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How Aclaimant Empowers Companies To Become Better Risks While Protecting Their Employees

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CEOCFO: *Mr. Wald, what is the concept behind Aclaimant?*

Mr. Wald: The thesis and premise behind Aclaimant is simply that most companies big and small do not have a strong enough grasp on how they can control risk in their business. By that what we mean is the cost of their insurance, the claims under their insurance, the amount of risk and process associated with managing things that can go wrong in their business. We feel that every business out there has an opportunity to do a significantly better job of controlling those costs if they had a partner and platform that could show them how and that is why we exist.

CEOCFO: *Are most companies aware they could be doing a better job or is it just not on the forefront of most people's radar?*

Mr. Wald: If you had asked me that question about five years ago, it was item five to ten on most CFOs lists, especially with how the world has changed in the past five years and that is everything from all the natural disasters that have happened, the changes in our lives especially in the past handful of months. Making sure that you have enough insurance to cover your costs is now a top three item on most CFO lists especially.

We are finding in some states and in some cases, certain businesses are actually unable to profitably function in certain states because the amount of risk and the amount of insurance they have to actually have in order to get something done is almost bigger than the amount of money they can make in those places. We find in some areas; construction could have insurance mismanagement costs upwards of 13% of total construction value. We have seen things like home health franchises being unable to operate in places like California because they cannot control the risk that they are taking on in those places to make the insurance costs something they can profitably support.

It has always been in peoples' minds, but with the way the world has changed, it is becoming a significantly greater part of peoples' mind share, and a greater opportunity that now forward-thinking operators are starting to embrace as a way to differentiate it competitively and create profitability relative to their peers.

CEOCFO: *How does Aclaimant help?*

Mr. Wald: The core of Aclaimant, if you were to get technical, is that we are a workflow solution that delivers insights to people that are helping to manage safety and risk. In plain English, the peoples whose job it is to keep companies safe, the

employees, the assets, the vehicles, the customers who are coming aboard and the people's whose job it is to deal with the things that go wrong; someone slips and falls, or crashes the company car; those two groups tend to live in a relatively manual existence. Most companies have these groups doing paper checklist, Fax machines, scanner, trying to manage a problem that exists at every site across every state for all of time in kind of a fluid regulatory environment that influences hundreds of thousands or millions or tens of millions of dollars in insurance costs, and they are asking people to do it in a spreadsheet that lives in one person's computer.

Our basic philosophy was if you could help people connect everybody in their organization, if you could make it really easy for anyone who is involved in this process from a supervisor at a job site to a store manager at a restaurant, to a branch manager of a staffing firm, to know what their role in this complex dynamic process is, then you could help people get more information more quickly and make better decisions, fight fraud, keep people safer and ultimately help drive down unnecessary costs and time-wasting, by putting everything into a streamlined digital tool. Our basic delivery is the idea that you can take what is a complex, multi-faceted, highly regulated, ever-changing process and put it into a tool almost like Turbo Tax for risk management, to allow everyone to know what to do, when to do it and never miss a deadline or a filing, always know what is happening, making better decisions and helping people do better things so companies can control their costs from the inside-out.

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CEOCFO: *Where were the biggest challenges in putting this together?*

Mr. Wald: It is twofold. The first was, if you think about the businesses historically that have the greatest amount of risk and claim spend and insurance on their business, it tends to be businesses that look more like blue collar. They are the ones that have forklifts moving, machines operating, people who are lifting whether it is a warehouse or construction site, or a restaurant, you name it. The more people are doing, the more things go wrong, the greater the insurance costs. Historically in terms of adoption, blue collar industries have tended to lag in terms of technology adoption. Trying to sell it to a tech company is probably a lot easier than getting a system implemented, as opposed to trying to sell into a construction firm. I think the first thing we actually faced early on, when we start our business in 2014, was waiting almost for the industries to catch up to the concepts we were working on.

About two years ago or so we really hit our stride. A lot of that had to do with the general acceptance that a bunch of back-office systems are now being asked to live inside of a system somewhere and we are seeing that almost top to bottom across every industry. There is kind of this digital mandate that every system or every process should live in a system. This is an incredibly nuanced, highly rule based and process-oriented system. For the first three or four years of doing this, we actually had to relearn how people did risk management at a grander level. We had a lot of people who had great depth in this space. You had to figure out how to break apart the processes that people did day-to-day, put them back into a system that allowed them to still accomplish all the things they had to do, while still doing it in a way that they were comfortable with. That was probably the biggest challenge.

Through years of trial and error and some very forgiving and generous early customers, we had a gotten to the point where we could show up to a customer in the Fortune 50 or one with fifty employees, and both of them would say "well, here is what I do," and we would say "perfect" and that is exactly how it fits, where you are comfortable and it mirrors your process closely. Mapping the process and technology and making sure it was a seamless handoff, versus saying that here is a system, use it, was the big challenge we faced early on.

CEOCFO: *What is involved in an implementation?*

Mr. Wald: It depends on what we are doing. We have a COVID-19 offering that we rolled out over the past two or three months. I am helping people reopen and stay open. Those offerings that are out-of-the-box template is basically where we turn it on, send them a login, and they can use it and read how-to guides and videos, ask questions, that is the most simple. Our more core offering where we are trying to take people's safety and risk process into our universe, involves about a 90-

120 day process during which we will spend time first understanding how they do business today, what happens when someone gets hurt, what insurance carriers you are working with, we will take that information and go ahead and map it into our system. Once it is all setup we will hop back in and begin to test it and validate that it works, and at that point they are good to go.

One of the key things we feel strongly about is there are far too many people that force customers to both learn how to setup their system and then learn how to use their system. We would rather spend much more time getting people into the system that works the way they want it to work, so we do not have to actually force them to become both a programmer and a user, let our team make sure it works for you and then they can focus on getting the most value they possibly can out of helping us help them become a better risk.

CEOCFO: *Today, when everything, including regulation is so fluid, how can you be as up-to-the-minute as possible?*

Mr. Wald: When we went back to the very beginning, one of the decisions that we made early on was that we did not want to build this as here-is-a-form-and-you-do-it-in-the-system; where we are building things that are etched in stone. Instead we took a different approach, which is actually paying dividends today, which is that we designed this today to be a highly configurable, workflow engine. A lot of what we built are tools that are specialized for safety and risk management that are effectively highly malleable building blocks, that can be quickly adjusted on the fly. Some customers can actually hop on the system and if they want to add an option, so they say "master not requires," and it can be done literally in seconds.

For us to go from nothing to COVID offering, with about four weeks of which three weeks we were trying to figure out what to do; two days of setting up in the system and then the rest of the time we were testing to make sure it worked the right way. A great deal of what I think is innovation in doing it, is creating a system that is designed to be one that can be configured and adjusted very rapidly but feels stable enough and has enough consistency to work for all the nuances and complexities in this space.

CEOCFO: *Would you tell us about your recent funding?*

Mr. Wald: We raised our very first round in 2017 from a group called Royal Street Ventures, based in Park City, Utah. We were always waiting for the right time to announce and never found the right time. The Series A we are very excited about. The back half of last year we really hit our stride in a powerful way. For years we had felt we were onto a real pain point and had big customers and industry leaders in this space and insurance and third-party administrators, insurance carriers and brokers, as well as big companies who were saying, "Hey this is different and better, and helps me solve a real problem." We started to see people going from telling us how great it was and how excited they were and how much they liked it, now starting to see that reflected in the sales, partnerships and velocity of what we were doing. I think that all came to a head at the end of last year and it put us in the position to be very forceful and go and get a Series A completed by a group called Mercury Fund based in Ann Arbor and Texas, who had the specialization in both enterprise software and operational efficiency of SaaS companies. It has a deep bench of relevant subject matter experts both in our space and for helping us grow a smart business.

We had an opportunity and were talking to them since 2017, to bring them in to our task table, to provide us with enough capital to grow. We were rounded out by a great syndicate of both existing investors that included the team at RRE and KEC Ventures, as well as new capital from the team over at Aspen Venture Group, based out of Florida. The combination gave us the industry expertise and depth, the connectivity to customers and insights, with people that have been around the block long enough to help us through the pitfalls that are very common in SaaS companies.

In terms of using this, we felt like getting to this point was proving the model and proving there was scalability here. I think everyone that is now in the fold with us recognizes that our next challenge is scaling. We have already seen early signs of a great scaling opportunity. This money is going to help us do two things, one is going faster and the other is do better. By that, we mean that half the money will probably be used for helping us reach a broader audience in our market, so marketing partnership business development. The other half will be used to helping us improve the awesomeness of what we are doing and building out a better and smarter product so investment and development and product user experience, data, as well as bringing in key subject matter experts to help us bring more of that best in class know-how in house, and people who are former risk managers, people who are former big insurance buyers or people who have experience in this space

are all key assets. We have to make sure our product doesn't just do good things but also has key knowledge built in so people who use it can actually get smarter and learn things along the way.

CEOCFO: *How are you reaching out to potential customers? How would a company find you if they did not know Aclaimant?*

Mr. Wald: When people are looking for insight-driven workflow solution, and that is kind of the moniker we have branded as ourselves. It does branch out to a couple of other categories that are nearby, such as EHS (Environmental, Health, Safety) Systems, GRC (Governance, Risk and Compliance) Systems, RMIS (Risk Management Information) systems, are probably the three big categories, as well as claims management, I think those are the four close categories that people tend to look for where we show up. We feel like there is a distinct use-case that we can solve which is one primarily focused around helping people actually do the work in a better way versus just doing claims management or doing safety in a specific bucket. From our perspective, when people are finding us it tends to be either that they are Googling terms like, "How can I find an instant management system, how can I find a safety audit system, or how can I control my workers compensation cost." They may also be talking to a partner who is already aware of us; a broker, an agent, a carrier or CPA. We have been around long enough for people to know who we are and what we are capable of. We also have referral business coming from people who know what we do, appreciate it and are able to recommend us to people who are at a key point in their customer journey.