

# Executive Summary

**Claims Committee Meeting, December 2, 2021**

**Board of Governors Meeting, December 15, 2021**

## Enterprise Litigation Management System

### Topic

This Action Item seeks Board approval to contract with Mitrastech Holdings, Inc. to provide an Enterprise Litigation Management System (“ELMS”) to replace the existing contract for Citizens’ current ELMS set to expire on June 18, 2022. Approval is requested for five (5) years with five (5) optional one (1) year renewals. The renewal periods may be combined so long as the renewal term(s) do not exceed the base term, for an amount not to exceed \$5,000,000 for the life of the contract.

### History

The ELMS is used by both Citizens’ internal staff and contracted outside defense counsel to facilitate the management of all activity on claims related litigation matters. This includes data analysis and reporting, management and auditing of all law firm and litigation vendor billing, storage of all litigation related documents and communication between Citizens and its contracted outside defense counsel. Citizens currently houses data and documents associated with over 110,000 combined historical (closed) and active (open) litigated matters. The ELMS system is used by more than 3,000 combined users made up of Citizens’ internal resources and contracted outside defense counsel and is used to process approximately \$100,000,000 of annual litigation related spend. This is a most critical and essential information technology part of Citizens’ Claims Litigations operations.

Citizens current contract for ELMS is with a Software-as-a-Service (“SaaS”) solution called Acuity ELM Essentials. This solution was competitively procured in 2012 and the agreement, including all renewal terms, is set to expire on June 18, 2022. During this agreement, on September 29, 2020, Mitrastech, a leading global provider of legal and compliance software, acquired Acuity ELM.

In advance and anticipation of the expiring agreement, Citizens initially issued ITN 20-0011 on July 24, 2020 seeking competitive replies from firms capable of providing a web-based SaaS to replace the current Acuity ELM Essentials system. Although numerous responses were received and evaluated by the Evaluation Team, and certain vendors were recommended to move forward to the Vendor Negotiations stage, the solicitation was withdrawn on December 17, 2020 and all replies were rejected by Citizens. This cancellation allowed Citizens to further incorporate additional findings and recommendations of the E&Y study into a revised solicitation document.<sup>1</sup>

On March 15, 2021, Citizens issued a second solicitation, ITN 21-0007, and sought to contract with a vendor whose system provided overall enhanced capabilities within the areas of performance/data analytics and legal invoice review. Vendor responses were due on May 10, 2021, and nine (9) vendor responses were timely received. These responses were reviewed by the Evaluation Team, in

<sup>1</sup> Attachment E, the “Solution Feature Workbook” incorporated 167 separate “Solution Features” based on the recommendations of internal stakeholders/system users as well as the E&Y study (“Citizens Property Insurance Corporation, Claims Litigation Assessment 12/15/2020”). These categories include Mater Management, e-Billing and Financials, Document Management, Calendaring Events and Tasks, Operational Reporting and Analytics, Business Intelligence and Decision Support Platform, Security, Identity and Access Management, Integration, User Experience, Resiliency, and Configuration and Customization.

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accordance with s.287.057, F.S., who on June 9, 2021, decided three (3) vendors: Mitrastech Holdings, Inc., Litify, Inc., and LexisNexis were the vendors within the “competitive range” to advance to the Negotiation phase of the ITN. Citizens, through its Negotiation Team and other various internal stakeholders and subject matter experts, conducted numerous vendor/system demonstrations and negotiations with the three selected vendors.

An extensive amount of Citizens effort and attention went into this second ITN. Nine (9) vendors initially submitted Competitive Sealed Replies for the Evaluation Team to review. The ten (10) member Evaluation Team carefully reviewed each reply and individually scored each vendor based on the following objective categories: Feature Categories; Qualifications and Experience; Training and Support; Implementation and Transition; Optional Products and Services; and Price. Based on the compilation of the Evaluation Team’s objective scoring, the team selected the top three (3) Vendors to advance into the “competitive range” for the Negotiation Phase.

The four (4) member Negotiation Team then met in either open public or “shaded” public meetings from June 21, 2021 until their October 21, 2021 Public Award Meeting. The Negotiation Team met forty-one (41) times.<sup>2</sup> In addition to these meetings, many more hours of individual time and effort was spent preparing and reviewing by the Negotiators and twenty (20) Subject Matter Experts, which included representatives from Claims, Legal, Vendor Management and Purchasing, and IT (including IT security). Each assisted or contributed to the ultimate determination by the Negotiation Team of which vendor represents the best value solution for Citizens.

Based on the resulting demonstrations and negotiations, the Negotiation Team met in a public meeting on October 21, 2021 and made their best value determination in accordance with s. 287.057, F.S. The Negotiation Team consisted of Elaina Paskalakis, V.P. - Claims Litigation, Steven Woods, Director - Assistant General Counsel Claims & Litigation, Chris Jobczynski, Director - Enterprise Architecture & Strategy, and Stephen Guth, V.P. - Enterprise Services. Also in attendance were numerous Subject Matter Experts from multiple departments throughout the organization. The Board of Governors Observer, Scott Thomas, was also kept informed and involved throughout this process. Additionally, Citizens’ Office of Internal Audit provided continuous oversight throughout the ITN process. The Negotiation Team conducted their analysis based upon the criteria set forth in Section 3.9 of the ITN and examined quality, design, workmanship, and price, among other factors in making their determination.

As one of the four (4) designated Negotiators, Elaina Paskalakis was selected as a Negotiator due to her extensive experience and expertise overseeing the business unit, Claims Litigation, that will serve as primary users of the ELMS. Incorporating the requirements of Section 3.9 of the ITN into her analysis, it was determined that although LexisNexis proposed a product that appeared to meet many of Citizens’ needs, there were significant data and file size limitations with their solution which would have prohibited the vendor from meeting the overall requirements of Citizens. This view of LexisNexis was shared by the entire Negotiation Team. Litify, Inc. was recognized as offering a “top-notch, very sophisticated platform” that functionally met Citizens’ needs and had the advantage of easy configuration because of its Salesforce platform. However, concerns were raised regarding Litify, Inc.’s primary experience as a system utilized by law firms to manage internal law firm functions and lack of specific experience in enterprise litigation management for an internal legal function to manage outside counsel. Citing a “lessons learned” document resulting from the 2011 ELMS solicitation, additional concerns were raised

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<sup>2</sup> Including the development and editing of this second solicitation ITN, over sixty Team (60) meetings were conducted.

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regarding building a system and the risk of engagement with a vendor lacking specific experience in the internal operations of an insurer similar to Citizens. Concerns were also raised regarding the depth of the data conversion process proposed under the Litify, Inc. solution which would have required extensive involvement from Citizens and would not have allowed for direct transfer of historical/pending data from the incumbent vendor to Litify, Inc. Litify, Inc.'s solution also required a much larger financial investment, including an implementation fee that was ten (10) times higher than that proposed by Mitratesch Holdings, Inc., and would have ultimately cost nearly three (3) times more than the incumbent vendor over the life of the proposed agreement.<sup>3</sup> The Mitratesch Holdings, Inc. solution was identified as having the advantage of vast experience within the ELMS space, specific to the insurance industry and needs of Citizens. The new system proposed by Mitratesch Holdings, Inc. would provide for a significant upgrade from the current system. Additionally, the recommended vendor would be solely responsible for converting data over to the new platform, without the need for substantial Citizens or 3<sup>rd</sup> party involvement.

The next Negotiation Team member, Steven Woods, manages Citizens' in-house attorneys within the Claims and Litigation Legal Services division and the Claims Legal Billing reviewers who perform compliance review of all litigation related invoices processed through the ELMS system. Additionally, Steven brings many years of experience in insurance litigation and management of litigation counsel in both the private sector and in-house. After going through the solicitation review and negotiation process, Steven's best value determination was grounded in the product and services in relationship to price. His view of both Litify, Inc. and Mitratesch Holdings, Inc., was that both solutions were very positive and of excellent quality and design. With regard to implementation, Mitratesch Holdings, Inc. seemed to offer less risk, while the effort for Citizens was quite large for the Litify, Inc. system. In terms of invoice review functionality, both systems were able to meet Citizens' needs; however, Litify would require more configuration. Lastly, it was noted that there was a sizable cost difference between the two solutions.

As the system architecture expert from Citizens, Chris Jobczynski recognized that both solutions used modern technology and are hosted in the cloud. Both systems were identified as sufficient in terms of meeting the needs of Citizens, with Litify, Inc. holding an edge on configurability and flexibility. The implementation effort and cost required for Litify, Inc. provided for a sizable price difference and also required a significantly larger number of Citizens resources, when compared to Mitratesch Holdings, Inc. Of specific concern with the Litify, Inc. solution was that Citizens would be one of the first, if not the first, insurance company to implement this system to manage outside counsel, while Mitratesch Holdings, Inc. provided a more pure ELMS SAAS solution for an insurer like Citizens.

Lastly, Stephen Guth provided the Negotiation Team with vast vendor management experience. He noted that the ITN process was purposefully extensive in both time and effort, providing for the methodical and thorough examination of the proposed solutions so as to identify the best value solution for Citizens. Stephen indicated that while Litify, Inc. was a highly configurable product that has many features for a law firm to manage itself and that could be configured with the help of a sophisticated implementer such as CGI (the implementation vendor for Litify, Inc.) for a legal department to manage outside counsel, the Mitratesch Holdings, Inc. product was "laser focused" on matter management in the context of an internal legal department managing outside counsel. The robust and specific functionality of the Mitratesch Holdings, Inc. product and the price difference between both solutions were cited by Stephen as significant factors in his determination of best value.

<sup>3</sup> At \$4,687,590, the Mitratesch solution is 38% of the price of the Litify solution at \$12,332,277.

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The negotiation process also included multiple customer reference contact calls. For Mitratesch Holdings, Inc., the references indicated that both customers saw great value by utilizing the proposed solution for management of outside counsel by their internal legal function. The references provided by Litify, Inc. each advised that they saw significant value in the functionality and extensibility of the Litify solution in using the solicitation to manage internal matters. While Litify, Inc. provided references from a large economic development bank and Florida-based law firm, Mitratesch Holdings, Inc. provided a reference from a Florida-based Property & Casualty carrier and a healthcare company.

The year one pricing for Mitratesch Holdings, Inc. is \$634,700 (including implementation) with an annual fee starting at \$409,700 projected for year 2, escalating to \$503,879 for year 10. The total 10-year pricing is estimated at \$4,687,590. The pricing put forth by Mitratesch Holdings, Inc. represents a discount from the pricing currently in effect for the older/existing Acuity Essentials ELM system currently utilized by Citizens. While both vendors provided either potentially viable or currently viable solutions that satisfied the stated goals identified in the ITN, there was a considerable price difference between the two solutions. Mitratesch Holdings, Inc. provided a pricing estimate where Citizens would receive a significantly enhanced version of the existing product currently utilized by Citizens, but at a lower cost than the pricing now in effect. The Litify, Inc. product price that was nearly three times higher, both in terms of implementation/conversion costs and ongoing license/usage fees, than the Acuity ELMS Essentials solution put forth by Mitratesch Holdings, Inc. The Negotiation Team, based on the ability to deliver an enhanced product that meets the needs identified in the ITN, broad experience as an ELMS vendor, ease of data migration/implementation in terms of both cost and effort required by Citizens' staff, and a significant cost savings, unanimously recommended that Citizens award this contract for ELMS to Mitratesch Holdings, Inc.

Citizens' Office of Internal Audit issued Advisory Memorandum 2021-MAS-03 following the Notice to Award. This concluded "the benefits of a new system are expected to enhance strategy, reporting capabilities, drive performance by identifying emerging trends and communicating claims review results and training opportunities." <sup>4</sup>

## Recommendation

The recommendation is listed in the attached Action Item.

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<sup>4</sup> Advisory Memorandum, 2021-MAS-03, Claims Litigation Management System Procurement. Citizens OIA.

## Enterprise Litigation Management System

**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.

<b>Item Description</b>	<b>Enterprise Litigation Management System, ITN 21-0007</b>
<b>Purpose/Scope</b>	This Action Item seeks Board approval to contract with Mitrates Holdings, Inc. to provide an Enterprise Litigation Management System, Acuity ELM Essentials, to replace the existing contract for Enterprise Litigation Management Solutions set to expire on June 18, 2022. The Enterprise Litigation Management System is used by both Citizens' internal staff and contracted outside defense counsel to facilitate the management of all activity on claims related legal matters, including: data analysis and reporting, management and auditing of all law firm and litigation vendor billing, storage of all litigation related documents and communication between Citizens and its contracted outside defense counsel.
<b>Contract ID</b>	<b>Enterprise Litigation Management System</b> <b>ITN 21-0007</b> Acuity ELM Essentials provided by Mitrates Holdings, Inc.
<b>Budgeted Item</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Procurement Method</b>	Citizens issued ITN 21-0007 for Enterprise Litigation Management System on March 15, 2021. Vendor responses were due on May 10, 2021 and nine (9) vendor responses were timely submitted. These responses were reviewed by an Evaluation Committee, who on June 9, 2021, and in accordance with s. 287.057, F.S., recommended that three (3) vendors were in the competitive range to

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	<p>proceed into the Negotiations Stage. After conducting multiple demonstrations and numerous negotiation sessions with all three (3) selected vendors, the Negotiation Team announced its intent to award the contract for Enterprise Litigation Management System to Mitratesch Holdings, Inc. on October 21, 2021.</p>
<b>Contract Amount</b>	<p>The estimated contract amount is \$5,000,000.00 for the recommended ten (10) year contract period and includes all costs associated with system implementation and ongoing maintenance/license fees throughout the contract term. This estimate is based on certain assumptions pertaining to data/file size and litigation spend. If additional funds are required, Citizens' staff will request authorization for additional funds through a separate Action Item.</p>
<b>Contract Terms</b>	<p>The contract will have a five (5) year base term with five (5) optional one (1) year renewals. The renewal periods may be combined so long as the renewal term(s) do not exceed the base term.</p>
<b>Committee Recommendation</b>	<p>Staff proposes that the Claims Committee review and, if approved, recommend the Board of Governors:</p> <ul style="list-style-type: none"> <li>a) Authorize Citizens to contract with Mitratesch Holdings, Inc. for an initial term of five (5) years with five (5) optional one (1) year renewals. The renewal periods may be combined so long as the renewal term(s) do not exceed the base term for an amount not to exceed \$5,000,000.00 for the life of the contract, as set forth in this Enterprise Litigation Management System 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>	<p>If approved at its December 2, 2021 meeting, the Claims Committee recommends that the Board of Governors:</p> <ul style="list-style-type: none"> <li>a) Authorize Citizens to contract with Mitratesch Holdings, Inc. for an initial term of five (5) years with five (5) optional one (1) year renewals, for an amount not to exceed \$5,000,000.00 for the life of the contract, as set forth in this Enterprise Litigation Management System 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>	<p>Jay Adams, Chief Claims Officer</p>