the right platform for your agency.

## Choose the Right AMS

When you start researching an AMS, you'll find no shortage of options. Every system has different capabilities and functionalities, ranging from basic to comprehensive. You can decide to purchase an AMS and almost all agency technologies from a single vendor, or you can choose different vendors for different systems.

While the AMS selection process can be overwhelming, you can absolutely find the right fit for your agency. A few best practices to follow:

**Know your own business and its growth trajectory.** Evaluate where you are in your journey as an independent agent. If you're just starting out, you'll want to pick a system that is easy to learn and use.

Products like Applied's EZLynx, Hawk-Soft and Vertafore's QQCatalyst are among the more popular AMS options that fit the needs of many startups and

smaller agencies. Larger agencies will likely require more advanced systems like Applied Epic or Vertafore AMS360. These are just a few of the many potential options available.

**Speak openly and honestly with vendors.** Be candid about your agency's size, scale and budget. If you portray your small business to seem larger than it truly is, a vendor may assume you have deep pockets and steer you toward systems that may be too costly and complex for your current or future needs.

Another important consideration is your agency's niche. Some platforms are optimized for personal lines, but their functionality and workflows across commercial lines leave something to be desired. The same is true in reverse.

Additionally, some systems work better than others with excess and surplus (E&S) lines and when there's more agency billing as opposed to direct. Let your vendor know which lines you serve currently, and those you may serve in the future, so they can guide you appropriately.

**Keep integration top of mind.** While you may be shopping for an AMS, you also want to be sure that all your agency's systems will be able to talk with one another. That is where integration comes in. Today's top solutions use open application programming interfaces (APIs) to easily connect an agency's AMS to its CRM, marketing platform(s) and other systems.

Integration with your agency's Voice over Internet Protocol (VoIP) is another important factor. This will allow you to record your phone calls and log them into your AMS, a functionality that can help you avoid costly (E&O) claims down the line. If an AMS cannot offer

this, you'll need to find another way to address that risk.

Agents should also think about how their AMS will communicate with their carriers' tech stacks. If, for example, several of your agency's preferred carriers use the same rating software, you will want to choose an AMS that integrates well with that tool.

**Do your due diligence.** Always conduct thorough research into any technology purchase. Talk with other agents in your area. Engage in online forums designed for independent agents. Network at regional conferences. Ask agents about their current systems — their pros, cons and frustrations.

Also, seek out third-party recommendations from your independent agent alliance of choice. For example, SIAA offers one-on-one coaching and resources to help connect agents with the right system and then teach them how to optimize their AMS. SIAA also partners with vendors and can offer discounts on select products to its member agencies.

**Get the most from your investment.** While an AMS is critical to an agency's success, it won't benefit anyone if it is used incorrectly. That is why independent agents must develop a consistent and repeatable set of processes to optimize the day-to-day use of their chosen system.

Your processes should be thorough, easily understood and clearly documented so everyone in your agency uses them the same way. Set standards for the way you enter policy data, reconcile policy information, document customer phone calls, quote policies and manage policy renewals within your AMS.

In addition, evaluate your AMS at

least once a year. Consider whether it is meeting your agency's current needs and document any problems or concerns you are experiencing. Then, loop back with your vendor with any questions you might have.

The ideal approach is to choose the right AMS the first time, but that is not always feasible. If a small agency experiences rapid growth and grows from $0 to $10 million in premium or more or takes on a variety of more complex lines of business or processes, then they may face a key decision point. In some cases, you may be able to customize an entry-level system to handle more complex tasks. In other cases, agencies may find they've outgrown their current AMS and need to upgrade.

It will cost considerable time, money and effort to switch your AMS, so before you do so, make sure you are getting as much out of your existing system as possible. If you find your current AMS simply cannot carry the load, then you can move forward with confidence.

## Cut Through the Noise

I truly believe that there is no such thing as a "bad" AMS, but there are systems that won't be a good fit for your agency. By evaluating your current and future needs, being honest with vendors, and conducting thorough research, you will find a system capable of taking your agency to new heights.  ∎

*Brendan Mulcahy is vice president, technology and innovation partnerships for SIAA. Mulcahy started his career as a software developer, engineer and consultant. At SIAA, he works with the organization's strategic partner companies, master agencies and technology companies to identify and understand technology solutions and innovation partnerships that impact SIAA and benefit its national independent agency distribution system.*

*Reprinted by permission of Standard Publishing Corp. © 2023.*