



Dear Members,

In a letter dated January 7, 2015, the Automotive Retailers Association (ARA) on behalf of the industry outlined its concerns about the impact of ICBC's selection of a new estimating system. As a key stakeholder, the ARA was not consulted for an opinion related to any of the effects this change may have on industry. It is unfortunate that ICBC did not utilize the expertise of the ARA and its association members. As a result, we (the ARA and industry) were left with significant concerns regarding the potential impact of this decision on industry, and ultimately, the rationale for the company's selection.

In our initial response we identified we were unable to either endorse or support the decision to utilize Mitchell. What we do know is that undoubtedly the switch will come at a significant cost. It's clear that industry is comfortable using Audatex, and the company provides excellent support. Much of our industry has built their own IT platforms around this system that has been in use for many years. Mitchell may well have a good system, but frankly there are far too many unanswered questions and too little communication from ICBC on a topic that has very real cost and efficiency implications for this industry.

Within our initial response we requested a meeting between ICBC and the Collision Repair Division of the ARA who represent a large portion of the collision industry. ICBC's response to our meeting request was denied, citing concerns around ongoing negotiations and potential freedom of information requests. ICBC has instead requested a comprehensive list from the ARA of all our concerns that will enable ICBC to respond appropriately.

We hope that moving forward ICBC will recognize the value of having meaningful dialogue with the ARA and our association members on business decisions that directly involve our industry. Unfortunately, in this case, we were not consulted, which has created great uncertainty for those in industry. The ARA pointed out that we could easily have offered support towards messaging to our membership around the implementation of the selected estimating platform. As the ARA is neither partnered with Audatex nor Mitchell, but rather with ICBC this would have demonstrated the partnership that ICBC often references, and ultimately eased implementation within industry for ICBC.

On January 14, 2015 the ARA provided ICBC with the following list. We have asked that before ICBC enter into any final decision or contract that the ARA receive a response to the following concerns;

1. Was any consideration given to the cost-impact on the collision industry as a result of a shift to an alternative estimating platform?
 - 1.1. What cost-impacts are anticipated to industry for technical integration between shop management/accounting systems and Mitchell systems?
 - 1.2. Will any of these cost factors be assumed (in full or partially) by ICBC? If so, which?
 - 1.3. Was a time-study completed comparing the two estimating systems? Was there a difference in overall labour times between the two estimating systems? If so, what are those results?
 - 1.4. Is the new estimating system going to impact other areas of the automotive industry (i.e. glass handling on Express Glass facilities; parts availability through recyclers)?
 - 1.5. As a result of this change in estimating platform, are there any costs that industry is expected to absorb? If so, what are those costs, and for what?
 - 1.6. Are there other costs anticipated by ICBC that may impact industry that we should be made aware of (i.e. license agreements)?
 - 1.7. Has any analysis been completed related to how a change in the estimating platform may impact the profitability of the industry? If not, and in absence of rate negotiations, it is imperative that industry not be expected to absorb any shortfalls.

2. What will happen to the continuity of the KPIs ICBC is using to measure shop performance?
 - 2.1. Will KPIs be modified as a result?
 - 2.2. If so, are there plans to involve industry in the development of those KPIs?
3. What new trend reports will be available to industry in the assessment of KPIs?
4. Has any consideration been given to the impact on customer service? A change of this magnitude will take time to transition into seamless service to the customer. How will this also impact KPIs (i.e. lapse days may be impacted as it will take longer to process estimates while ICBC and industry transition to a new system)?
5. What happens to industry members that currently have contracts with Audatex? Will there be adequate time to provide notice to depart these agreements? If not, will there be compensation to cover these costs?
6. There are industry concerns around ICBC estimating staff's reluctance to adapt to more change, and frankly, to be forgiving of errors that are made as the industry gets up to speed with this new platform. This issue could create havoc for an already concerned industry about the application of category "B" infractions, and the impact this has will have on the profitability of the industry. What measures are being taken by ICBC to ensure the following:
 - 6.1. Change management plans for both industry and staff are in place.
 - 6.2. Built in transition time to allow the industry to become proficient with the new estimating platform.
 - 6.3. Changes to the Express Program to allow for forgiveness as industry transitions to the new system.
7. Will there be a moratorium on Business Reviews while this transition takes place?
8. Will the system implemented be the latest version of their estimating platform?
9. Will the system be an off-the-shelf system with no "manual" edits to impose made-in-B.C. solutions (i.e. will we be using system-generated times for the completion of wheel alignment and/or aiming head lights)?
10. Will the new estimating platform continue to utilize the Allied Information system for recycled parts location?
 - 10.1. If not, what system will replace it?
 - 10.2. If the system is replaced, what cost factors might the auto recyclers experience?
 - 10.3. Will any of this cost be absorbed by ICBC, and if so, how much?
 - 10.4. Will training be provided to the recyclers for any changes anticipated?
11. Will this new estimating platform allow the implementation of a windshield repair program?
12. Will this new estimating platform allow for direct payment of repairs?
13. What is the role-out plan and schedule for implementation? Will there be a phased-in approach? If so, what is the anticipated time-frame and implementation plan?
14. Are all training costs related to the implementation of the new estimating system being covered by ICBC? If not, which costs are covered, and which are not?
15. Will training be provided around the province, or is there an expectation that some communities will be required to send personnel for training?

Considering ICBC is currently in discussion with one of the software providers, we have requested a response to our questions and concerns before ICBC makes its final selection. We will continue to keep our members informed as information is made available to us.

Sincerely,

David Ribeiro
Director, Industry Relations ARA