

# Executive Summary

Claims Committee Meeting, June 30, 2021

Board of Governors Meeting, July 14, 2021

## Integrated Vendor Invoice Submission Software, ITN 20-0023

This Action Item seeks approval to contract with VIP Software Corporation for Integrated Vendor Invoice Submission Software. This software provides for automated submission and processing of claims vendor invoices, with particular focus on adjusting services invoices. Approval is requested for a five (5) year base term, a three (3) year optional renewal term, and a two (2) year optional renewal term, for an amount not to exceed \$4,117,000 for the life of the contract.

### History

Citizens is seeking approval to contract with VIP Software Corporation for software to streamline invoicing processes for Citizens' claims vendor invoices. In particular, Citizens contracts with more than twenty-five (25) adjusting firms whose independent adjusters assist with both daily and catastrophe related claims. Citizens processes approximately five thousand (5,000) adjusting services invoices monthly. Invoice volume can exceed fifty thousand (50,000) in total for a large catastrophe.

This software will replace Citizens' current manual processes for many claims vendor invoices. Citizens has extensive processes and requirements relating to these invoices – especially for its adjusting firm invoices – to ensure consistency and compliance with contractual requirements. Citizens' current processes begin with vendors preparing an invoice using Excel templates created by Citizens. These Excel templates contain embedded business rules and fee schedules so that fees are automatically calculated after the vendor selects the applicable options and enters the necessary information. Once the invoice is created, it must be manually reviewed and approved by both the vendor and Citizens, and corrections are sometimes required. These processes are time-consuming and tedious for Citizens and its vendors.

The proposed contract with VIP Software provides a cloud-based, software as a service solution that automates these invoicing processes. First, Citizens inputs its invoicing requirements into the system using fully configurable invoicing templates. For example, Citizens can create one template for commercial adjusting firms who are subject to the same payment terms, and a different template for litigated adjusting firms. These templates are maintained by Citizens and can be changed quickly as needed.

Once Citizens' invoicing requirements are configured within the system, Citizens' vendors can sign into the system and quickly prepare and submit invoices subject to Citizens' pre-defined parameters. The system automatically applies the appropriate invoicing requirements based on the vendor and invoiced services. Relevant claims information is also automatically pulled into each invoice through an integration with Citizens' claims estimating platform, Xactware. This is critical given that many of these invoices depend on claims information contained in Xactware. More than seventy-five percent (75%) of Citizens' adjusting firm invoices are submitted on a per-claim basis, with compensation based on the size (the estimated loss value) of the adjusted claim.

This software automation will help to ensure that invoices are submitted accurately and according to Citizens' requirements, while also expediting the submission and review process. Prepared invoices are automatically routed for review and approval – first by vendor personnel, then by Citizens personnel – per the requirements selected by Citizens within the system. If a reviewer requires additional

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information or other changes, the invoice can be routed back for resubmission within the system. The invoice can then be resubmitted with the appropriate changes.

The requested contract was negotiated on best value pursuant to Invitation to Negotiate 20-0023, for Integrated Vendor Invoice Submission Software. This ITN was issued on October 19, 2020. Four (4) Vendors were advanced to the negotiation phase. VIP Software Corporation was recommended for award on May 5, 2021. Citizens' staff is confident that this vendor can meet Citizens' needs for the term of the contract.

## Recommendation

The recommendation is listed in the attached Action Item.

**ACTION ITEM**

**New Contract**

**Contract Amendment**

**Other** \_\_\_\_\_

**CONSENT ITEM**

**Contract Amendment**

**Existing Contract Extension**

**Existing Contract Additional Spend**

**Previous Board Approval** \_\_\_\_\_

**Other** \_\_\_\_\_

**Action Items:** Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

**Move forward as Consent:** This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

**Consent Items:** Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Item Description	Integrated Vendor Invoice Submission Software, ITN 20-0023
<p><b>Purpose/Scope</b></p>	<p>Citizens is seeking to contract for software to streamline Citizen’s invoicing processes for claims vendor invoices, including invoice submission, review, and approval. In particular, Citizens contracts with more than twenty-five (25) adjusting firms whose independent adjusters assist with both daily and catastrophe related claims. Citizens processes approximately five thousand (5,000) adjusting services invoices monthly. Invoice volume can exceed fifty thousand (50,000) in total for a large catastrophe.</p> <p>This software will replace Citizens’ current manual processes for many claims vendor invoices. Citizens’ current processes require submission of invoices using Excel templates created by Citizens. These Excel templates contain embedded business rules and fee schedules so that fees are automatically calculated after the vendor selects the applicable options and enters the necessary information. Once the invoice is created, it must be manually reviewed and approved by both the vendor and Citizens, and corrections are sometimes required. These processes are time-consuming and tedious for Citizens and its vendors.</p> <p>The proposed contract provides a cloud-based, software as a service solution that automates these invoicing processes. Once Citizens’ invoicing requirements are configured within the system, vendors can sign into the system and quickly prepare and submit invoices subject to Citizens’ pre-defined parameters. Prepared invoices are then automatically routed for review and approval – first by vendor personnel, then by Citizens personnel – per the requirements selected by Citizens within the system. If a reviewer requires additional information or other changes, the invoice can be routed back for resubmission within the system.</p>

	<p>The system automatically applies the appropriate invoicing requirements based on the vendor and invoiced services. Relevant claims information is also automatically pulled into each invoice through an integration with Citizens' claims estimating platform, Xactware. This is critical given that many of these invoices depend on claims information contained in Xactware. More than seventy-five percent (75%) of Citizens' adjusting firm invoices are submitted on a per-claim basis, with compensation based on the size (the estimated loss value) of the adjusted claim.</p> <p>This software automation will help to ensure that invoices are submitted accurately and according to Citizens' requirements, while also expediting the submission and review process.</p>
<p><b>Contract ID</b></p>	<p><b>Integrated Vendor Invoice Submission Software</b>  <b>ITN 20-0023</b>                  VIP Software Corporation</p>
<p><b>Budgeted Item</b></p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No</p>
<p><b>Procurement Method</b></p>	<p>This contract was procured pursuant to Invitation to Negotiate, ITN 20-0023 for Integrated Vendor Invoice Submission Software. This ITN was issued on October 19, 2020. Four (4) vendors were advanced to the negotiation phase. The public meeting to award ITN 20-0023 was held on May 5, 2021 and the negotiation team recommended that a contract be awarded to VIP Software Corporation.</p>
<p><b>Contract Amount</b></p>	<p>The estimated contract amount is \$4,117,000 for the life of the contract. The initial (5) year base term is estimated at \$2,217,000, including a one-time implementation fee. The (5) renewal years are estimated at \$1,900,000. Costs are paid per transaction and based on an average of 100,000 transactions annually to account for catastrophe volume. Costs per transaction increase incrementally at higher volumes.</p>
<p><b>Contract Terms</b></p>	<p>The proposed contract will have an initial term of five (5) years, and will have one (1) optional three (3) years renewal term and a final (2) year renewal term, with the two (2) renewal options exercisable at Citizens' discretion.</p>

<b>Committee Recommendation</b>	Staff proposes that the Claims Committee review, and if approved recommend the Board of Governors: <ul style="list-style-type: none"><li>a) Authorize Citizens to contract with VIP Software Corporation for an initial term of (5) years, and for a three (3) year and a two (2) year optional renewal term, for an amount not to exceed \$4,117,000 for the life of the contract, as set forth in this Integrated Vendor Invoice Submission Software Action Item; and</li><li>b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.</li></ul>
<b>Board Recommendation from Committee</b>	If approved at its June 30, 2021 meeting, the Claims Committee recommends that the Board of Governors: <ul style="list-style-type: none"><li>a) Authorize Citizens to contract with VIP Software Corporation for an initial term of (5) years, and for a three (3) year and a two (2) year optional renewal term, for an amount not to exceed \$4,117,000 for the life of the contract, as set forth in this Integrated Vendor Invoice Submission Software Action Item; and</li><li>b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.</li></ul>
<b>Contacts</b>	Jay Adams, Chief Claims Officer