

# Executive Summary

Claims Committee Meeting, June 8, 2023  
Board of Governors Meeting, July 12, 2023

## Enterprise Litigation Management System

### Topic

This Action Item seeks Board approval to contract with Litify, Inc. (“Litify”) to provide Citizens with an Enterprise Litigation Management System (“ELMS”) to replace the current ELMS, set to expire on June 18, 2025. Approval is requested for a ten (10) years base term with an option to renew for up to ten (10) additional years, for an amount not to exceed \$25,000,000 for the twenty (20) year potential life of the contract.

### History

The ELMS is used by Citizens’ internal staff and contracted outside defense counsel to facilitate the management of all activity on claims related litigation matters. Citizens currently stores data and documents within ELMS associated with over 125,000 combined historical (closed) and active (open) litigated matters. In total, the ELMS is accessed by more than 4,000 combined users, made up of Citizens’ internal resources and contracted outside defense counsel to manage, process, and pay approximately \$100,000,000 of annual litigation related spend. The ELMS involves data analysis, reporting, and auditing of all law firm and litigation vendor billing, with storage of all litigation related documents. These documents include communications between Citizens staff and contracted outside defense counsel as well as discovery and court filings for all litigated matters. This most critical and essential information technology system is vital for Citizens’ Claims Litigation responsibilities and operations.

The current contract for ELMS, with Mitratesch Holdings, Inc. (“Mitratesch”), dates to April 30, 2012, following the completion of ITN 11-0054. This resulted in a contract with Acuity Management Solutions (“Acuity”). On September 29, 2020, Acuity was acquired by Mitratesch, who continued the Software-as-a-Service (“SaaS”) solution, now called “Acuity ELM Essentials.” This ELMS solution was most recently re-contracted in 2022, through Single Source 22-2003, and is set to expire on June 18, 2025, with no renewal available. The remaining time before expiration should allow for the successful transition to Litify, the new replacement vendor. The current provider Mitratesch chose not to respond to ITN 22-0019.

On September 7, 2022, in anticipation of the expiration of the agreement with Acuity/Mitratesch, Citizens issued the latest solicitation, ITN 22-0019. This sought competitive replies from firms capable of providing a web-based SaaS to replace Acuity/Mitratesch. This was the third ITN to obtain a new contract for these services. The first solicitation, ITN 20-0011, was cancelled to allow for completion of an external operational assessment from E&Y and to incorporate feedback from the Board. As a result of the second solicitation, ITN 21-0007, the Negotiation Team unanimously recommended on October 21, 2021 that Citizens award this contract to the incumbent, Mitratesch Holdings, Inc. This recommendation was approved by the Board on December 15, 2021. Unfortunately, it became clear during contract finalization and planning that Mitratesch Holdings, Inc. would not be able to deliver to Citizens’ a new ELMS with the desired scope for the agreed price. Following this breakdown, and at Citizens’ request, Mitratesch Holdings, Inc. agreed to support and continue the current version of the ELMS in use by Citizens. In order to allow sufficient runway for a new solicitation and transition, Citizens entered the current three

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(3) year contract with Mitratech Holdings, through Single Source 22-2003, as approved by the Board on May 18, 2022.

The most recent 2022 solicitation, ITN 22-0019, resulted in five (5) vendor responses timely received. Again, the incumbent, Acuity/Mitratech, chose not to provide a Reply. These responses were reviewed by the Evaluation Team, in accordance with s.287.057, F.S., who on November 8, 2022, advanced four (4) vendors to the “competitive range reasonably susceptible for award”: (i) 4AISOFT dba klear.ai (“Klear”), (ii) Computer Sciences Corporation dba DXC Technology (“DXC”), (iii) Litify, Inc. (“Litify”), and (iv) Onit, Inc. (“Onit”). Citizens, through its Negotiation Team and other various internal stakeholders and subject matter experts, conducted numerous vendor/system demonstrations and negotiations with the advanced vendors. On December 9, 2022, Klear withdrew their solicitation response citing that the current state of their solution did not align with Citizens’ needs and expectations.

An extensive amount of Citizens’ resources and efforts went into this third ITN. The twelve (12) member Evaluation Team carefully reviewed each of the Vendor replies and individually scored each Vendor based on the following objective categories: Vendor Background/Experience, Platform Functionality, Vendor Support Services, Disaster Recovery, Implementation Experience/Plan, Optional Products and Services and Price. Based on the compilation of the Evaluation Team’s objective scoring, the top four (4) Vendors were advanced as within the “competitive range” for Negotiations.

From October 26, 2022, until the May 19, 2023 Public Award Meeting, the four (4) member Negotiation Team dedicated their efforts diligently both individually and group discussions, in open public meetings and in “shaded” negotiation and strategy sessions. In total, the Negotiation Team met together approximately forty-five (45) times. In addition to these group meetings, many more hours of individual time and effort was spent analyzing and reviewing details of the Replies and additional information from the three (3) remaining Vendors, assisted by twenty (20) Subject Matter Experts, including representatives from Claims, Legal, Vendor Management, Purchasing, and IT (including IT security). Each individual involved assisted or contributed to the ultimate decision by the Negotiation Team of which Vendor represents the best value solution for Citizens.

The Negotiation Team consisted of Elaina Paskalakis, V.P. - Claims Litigation, Steven Woods, Vice President – Deputy General Counsel Claims & Litigation, Chris Jobczynski, Director - Enterprise Architecture & Strategy, and Spencer Kraemer, Sr. Director Vendor Management & Purchasing. 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.

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. The next Negotiation Team member, Steven Woods, manages Citizens’ in-house attorneys within the Claims and Litigation Legal Services division. Additionally, Steven brings many years of experience in insurance litigation and management of litigation counsel in both the private sector and in-house. As the system architecture expert from Citizens, Chris Jobczynski explored the Vendors use of modern technology and their hosting capabilities, together with their potential placement within Citizens operating systems. Lastly, Spencer Kraemer provided the Negotiation Team with vast vendor management and purchasing experience.

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At the May 9, 2023 Public Meeting, the Negotiation Team met to conduct their best value analysis based upon the following selection criteria set forth in Section 3.6 of the ITN:

- The quality, design, approach, workmanship, prior relevant experience, and demonstrated ability of the Vendor to effectively provide the Services and/or meet the goals of this ITN;
- The price and terms of payment for the Services;
- The reasonableness of the contractual terms, including service level agreements;
- Vendor's ability to provide Services throughout the State of Florida in both a catastrophe and non-catastrophe environments;
- Vendor's ability to provide quality and timely Services to Citizens during the term of the Contract; and
- Vendor's ability to track performance and quality assurance metrics.

These six (6) selections criteria were systematically reviewed by each Negotiator for each of the three (3) vendors. While every vendor presented a solution that would meet the requirements of the ITN, the Negotiation Team recognized Litify as a fully integrated matter, document, and billing management system that: (i) was forward facing from a technological standpoint, (ii) the most configurable of the three platforms, and (iii) demonstrated the best ability to meet the integration and data migration requirements. It was also noted that Litify provided a robust and comprehensive Scope of Work document as well as the most robust reporting capabilities. The Negotiation Team determined that they had the most confidence in Litify to successfully transition from the Acuity/Mitratech system, followed very closely by DXC.

All vendors submitted pricing proposals based off system usage, either through number of users or as a percentage of invoices paid through the system. Estimates for future anticipated contract term pricing for each vendor were created based on the proposed twenty (20) year potential total contract period. Using these estimates and projections, Litify pricing for the full cost of implementation, through the implementation Vendor CGI Technologies and Solutions, Inc. ("CGI")<sup>1</sup>, plus the licensing for the twenty (20) year total contract period was \$24,531,625, making it the middle-priced option, estimating to cost approximately 10% more than the lowest priced vendor.<sup>2</sup> Litify's \$24,531,625 estimated cost can be broken down by \$1,999,715 for implementation (contracted with CGI), \$9,380,480 for initial ten (10) year base term and \$13,151,431 for optional ten (10) year renewal period. It is important to note that the proposed pricing is based on system usage/number of user licenses and may be lower with a reduction in litigation volume/litigation resources. Further, the proposed pricing contemplates potential adjustments for Consumer Price Index (CPI), with an overall cap per year, which may result in lower costs in the event the CPI is lower than the cap.

<sup>1</sup> It is common for software/technology solutions to utilize a separate vendor partner for the sole purpose/responsibility of system implementation. Throughout this solicitation and in all aspects of their formal Reply and negotiations with Citizens, Litify has indicated their intention to partner with CGI who will have sole responsibility for all implementation efforts pertaining to the Litify platform.

<sup>2</sup> A separate staff augmentation expense is projected for this ELMS implementation in the amount of \$1,000,000. This anticipated expense will cover costs associated with acquiring contingent resources to assist in fulfilling Citizens' internal implementation responsibilities and will be included within IT Omnibus approval spend.

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Litify participated in the earlier procurement efforts of Citizens and was well versed on the unique requirements of Citizens' operations. Their ELMS is built on the Salesforce platform which the IT department of Citizens feels represents the future direction for IT systems, considering the potential length of this contract. The individual users' dashboard will be fully customizable, thereby simplifying the acquisition of important data for users. This is anticipated to make information more accessible and actionable at every stage of a "Matter" lifecycle, both by staff and management alike.

At the same time, the Negotiation Team was impressed with the DXC team and their ELMS offering. Although using a more traditional platform, DXC combines decades of experience running mission-critical systems with the latest digital innovations. Also, DXC has a proven track record of multiple successful integrations both on time and on budget. The Negotiation Team was very comfortable with the DXC ELMS solution, as the contingent Vendor, should the contract finalization with the recommended Vendor, Litify, run into unanticipated difficulties. Given the set date for the expiration of the current Acuity/Mitratach ELMS contract, together with the past inability to execute a contract following award and Board approval, the Negotiation Team's recommendation includes DXC as a contingent Vendor.

Therefore, the Negotiation Team, based on a detailed review of each vendor in accordance with the stated selection criteria, unanimously recommended that Citizens award this contract for ELMS to Litify and their implementation Vendor CGI, while reserving the right to award a contingent agreement, in the event Citizens is ultimately unable to reach contract finalization with Litify to DXC.

## Recommendation

The recommendation is listed in the attached Action Item.

## 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 22-0019</b>
<b>Purpose/Scope</b>	This Action Item seeks Board approval to contract with Litify, Inc. to provide an Enterprise Litigation Management System, Litify, to replace the existing contract for Enterprise Litigation Management Solutions set to expire on June 18, 2025. 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. The system involves data analysis, reporting, and auditing of all law firm and litigation vendor billing, with storage of all litigation related documents. These documents include communication between Citizens and its contracted outside defense counsel as well as discovery and court filings for all litigated matters. This most critical and essential information technology system is a vital part of Citizens' Claims Litigation responsibilities and operations.
<b>Contract ID</b>	<b>Enterprise Litigation Management System, ITN 22-0019</b>  Litify, Inc. – Primary (together with the implementation Vendor CGI Technology and Solutions, Inc. "CGI")  Computer Sciences Corporation dba DXC Technology Services LLC - Contingent
<b>Budgeted Item</b>	<input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No

## Enterprise Litigation Management System

<b>Procurement Method</b>	Citizens issued ITN 22-0019 for Enterprise Litigation Management System on September 7, 2022. Vendor responses were due on October 11, 2022, and five (5) vendor responses were timely submitted. These responses were reviewed by an Evaluation Committee, who on November 8, 2022, and in accordance with s. 287.057, F.S., recommended that four (4) vendors were in the competitive range to proceed into the Negotiations Phase. One (1) of the four (4) vendors ultimately withdrew their solicitation response shortly after the Negotiation Phase began. After conducting multiple demonstrations and numerous negotiation sessions with all three (3) advanced vendors, the Negotiation Team announced its intent to award the contract for Enterprise Litigation Management System to Litify, Inc. on May 9, 2023. The Negotiation Team also recommended awarding a contingent agreement to Computer Sciences Corporation dba DXC Technology Services LLC in the event Citizens is unable to execute a finalized contract with Litify.
<b>Contract Amount</b>	The estimated contract amount is \$25,000,000 for the recommended ten (10) year initial base contract period, plus the right to renew up to an additional ten (10) years, 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 system usage and potential adjustments based on certain triggering events such as changes to the Consumer Price Index. Varying factors such as litigation volume and other economic considerations may result in higher or lower costs. If additional funds are required, Citizens' staff will request authorization for additional funds through a separate Action Item.
<b>Contract Terms</b>	The contract will have a ten (10) year base term with the option for renewals for up to ten (10) additional years.
<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 Litify, Inc. (together with the implementation Vendor CGI) for an initial term of ten (10) years plus the option to renew for up to an additional ten (10) years, for an amount not to exceed \$25,000,000, as set forth in this Enterprise Litigation Management System Action Item;</li><li>b) If Citizens is unable to reach contract finalization with Litify, Inc., authorize Citizens to contract with Computer Sciences Corporation dba DXC Technology Services for an initial term of ten (10) years plus the option to renew for up to an additional ten (10) years, for an amount not to exceed \$25,000,000, as set forth in this Action Item; and</li><li>c) Authorize staff to take any appropriate or necessary action consistent with this Action Item.</li></ul>

## Enterprise Litigation Management System

<b>Board Recommendation from Committee</b>	If approved at its June 8, 2023 meeting, the Claims Committee recommends that the Board of Governors:  a) Authorize Citizens to contract with Litify, Inc. (together with the implementation Vendor CGI) for an initial term of ten (10) years plus the option to renew for up to an additional ten (10) years, for an amount not to exceed \$25,000,000, as set forth in this Enterprise Litigation Management System Action Item;  b) If Citizens is unable to reach contract finalization with Litify, Inc., authorize Citizens to contract with Computer Sciences Corporation dba DXC Technology Services for an initial term of ten (10) years plus the option to renew for up to an additional ten (10) years, for an amount not to exceed \$25,000,000, as set forth in this Action Item; and  c) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
<b>Contacts</b>	Jay Adams, Chief Claims Officer