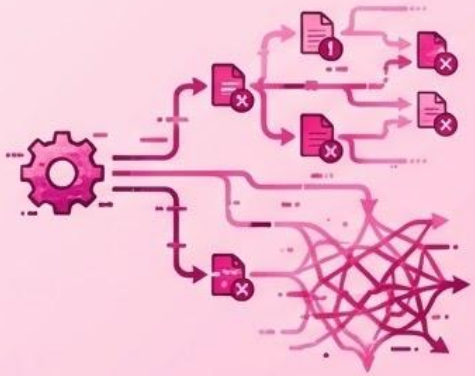
Table of Contents – Third-Party Vendor Insight: Vendor Constraints vs In-House AI Workflows

VENDOR CONSTRAINTS

EARLY ERROR PROPAGATION



Errors introduced early propagate downstream, multiplying issues and cost

INCREASED MANUAL HANDLING & RISK

Increased manual intervention raises risk exposure and likelihood of human error

SYSTEM TRUST EROSION & SLOWER THROUGHPUT

System trust erosion leads to slower throughput and operational delays

PROBLEM SIGNAL

LOW DATA PULL SUCCESS

UPLOAD FRICTION & CONFUSION

SECURITY RISKS & DELAYS

LOW DATA PULL SUCCESS

Low success rate pulling data directly from carriers. Only 25-35% of claims have correct insurance information.

UPLOAD FRICTION & CONFUSION

Users struggle to upload data, leading to multiple claims and guests appearing across unrelated claims.

SECURITY RISKS & DELAYS

Incorrect claim flagging from multiple uploads causes security concerns and delays in clearing the Third-Party Vendor channel.

- Repeated claim anomalies
- Cross-claim data contamination
- High rework volume
- Manual intervention increasing over time

OBSERVED FRICTION

USER ANXIETY & EXTERNAL RELIANCE

Users rely on external notes and screenshots to confirm accuracy, double-checking constantly.

HIGH COGNITIVE LOAD

Significant mental effort required to validate claim context across fragmented information.

UNCERTAINTY & HESITATION

Fear of error causes hesitation before advancing claims, slowing the process.

Third-Party = Rigid

Inflexible Workflows

Workflow rules cannot be easily modified to reflect edge cases. As they tend to have their software be a one size fits all, when that is typically not the case; as each client has their own unique system that needs to interface with the same software.

Slow Adjustments

Adjustments require vendor timelines, not operational urgency.

Limited Influence

Smaller customers lack roadmap influence compared to larger clients.

Engineer-Centric Design

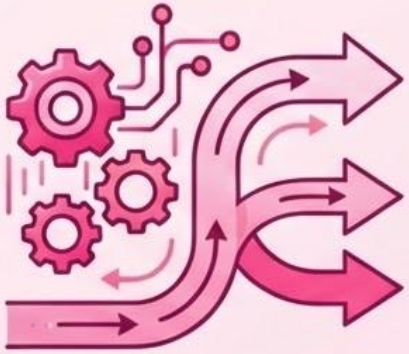
Often times, software engineers do not utilize the everyday person when creating dummy accounts and beta playgrounds to see how easy and functional the software is before launching. They tend to use other tech savvy users that assume that the interface is user friendly, because it is easy for them to navigate.

Security & Data Integrity Risk (Early Workflow Placement)

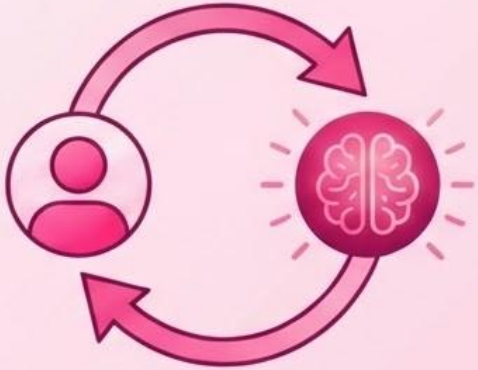
Context leakage across claims suggests insufficient isolation at intake stage
Late-stage detection increases exposure window

Earlier validation could reduce:

Why In-House Insight Layers Reduce Friction



Internal systems can be tuned to evolving workflows



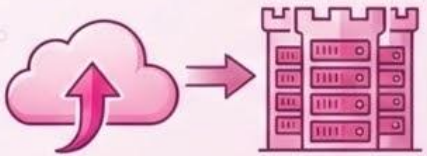
Faster feedback loops between users and system logic

Reduced dependency on vendor change cycles

Case Studies: In-House Control vs Vendor Dependency

Reduced dependency on vendor change cycles

Dropbox — Cost + Control



"Dropbox reduced dependency on a major vendor and reported **~$74.6M operating cost reduction** over two years after shifting large-scale storage to in-house infrastructure."

37signals — Reliability + Spend Reduction

"37signals reported **major spend reductions** and projected **$10M+ savings** over five years after exiting public cloud—paired with improved control over performance/capacity decisions."

Industry Logic — Build vs Buy (Insurance Relevance)

"In P&C insurance, modernization value is typically measured in **efficiency gains, IT-cost reduction, customer experience**, and **ecosystem connectivity**—factors that can be constrained by vendor rigidity depending on operating model."

- Large-scale organizations report measurable cost savings after internalizing core systems
- Increased reliability and faster iteration cycles
- Reduced dependency on vendor prioritization models

Contextualized Engineering: Preventing Junk Data at the Source

Key Point

In-house AI workflows using **contextualized engineering** (schemas, validation rules) can eliminate invalid user inputs ***before*** they enter the system—reducing misinformation and downstream risk.

Why This Matters

- **User-entered data** is a primary source of workflow errors
- **Generic vendor systems** accept "plausible but invalid" inputs
- Errors introduced early propagate across claims and systems

Persia's Rad Rides Example

- Persia's Rad Rides claim numbers are exactly 6 digits
- **Third-party platforms:**
  - Lack client-specific context
  - Are unlikely to change validation logic for a single customer
- **Result:** invalid claim numbers → cross-claim contamination → manual rework

In-House Advantage

- **Schema-enforced inputs** reject invalid formats immediately
- **Real-time guidance** corrects errors at entry
- Junk data never enters downstream workflows

Outcome

- Higher first-pass accuracy
- Reduced cross-claim contamination
- Lower operational and correction costs

Strategic Takeaway: Early, context-aware validation is a data integrity and risk mitigation strategy, not just a UX improvement.