CELENT

OLIVER WYMAN

CLAIMS SYSTEMS VENDORS

EMEA P&C INSURANCE

Craig Beattie
October 2017

OLIVER WYMAN

CONTENTS

EXECUTIVE SUMMARY

KEY RESEARCH QUESTIONS

1
Who are the vendors in EMEA offering core claim systems?

2
What are the key capabilities of a modern core claim system?

3
Which systems win Celent's EMEA ABCD Awards?

This report provides an overview of the claims administration systems available in EMEA for general insurers, non-life insurers and property and casualty insurers. The report profiles 17 core claims solutions providing an overview of the functionality, the customer base, lines of business supported, the technology, implementation, pricing, and support. Some solutions qualified for profiles that include customer references and a Celent opinion of the solution. These solutions are also ranked in the ABCD Vendor View. Some solutions did not qualify to be ranked in the ABCD Vendor View, and those profiles do not include a customer reference or a Celent opinion.

Key Research Question

1

Who are the vendors in EMEA by line of business?

Seventeen vendors offering 17 solutions are presented in the profiles in this report.

The following vendors are included in this report: 1insurer; Adacta Group; Comarch S.A.; Diasoft; Duck Creek Technologies LLC; DXC; Fadata; Guidewire Software Inc; Hubio Enterprise Insurance; Keylane B.V.; Majesco; NITL; Prima Solutions; SAP SE; Sequel Business Solutions; Tata Consultancy Services; and TIA Technology A/S.

INTRODUCTION

Few carriers are doing nothing when it comes to claims. More than half are engaged in some level of replacement of the claims admin system in the current year. The reasons for such activity are plentiful. Legacy claims systems are aging, which means that they are expensive to maintain. Older systems generally are much less flexible than modern systems, with robust configuration environments. Business rules are regularly embedded in code, which reduces a carrier's agility in making changes rapidly. They often are decoupled from policy or customer systems, so accessing and aggregating data across these systems can be difficult. They were designed to focus on managing the financial aspects of claims, not the customer service aspects. It's also getting harder to find resources that can or want to work on older technology.

Meanwhile, carriers replacing core claims systems are trying to achieve multiple goals. Insurers' corporate objectives fall into three broad categories.

- Getting bigger by growing the top line.
- Getting leaner through higher productivity and expense control.
- Getting smarter by correctly pricing risks, making better underwriting decisions, and adjusting claims more accurately.

Selecting and implementing a new core claim system can contribute to the achievement of all three objectives.

GETTING BIGGER

Reinforce Positive Market Position. Through workflow and rules, and better management information, a modern claims system will minimize the probability of an insurer running into serious (i.e., lead story on the evening news) compliance difficulties. More broadly, the same tools enable an insurer to deliver on its claim-related market positioning.

Policyholder retention. A policyholder who feels that a claim was handled quickly and fairly is a policyholder who is much more likely to renew. Using business rules and automated document generation, a carrier can deliver consistent communications which can reinforce a relationship and reduce inbound calls with questions.

Producer satisfaction. A producer who believes Insurance Company A does a great job at handling claims — while Insurance Company B is mediocre — will over time place and keep much more business with Insurance Company A.

GETTING LEANER

Claims adjuster productivity. Modern intuitive user interfaces are important for a number of reasons. The key is an easy-to-navigate adjuster desktop with immediate access in digital form to all relevant data and information. The easier it is to navigate, the more operational efficiencies are gained. Claims managers (and claims auditors) have access to reports and metrics to identify where performance needs improvement, or to determine levels of claims leakage. Managers also have the ability to drill down to any aspect of any claim.

Carriers also want to be able to rapidly onboard new desk adjusters and field estimators — especially in a cat situation, when employees from a variety of roles throughout the company may be called up on to take FNOL A modern intuitive UI is seen as key to

attract a new generation that won't put up with a clunky system. All these features result in reducing expenses, improving decision-making, and ultimately reducing loss costs.

Task automation. When specific tasks (such as accessing external data or generating forms and correspondence) are automated, an adjuster's time is focused on the remaining tasks and decisions. (True straight-through processing of an entire claim is still limited to relatively minor property losses; e.g., damaged windshields.) Carriers look to automate the communications process, to alert adjusters when actions need to be taken, and to prompt staff with specific actions that may be needed when events occur. Building in consistency improves the carrier's ability to operate in a regulatory sound manner and reduces exposures to market conduct exam fines. Emerging insurtech solutions such as robotic process automation and machine learning-driven determination of the next best action are also increasing efficiency.

Self-service. The principle is to give participants in the claim process the ability to provide information, check status, and receive information, etc. without direct contact with an adjuster. Participants could be claimants, producers, auto repair shops, or attorneys. The result is giving an adjuster more time for value-adding activities. An emerging trend is to allow an auto physical damage claimant to jump-start the estimating process by taking photos or videos with a smartphone.

Technology Flexibility. Highly configurable environments allow carriers to rapidly modify business rules, or change workflows, or add product types. Flexibility is a key driver of the choice of claims admin systems. Modern systems simplify the process of adding and managing data. The increased data accessibility is a highly valued capability of modern systems.

GETTING SMARTER

More Accurate Reserves. The accuracy of an insurer's financial statements depends on the accuracy of its reserves. The adjuster is on the front line in this process. Modern claim systems can automate the setting of certain reserves, provide guidance to an adjuster by suggesting a default range, and allow claims managers and executives to more easily monitor specific reserves by adjuster, by claim, and by line.

Rules-Driven Decisions and Workflow-Driven Processes. Through workflow and rules, a new core claims system gives claims adjusters much improved tools to make the right decisions and take the right actions. Utilizing the built-in workflow tools that are inherent with most modern system, carriers are implementing consistent workflows and processes across the organization. This allows them to improve productivity and reduce the internal expenses. The combination of business rules and automated workflow allows them to operationalize predictive models by generating tasks when certain claim characteristics exist, or when specific events occur. Routing claims to the appropriate level of adjuster based on the complexity or the coverages of the claim results in improved outcomes. The flexibility of the workflow tools is highly important to carriers that want to be able to customize special handling processes for certain claim types or customer types. In addition to improving productivity, consistency in processing improves customer service.

Faster Repair. One of the fundamental determinants of the quality of a claimant's experience is how quickly the claimant (or their automobile, building, or business) returns to its pre-loss state. For many types of losses, faster settlement is less expensive settlement. Modern claim systems' ease of use, task automation, and enhanced communication options all reduce cycle times.

Less Leakage. Claim leakage is defined as paying too much (or in theory too little) to settle a claim. Using technology to manage aggregate erosion, deductible collections, and subrogation can assure carriers are paying fairly for a claim while managing leakage.

CORE CLAIMS SYSTEMS: DEFINITION AND FUNCTIONALITY

What are the key capabilities of a modern core claim system?

Gather and process information regarding the underlying policy and coverages, the claim, and the claimant. Evaluate and analyze the circumstances of the claim. Make decisions and take actions including payment. Execute transactions and preserve a record.

DEFINITION

A core claims system is a transaction-enabled system of record that an adjuster or claims handler (or an automated process) uses to:

- Gather and process information regarding the underlying policy and coverages, the claim, and the claimant.
- Evaluate and analyze the circumstances of the claim
- Make decisions and take actions including payment.
- Execute transactions and preserve a record.

A core claims system does these things over the entire lifecycle of a claim: first notice of loss through final settlement and closing the active claim file. A claims system typically integrates with policy administration systems to support coverage verification and to provide information back to the underwriter for ongoing decision-making. It integrates to a general ledger, and often to a disbursements solution. Claims systems that do not include document creation, document management, reinsurance, and reporting typically integrate to those systems. Additionally, claims systems may integrate to a CRM solution, a wide variety of third party data services, and a wide variety of additional third party applications to support capabilities such as estimatics, bill review, and sophisticated analytics. Most solutions also support EDI requirements for FROI/SROI, CMS reporting, or other requirements based on jurisdiction. There is increasing interest in providing claim information back to the policy record for use in underwriting renewals.

For the purposes of analyzing solutions, Celent makes the distinction between basic, advanced, and technical functionality, as explained below.

BASIC FUNCTIONALITY

All modern core claims systems provide basic functionality for the most standard tasks an adjuster performs.

First Notice of Loss / First Report of Injury (FNOL/FROI). This is the start of the claims process. The solution typically has a data input mechanism to gather information about the claim. Many solutions provide dynamic questions, which allows for a more streamlined approach to the user interface, only presenting questions when they are

needed. Some solutions provide a sidebar or overlay that includes a script for a claims intake representative to help guide a consistent claims experience. Many solutions include the capability for extending the FNOL intake mechanism to a portal with a simplified interface for a claimant. Some also provide mobile intake mechanisms. Integration to a policy administration system allows some coverage verification to occur during the FNOL/FROI. Some solutions use this integration to prefill information for the FNOL/FROI. Some claims solutions allow a carrier to open a claim without a policy in force; others require the policy to be in force.

Scoring and Alerts. Many solutions include the capability to handle some type of scoring in the background. Some do this by explicitly identifying claims characteristics and assigning points. When the total points exceed a threshold, an alert is created. Alerts are typically used when some kind of special handling is needed, either because of potential fraud or due to the complexity of the claim. This scoring mechanism is often a key aspect of how a carrier begins to operationalize a predictive model. Solutions that do not have explicit scoring mechanisms can often accomplish a similar capability by using business rules.

Claims Assignment. While many carriers still assign claims manually, more and more carriers are looking for automated support in the assignment process. Solutions handle claims assignment in a variety of ways. Look for the ability to assign claims either using a round-robin capability, or to assign to specific individuals. Some solutions can assign a claim very granularly, based on line of business, claim complexity, geography, and workload. Most systems allow multiple adjusters to be assigned to work on a single claim handling different suffixes or subclaims. Carriers also look for capabilities for manual assignment or reassignment for both bulk transactions or single claims or suffixes/subclaims.

Reserves. All claims solutions provide the capability for setting and changing reserves. Areas of variation include the level of granularity and hierarchy of reserve setting. Typically, those that provide limited levels of reserves do provide more granularity for the actual payments, allowing carriers to analyze spending. Some systems allow for automatic reserve setting. Most of those that support automatic reserves do so using a table. A carrier can pre-identify certain claim types and populate a table with the reserve type and amount. Some solutions can calculate a reserve dynamically using business rules based on specific claim characteristics. Look for the ability to not only change the total reserve amount, but to add a specific reserve change amount (e.g., either add $5K to the current reserve, or change the total reserve to $25K). Some solutions do a nice job of aggregate tracking to monitor the erosion of policy limits. Many but not all also include deductible tracking, both for small deductibles and self-insured retentions. For workers compensation, look for tools that tie reserves to jurisdictional rate and wage calculations. Some solutions include reserve worksheets that assist adjusters in calculating the appropriate reserve.

Payments. All claims solutions provide the capability for creating payments. However, there is a wide variation in the functionality across solutions. Typically, the payment functionality includes an authority verification, confirmation against reserve limits, and integration to a third party payments module to print checks. Some are tightly linked to the reserve process and allow reserves to be changed at the same time the payment is being made. Others require that the adjuster exit the payment process, increase the reserve, and then return to issue the payment. Many, but not all solutions support split payments, multiparty payments, and recurring payments. Those with recurring payments may allow for temporary payment suspension, the ability to easily change payment dates, and automated holiday calculations. Some solutions allow bulk payments by specifying that preference at the vendor level. Others handle bulk payments by requiring each payment be manually marked as bulk. Some solutions allow payments to be made against closed claims, such as expenses. Others do not support this functionality.

Recoveries. Subrogation and salvage are functions performed by all carriers. However, there is wide variation in how software solutions handle these functions. Some solutions have specific modules with separate workspaces, workflows, calendaring, and even analytical tools to help score and evaluate demand strategies and percent at fault. Other solutions assume the carrier will set subrogation up as a separate set of workflows within the existing functionality. Some solutions permit reserving for recoveries; others allow the carrier to set up an expected recovery, but it does not actually hit the reserves. Some solutions provide none of the above.

Vendor Management. While all solutions allow carriers to track contact information for vendors, most also include tracking banking information and 1099 data. Some solutions also include scoring mechanisms to rate and rank vendors. Some include integration to vendor scheduling tools to allow a claims intake coordinator to identify nearby vendors and schedule services at the time of FNOL. Some solutions include readymade portals for vendors to manage their own information, and some allow vendors to manage their own payments.

Adjuster Desktop. A wide variety of tools are available to help the adjuster manage their workload. Adjuster desktops typically include an area where open claims and assigned tasks are easily found. User interfaces can vary widely but often include features such as the ability to sort by clicking on columns, to filter columns, and to drag and drop and rearrange columns. All solutions include search, but some include sounds-like search, partial word search, Boolean search, or wildcards. Most systems allow adjusters to create manual diaries, tasks, and notes. Many are integrated with email allowing an adjuster to send an email from the desktop. Many include a claim summary that contains the most important information about a claim and is available at a glance from any location within the claim. Some solutions allow the adjuster to customize their own workspace, choosing which modules they want displayed, selecting a color scheme, or adding links to commonly used third party websites. Other capabilities such as configurable help text, hover-overs, and wizards can help an adjuster easily navigate through the task.

Document Creation and Management. Most of the solutions include some sort of correspondence or forms library for the most common letters and forms. Some also contain a document management capability allowing for storage of internally generated documents and external documents such as photos, videos, and other media. Some integrate to third party solutions to provide additional capabilities. Many systems can automatically generate correspondence or forms using business rules and task generation capabilities. When an event occurs, or the data within a field changes, the solution can automatically create correspondence that can often be delivered using a variety of mechanisms: mail, email or SMS. Look for the level of granularity in indexing forms being created. When a claim file holds hundreds of items, being able to rapidly sort to find the document needed can save time. Look for the ability to search not just the metadata about the document, but also the ability to search within the document.

Supervisory Management Tools. Claims supervisors look for a variety of capabilities to effectively manage the claims department. Some solutions allow for easy reassignment of work: individual tasks, individual claims, or bulk changes. Look for the date-driven capabilities allowing a supervisor to preschedule this change, as some solutions only permit immediate changes. Some solutions allow for temporary reassignment with start and finish dates for events such as vacations. Look for the ability to easily add new employees, and to set and manage authority. Along with authority, look for automated escalation procedures to route claims easily when additional authority is needed. Workload balancing tools are built into the claims assignment routines for some solutions. For others, reports allow supervisors to get a picture of employees' workloads, and key performance indicators. Most solutions include data and time stamps for logging audit trails.

Reporting. Reporting capabilities vary widely across solutions. Virtually all solutions integrate to a third party reporting tool. Some include a third party reporting tool out of the box with the solution. Some solutions use open source reporting tools, and some have in-house built solutions. Most include some level of prebuilt standard reports that can be subscribed to or scheduled. Standard reports typically deliver operational reports, performance measures, and some level of financial reporting. Look for the number of reports included out of the box. Ad hoc capabilities vary widely. Some are quite easy to use, with the ability to drag and drop data elements and build a report very simply. Many include dashboards with graphical views of data, and many of those include drilldown capabilities. Some vendors also provide (typically at additional cost) tools for directing claim data to data stores.

ADVANCED FUNCTIONALITY

In addition to the basic functionality provided by virtually all solutions, carriers often have needs for advanced functionality depending on the complexity of their business, the lines of business they write, or the geographies they write in.

Catastrophe Management. All carriers are subject to catastrophes from a wide variety of perils. Varying levels of support are available. Some solutions support cat management by running reports to identify claims that are likely to be part of a catastrophe. Some support manual tagging of a claim as a cat claim. Some solutions automate the process by allowing carriers to define catastrophes by peril(s), LOB(s), geography, date, or other criteria. The solution can then automatically tag claims that meet those criteria as potential cat claims. Some have geographic mapping of the claim available, typically by integrating with Google maps or Bing maps. Look for the ability to mark a cat with an ISO claim number, or to create a carrier specific number and convert to an ISO claim number if needed.

Reinsurance. Like catastrophe management, systems handle reinsurance in a variety of ways. Most identify claims subject to reinsurance by assuming the carrier will run a report identifying claims subject to reinsurance by specifying a limit or peril. Some allow an adjuster to mark a claim as subject to reinsurance. Occasionally, a solution will provide more ability to define reinsurance contracts and identify claims subject to reinsurance. Tasks related to managing reinsurance, such as notifications and required communications at certain points in a claim, can be handled using business rules and task generation.

Workers Compensation Rehabilitation Management. Functionality specific to workers compensation is not available in every solution. Those that handle workers compensation are more likely to have modules to manage the return to work and rehabilitation programs. These solutions may include features such as the ability to calculate recovery dates, and integration with industry standard duration guidelines and templates for return to work plans including three-point contact.

Medical Case Management. Systems that handle workers compensation are more likely to have robust medical case management tools with features such as tracking diagnoses, medical records, and creating treatment or action plans. Some include access for external parties such as nurse case managers to access the claim. Some feature capabilities such as utilization management, service authorization tools, and bill review — or integration with an insurer's managed care networks (for medical, rehabilitation, drugs, etc.) and bill review solutions. Solutions that do not specialize in workers compensation may still capture injury and medical treatment details. Many support ICD9 and ICD10. CMS reporting is also included in a number of solutions.

Litigation Management. Most solutions offer the ability to mark a claim as being in litigation. Some solutions also offer specific litigation management modules, which may include a separate workspace with a separate set of roles and permissions. These

modules can be quite robust, with the ability to keep a record of the litigation process, statutory dates, venues, demands and offers, and even calculation of potential outcomes. Other key features when it comes to assessing the litigation capabilities include the ability to configure separate workflows, separate permissions and roles, and the ability to easily index large numbers of documents. Some solutions also include bill review tools that allow the carrier to electronically receive, review, modify, and pay legal invoices.

Fraud. Few solutions have robust fraud analytic tools built in although most can integrate to third party solutions. Generally, claims systems handle fraud by using scoring mechanisms, automated alerts, and workflow processing that can route claims to a special investigation unit.

Mobile/Multichannel Access. Almost all solutions are browser-based and so are available via a tablet or mobile device for an adjuster in the field. More and more have been optimized for a mobile device using HTML 5 or responsive design. Many solutions include some level of role-based security that allows separate access and modified user interfaces to be exposed via a portal to an agent or claimant. Some solutions come with mobile applications out of the box meant for a potential claimant to provide their First Notice of Loss including simplified interview questions or wizards and the ability to upload photos.

TECHNICAL FUNCTIONALITY

While assessing features and functionality are a critical step in selecting a claims system, there are a number of technical considerations to be considered as well.

Configuration Tools. A general trend in insurance software is to create tools that allow carriers to do more modifications of the system through configuration tools rather than t through code. The most robust tools allow carriers to easily add data elements, create business rules, modify workflows, create forms, create screens, modify the user interface, and even map interfaces, all using configuration tools. Some tools are extremely intuitive with drag-and-drop and point-and-click capabilities. Others require knowledge of a scripting language to make the changes. Many vendors are moving toward a dual development environment with simplified tools and wizards meant for BAs to make general changes and a more robust environment meant for technical staff to utilize.

Business Rules. Look for the ability to design and execute rules that are separate from the core program code. Carriers should also assess the ability to reuse and share rules. Some solutions include a searchable and version-controlled rules repository. A few solutions offer tools to help carriers conduct impact analysis of the rules or traceability tools to understand how and when rules are being used.

Workflow. Some solutions serve more as data capture tools. Workflow is simulated with screen flow. Other solutions have true workflow capabilities — the ability to automatically generate and assign tasks based on event changes in a claim, time lapse, or data changes in a field. Some of the solutions profiled have the capability to visualize the workflow through graphical depictions. Some have a graphic design environment, with automated background code generation. This means graphical depictions are actionable — clicking on a step allows the carrier to modify that step, or steps can be dragged and dropped to rearrange the sequencing. It is not uncommon for a software vendor to use a third party or open source tool to manage the workflow requirements.

Data. Data is more and more important for carriers, and software vendors are acknowledging this by building in more tools to help carriers with their data needs. Some solutions deliver a certain number of extra fields that users can modify for their own use. More common are configuration tools that allow the easy creation of data elements including the ability to mask data, encrypt data, add context-specific help text, and modify the data model. Self-documenting data dictionaries are available. Some solutions come

with an ODS out of the box and may even include a data warehouse with the appropriate ETL tools. Most solutions are built on an industry standard model such as ACORD.

Security. Often desired is the ability to easily add a new role and define the permissions for that role as well as the ability to easily add an individual to that role. Permissions may simply mean read/write permissions. Some solutions offer access granularity down to the data within the field level. For example, if party type equals carrier employee, limit access to this claim to only those with permission to see employee data.

REPORT METHODOLOGY

ELIGIBILITY FOR INCLUSION

Celent actively reviews vendor systems in the insurance software market. Some solutions qualified for profiles that include customer references and a Celent opinion of the solution. These solutions are also ranked in the ABCD Vendor View.

Celent's ABCD Vendor View analysis is used to highlight those vendors who have attained success selling their systems in EMEA. In general, in order to have a full profile and be included in the ABCD Vendor View grids, a core claims solution had to have:

- At least one new sale to one new customer within the last 24 months in EMEA.
- At least three live insurance company customers in EMEA.
- Completed reference surveys by at least three live insurance company reference customers.

There are 8 solutions that meet these criteria and are included in this report with full profiles.

Even if a vendor is not included in the ABCD Vendor View, Celent provides a system profile to introduce new or emerging entrants to the market as well as rearchitected products. Solutions that did not qualify to be ranked in the ABCD Vendor View do not include a customer reference or a Celent opinion.

There are 9 solutions that meet these criteria and are included in this report but are not included in the ABCD Vendor View grids.

EVALUATION PROCESS

Celent sent a detailed request for information to a broad set of core claims system vendors. After completing the RFIs, each eligible vendor provided a briefing and demo for Celent concentrating on usability and functionality for everyday users, as well as configurability for IT and system administration users.

Celent also asked the references provided by each vendor to complete a survey and/or to be interviewed to obtain their view of the system's business and technology value.

The RFIs and the reference surveys and interviews provided quantitative and qualitative data, much of which is included in this report. Vendors had an opportunity to review their profiles for factual accuracy and to provide their own perspectives, but were not permitted to influence the evaluation. Some of the vendors profiled in this report are Celent clients, and some are not. No preference was given to Celent clients for either inclusion in the report or in the subsequent evaluations.

TIMING OF THIS REPORT

This report met a number of challenges in being published, as a result it is worth noting the timing of some of the activities.

The original RFI data was collected in the second half of 2016. Most of the customer feedback was collected in the fourth quarter of 2016 with a few in early 2017. The vendors were given the opportunity to update some of the figures in their profiles in May 2017.

The early capture of the customer feedback is reflected in some of the solutions that are relatively new such as the solution from Sequel Business Solutions. Also note that Sequel was acquired in during the publishing of this report.

CELENT'S ABCD VENDOR VIEW AND THE XCELENT AWARDS

Celent has developed a framework for evaluating vendors. This is a standard representation of a vendor marketplace designed to show at a glance the relative positions of each vendor in four categories: **A**dvanced and agile technology, **B**readth of functionality, **C**ustomer base (i.e., relative number of customers), and **D**epth of client services. The Celent Vendor View shows relative positions of each solution evaluated, and does not reflect an abstract evaluation. Each vendor solution is judged relative to the others in the group.

While this is a standard tool that Celent uses across vendor reports in many different areas, each report will define each category slightly differently. For this report, some of the factors used to evaluate each vendor are listed in Table 1. Celent's view of the relative importance of each factor, and of the solution's and vendor's capabilities also contributes to the final rating.

Table 1: ABCD Rating Factors

CATEGORY	FACTORS INCLUDED
ADVANCED AND AGILE TECHNOLOGY	• The underlying architecture • The configurability of the solution • Methods to extend or modify the data model • Methods for testing changes • The approach to versioning, and how this influences the development, deployment and rollback of change. • Methods for reuse of definitions and rules • Scalability and support for cloud deployment • Reference comments
BREADTH OF FUNCTIONALITY	• Base, advanced, and additional functionality the base offering • References' view of features and functions. • Quality of UI and ease of use for adjusters • Power and ease of use of rules, workflow, product configuration, and document management capabilities. • Number of deployments for various personal and commercial lines of business.
CUSTOMER BASE	• Number of customers in EMEA in various tiers, and using various versions. • Number of customers in EMEA in implementation.
DEPTH OF CUSTOMER SERVICE	• Number of professional services staff • References' views of quality and timeliness of

|	service request responses, and overall evaluation of professional services capabilities.
	• Celent's view of service capabilities.

The top performers in each of the ABCD dimensions receive a corresponding XCelent Award:

- XCelent Technology for the leading Advanced Technology score.
- XCelent Functionality for the leading Breadth of Functionality score.
- XCelent Customer Base for the leading Customer Base score.
- XCelent Service for the Depth of Service score.

XCELENT TECHNOLOGY AND XCELENT FUNCTIONALITY

Figure 1 positions each vendor along two dimensions: the vertical axis displaying the relative rankings for Advanced Technology and the horizontal axis showing relative Breadth of Functionality rankings.

Figure 1: Advanced Technology and Breadth of Functionality
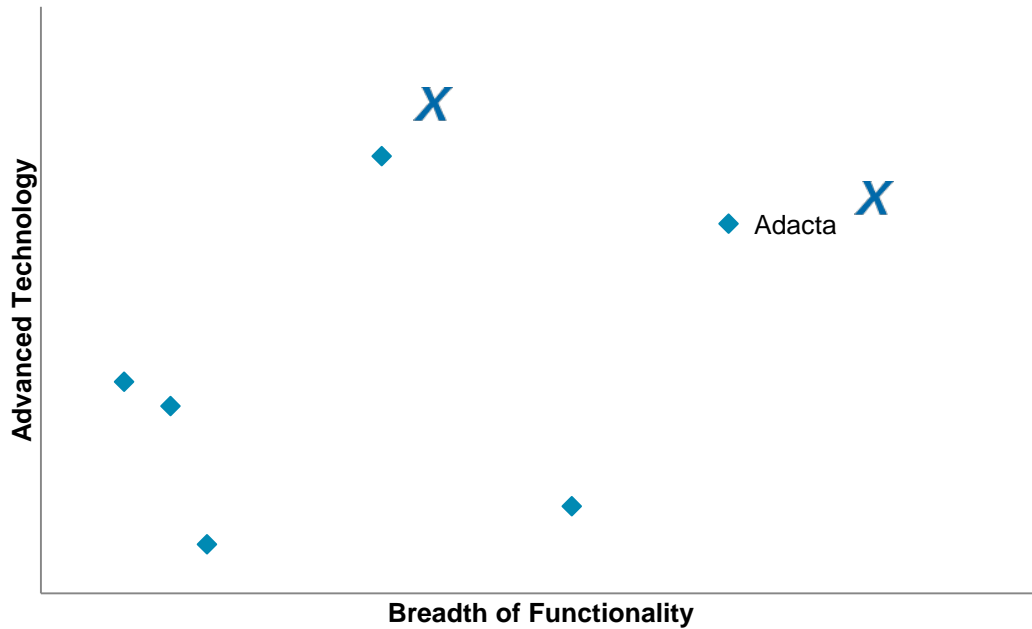
XCELENT CUSTOMER BASE AND XCELENT SERVICE

Figure 2 positions each vendor along two dimensions: the vertical axis displaying the relative level of depth of customer service and the horizontal axis displaying the relative customer base.

Figure 2: Client Base and Depth of Customer Service

Source: Celent

ADACTA GROUP: ADINSURE

COMPANY

Adacta is a privately owned company headquartered in Ljubljana, Slovenia with sales and professional services personnel located throughout the European, Middle Eastern and African region. Adacta's business is providing software and services to the insurance and financial services industries (Microsoft dynamics ERP implementation) and most other verticals. The company has over 380 employees, of which 120 are available to provide professional services / client support for their Claims solution; 120 are physically located in the EMEA region.

Table 2: Company and Product Snapshot

COMPANY	Annual corporate revenues	US$20,000,000
	Year founded	1989
	Exchanges/Symbols	N/A
	Headquarters Location	Global: Ljubljana, Slovenia
		European, Middle Eastern, and African HQ: Zagreb (Croatia), Belgrade (Serbia), Moscow (Russia), Brno (Czech Republic)
CLAIMS SYSTEM	Name	AdInsure
	Current release and date of release	5.0 dec 2014
	Release intervals	Minor enhancements: Quarterly
		Major enhancements: Yearly
	Upgrades	Insurers can skip multiple versions (e.g., go directly from version 4.0 to version 7.0).
		Vendor support for prior versions: They support current versions and more than two prior but not all versions.
		Scripts provided to expedite upgrade: Yes
		Tooling provided to help identify use of deprecated or old services / APIs to assist with upgrades: Yes
		Tests or test tooling to assist with validating upgrades: Yes
	Target market	Life, non-life and health, size up to 5 billion EUR GWP

Source: Vendor RFI

CELENT OPINION

AdInsure offers a light thick client interface that is efficient and fast to respond. Adacta demonstrated a very functional system with great support for common products in their target countries in Eastern Europe — reflected in the strong feedback from their clients. AdInsure also includes various features to improve handler efficiency and communication, including a context view offering key details on the current claim/activity and comment streams associated with the claims and items.

Adacta also showed some screens in a HTML5 interface style as part of their UI migration.

As part of the demo Adacta showed a visual workflow editing tools for adjusting workflow and rules within the AdInsure. This BPM style visual configuration approach is more common in more expensive systems. Indeed, it is fair to say the demonstration showed a highly configurable system with rule, workflow and screen changes all easily achieved.

Adacta is clearly a strong vendor in Slovenia and Eastern European countries offering a Windows 10 compatible, Azure capable (one client) modern system with strong functionality and great customer references.

OVERALL FUNCTIONALITY

The majority of the functionality is available out of the box. Exceptions include assignment, fraud, catastrophe management, and supervisory management tools, which are configurable using tools targeted to IT users; disability management, which is under development; and medical case management, which is on the roadmap.

Figure 3: Functionality
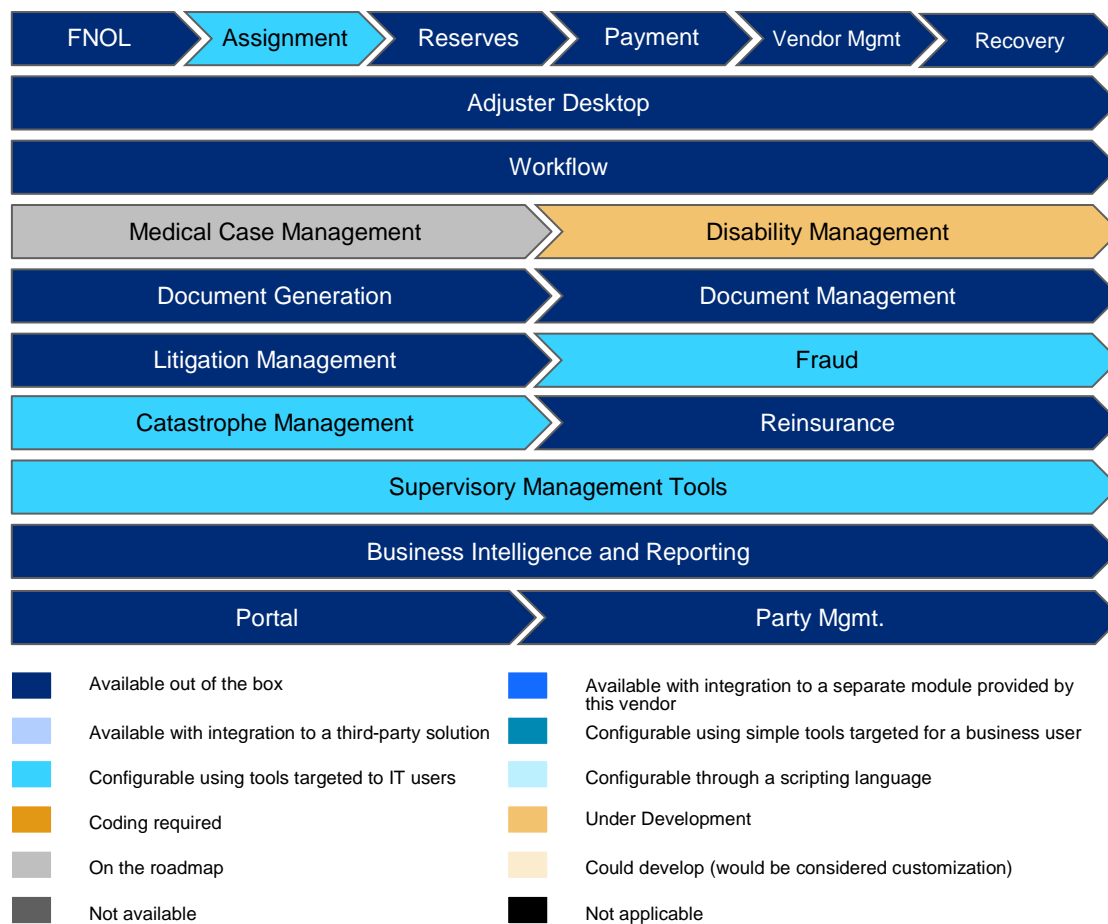
Source: Vendor RFI

CUSTOMER BASE

They have a total of 11 insurer clients. The breakdown of the clients is as follows: Tier 3 (2 clients), Tier 4 (one client), and Tier 5 (8 clients).

Table 3: Customer Base

EMEA CUSTOMER BASE	In production with release less than four years old	11	
	In production with prior release/version	0	
	New clients since 2013	Europe: Russia Slovenia	2 1
	Existing clients	Europe: Slovenia Bosnia and Herzegovina Croatia Czech Macedonia Russia Serbia Romania Azerbaijan	3 1 1 1 1 1 1 1 1
	Deployment method (percentage of client base)	On Premise: 91% BPO: 0% Vendor hosted: 0% Public cloud, single tenant: 9% Public cloud, multi- tenant: 0%	
	SaaS availability	SaaS (percentage of clients): 0%	
	Marquee clients	Generali Romania, Triglav Insurance Slovenia, VTB Insurance Russia	

Source: Vendor RFI

CUSTOMER FEEDBACK

Three insurers completed the client reference survey. One is a Tier 5 insurer, one a Tier 4 insurer, and the last is a Tier 2 insurer. All three insurers are using the platform for a mix of personal and commercial lines. Two references identified the version of the system they were running: 2.3 and 2.5 respectively. On reference had been using the system for more than three years, the others between one and three years.

In terms of the best things about the system their customers highlighted "configurability" and "Workflow." The references had more to say about the vendor themselves including "high commitment of the vendor / good service," "price performance," and "Communication skills."

In terms of areas to improve one client was interested in a multitenant cloud offering and further digitalization options.

In final comments one reference made a special note of, "We are extremely pleased with our choice system and vendor."

Customer average rating (1=very poor; 5=excellent)
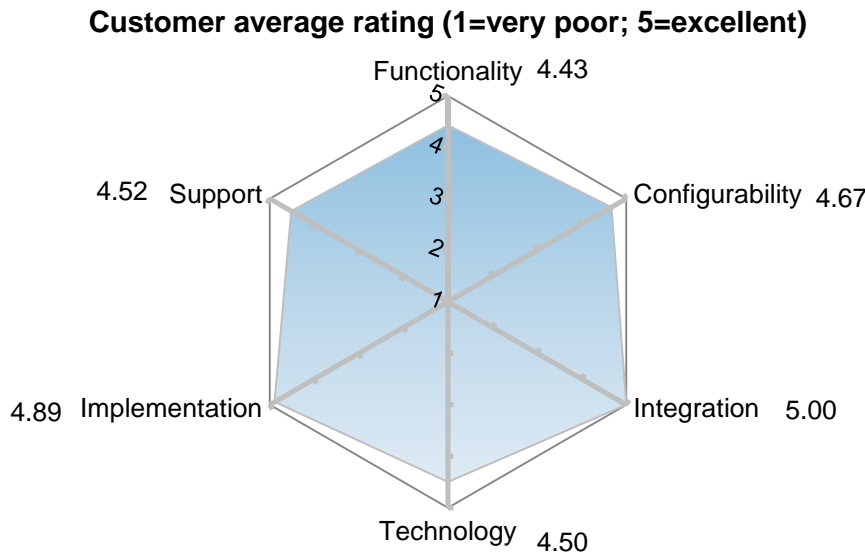
Source: 2016 Celent P&C/Gen. Ins. Claims customer feedback survey

LINES OF BUSINESS SUPPORTED

Table 4: Selected Lines of Business Supported

LINE OF BUSINESS	AVAILABILITY	NUMBER OF CLIENTS IN PRODUCTION AND LOCATION
PERSONAL MOTOR	In production today	10 in 9 countries
HOMEOWNERS/RENTERS	In production today	10 in 9 countries
COMMERCIAL MOTOR	In production today	10 in 9 countries
COMMERCIAL PROPERTY	In production today	10 in 9 countries
COMMERCIAL LIABILITY	In production today	10 in 9 countries
BUSINESSOWNERS POLICY (BOP)	In production today	10 in 9 countries
SURETY & FIDELITY	In production today	10 in 9 countries
EXCESS POLICIES	In production today	10 in 9 countries
GENERAL OR FAMILY TAKAFUL INSURANCE	Supported but not in production	

Source: Vendor RFI

TECHNOLOGY

The primary UI for business users is browser-based and Windows 7 style interface; for developers and configurers it is Windows 7 style interface. The technical architecture is three-tier .NET architecture with web and windows presentation layer, IIS -hosted web services for business layer, and Oracle/SQL Server for database layer.

They use a mix of responsive design and mobile apps. The UIs and process flows are designed to be mobile device independent. The solution natively supports Apple (iOS), Android, and Windows mobile apps.

Table 5: Technology Options

TECHNOLOGY	SPECIFICS
CODE BASE	Core technology:.NET (C#): 100%
	Business users:.NET (C#): 100%
	Developers:.NET (C#): 100%
OPERATING SYSTEMS	Implemented in Microsoft .NET
	Operating systems deployed on: Microsoft Windows
APPLICATION SERVERS	Microsoft .NET
DATABASES	Preferred: Oracle; Microsoft SQL Server
	Additional options: DB2/UDB
INTEGRATION METHODS	Preferred: Web Services; RESTful HTTP style services; JSON format (only option) Our API is either Json or XML payload, we support both by default
	Additional options: ACORD Standard XML; Other XML; MQSeries, JMS or similar queue technology; Flat files; Custom API
	Public API integrations: None given
CLOUD READINESS	No
SCALABILITY	Largest deployment: 3,000 users and 2,000,000 policies

Source: Vendor RFI

The vendor provides documentation and training for API integrations. External systems can trigger events in the system, which can be responded to by a workflow or business rule.

The data model is proprietary. It supports EUROTAX and AUDATEX. The data model can be extended by carriers using tools. Core tables should not be modified by the insurer. For the insurer to make changes to the data model, a set of tools is provided that allow technical staff to extend the data model and the SQL database schema. The vendor is willing to release the data model to an insurer.

Carriers have access to core code; configuration tools targeted to a business user are available for the following: insurance product definition, workflow definition and business rule definition. Screen definition, interface definition, data definition and roles based security integration are configurable using tools targeted for an IT user. Changes to the system are possible through reusable components, inheritance, and other schemes. All product components (including product features, coverages, benefits, transactions, rules and calculations) are reusable for multiple products.

In EMEA, the system is preintegrated with National systems of Slovenia, Croatia, Serbia, Russia, Czech republic for Address Verification; QlikView for Business Intelligence systems; Dynamics NAV, Dynamics AX, 1C (CIS region), SAP for General Ledger; Sharepoint for Document Management Systems; Audatex for Auto repair integrations i.e. audatex; Audatex, Eurotax for Auto estimation tools.

Product changes can be tested using a specific tool provided. A restart of the system is not required for any changes.

PARTNERSHIPS

Adacta has established system integration partnerships. They have partnerships with Russia: EPAM, i-Teco, Jet, Virtu; UAE: Gulf Insure; Global: iTree, Consileon; Azerbaijan: Ata Technology; Ukraine: Optiss, Hungary: Grape Solutions.

IMPLEMENTATION, PRICING, AND SUPPORT

The vendor has 120 staff in the region. The preferred implementation approach is Hybrid of Waterfall and Agile. A typical project team of 5 to 10 people consists of resources from the insurer (20%), Adacta (60%) and external professional services firms (20%).

The average time to get the first line of insurance live in a single jurisdiction is typically four to six months depending on the integration requirements and the level of configuration required, with second and subsequent lines taking one to three months in the same jurisdiction. Second and subsequent jurisdiction implementations typically take one to three months.

Adacta offers term license, perpetual license, usage based, risk based and other (Linking fees to process efficiency, cost reduction, business growth, number of claims/policies, etc.) pricing options. The license fees are typically based on number of functional components/modules, number of concurrent users, number of total or named users, premium volume, number of states or geographies, enterprise license / flat fee, per transaction and other (they have a case by case licensing approach and are willing to discuss any options.). The vendor will offer a fixed price implementation taking into account the following circumstances: maturity of business processes in the company, uncertainty about scope and data migration risks. Carriers may also need to license the following third party software: DBMS licensed separately.

The total cost to implement AdInsure can vary according to the capabilities and available resources of the client, and the overall scope of system use.

Table 6: Pricing Estimates

INSURER SCENARIO	LICENSING	VENDOR FEES	THIRD PARTY FEES	MAINTENANCE FEE / OTHER
National Insurance Company is a single licensed company that writes in the United Kingdom, for eight lines of business, producing annual GWP OF €250 million. What would be typical costs paid by the insurer over the course of the two years?				
TWO YEAR IMPLEMENTATION COSTS:	US €500,000 to US €1 million	US €500,000 to US €1 million	Under US €500,000	15%
ONE YEAR POST IMPLEMENTATION COSTS:				15% Other fees: None

INSURER SCENARIO	LICENSING	VENDOR FEES	THIRD PARTY FEES	MAINTENANCE FEE / OTHER
European Insurance Holding Company has four companies, writes in five countries (UK, Spain, France, Italy, and Germany), across 24 personal, commercial, and specialty lines of business, and has GWP of €2.5 billion.				
FOUR YEAR IMPLEMENTATION COSTS:	US€1 million to €3 million	US€1 million to €3 million	Under US €500,000	15%
ONE YEAR POST IMPLEMENTATION COSTS:				15%
				Other fees: None

CONCLUDING THOUGHTS

FOR INSURERS

There is no single best claims solution for all insurers. There are a number of good choices for an insurer with almost any set of requirements. An insurer seeking a new core claims system should begin the process by looking inward. Every insurer has its own unique mix of lines of business, geography, staff capabilities, business objectives, and financial resources. This unique combination, along with the organization's risk appetite, will influence the list of vendors for consideration.

Some vendors are a better fit for an insurance company with a large IT group that is deeply proficient with the most modern platforms and tools. Other vendors are a better fit for an insurance company that has a small IT group and wants a vendor to take a leading role in maintaining and supporting its applications.

Most core claims systems bring some level of out-of-the-box functionality for various lines of business and operating models. Many systems offer powerful configuration tools to build capabilities for both known and future requirements.

We recommend that insurers that are looking for a claims system create narrow their choices by focusing on four areas:

- The functionality needed and available out of the box for the lines of business and states desired. Check to see what is actually in production.
- The technology — both the overall architecture and the configuration tools and environment.
- The vendor stability, knowledge, and investment in the solution.
- Implementation and support capabilities and experience.

FOR VENDORS

As a group, vendors continue to make significant investments in their core claims systems. The solutions are delivering more functionality, improving configuration tools, and are more connected, with SOA and web services becoming the de facto standard. Although these trends are all very good news for insurers, they do make the competitive challenges facing vendors that much more daunting.

Celent recommends vendors differentiate themselves by:

- Focusing on improving usability for both new and experienced users and managers.
- Making implementation faster and less expensive.
- Continuing to build out configuration environments to put change controls in the hands of the carriers.

Was this report useful to you? Please send any comments, questions, or suggestions for upcoming research topics to info@celent.com.

LEVERAGING CELENT'S EXPERTISE

If you found this report valuable, you might consider engaging with Celent for custom analysis and research. Our collective experience and the knowledge we gained while working on this report can help you streamline the creation, refinement, or execution of your strategies.

SUPPORT FOR FINANCIAL INSTITUTIONS

Typical projects we support related to claims include:

Vendor short listing and selection. We perform discovery specific to you and your business to better understand your unique needs. We then create and administer a custom RFI to selected vendors to assist you in making rapid and accurate vendor choices.

Business practice evaluations. We spend time evaluating your business processes. Based on our knowledge of the market, we identify potential process or technology constraints and provide clear insights that will help you implement industry best practices.

IT and business strategy creation. We collect perspectives from your executive team, your front line business and IT staff, and your customers. We then analyze your current position, institutional capabilities, and technology against your goals. If necessary, we help you reformulate your technology and business plans to address short-term and long-term needs.

SUPPORT FOR VENDORS

We provide services that help you refine your product and service offerings. Examples include:

Product and service strategy evaluation. We help you assess your market position in terms of functionality, technology, and services. Our strategy workshops will help you target the right customers and map your offerings to their needs.

Market messaging and collateral review. Based on our extensive experience with your potential clients, we assess your marketing and sales materials — including your website and any collateral.

RELATED CELENT RESEARCH

Reinventing Claims: Pioneering a New Approach
October 2016

Deal Trends and Projections in the P&C Claims Market: North America
July 2015

Celent Model Insurer 2016: Case Studies of Effective Technology Use in Insurance
April 2015

Claims Systems Vendors: North American P&C Insurance 2014
December 2014

For more information please contact info@celent.com or:

Craig Beattie   cbeattie@celent.com

AMERICAS

USA

200 Clarendon Street, 12th Floor
Boston, MA 02116

Tel.: +1.617.262.3120
Fax: +1.617.262.3121

USA

1166 Avenue of the Americas
New York, NY 10036

Tel.: +1.212.541.8100
Fax: +1.212.541.8957

USA

Four Embarcadero Center, Suite 1100
San Francisco, CA 94111

Tel.: +1.415.743.7900
Fax: +1.415.743.7950

Brazil

Av. Doutor Chucri Zaidan, 920 –
4º andar
Market Place Tower I
São Paulo SP 04578-903

Tel.: +55.11.5501.1100
Fax: +55.11.5501.1110

Canada

1981 McGill College Avenue
Montréal, Québec H3A 3T5

Tel.: +1.514.499.0461

EUROPE

France

28, avenue Victor Hugo
Paris Cedex 16
75783

Tel.: +33.1.73.04.46.20
Fax: +33.1.45.02.30.01

United Kingdom

55 Baker Street
London W1U 8EW

Tel.: +44.20.7333.8333
Fax: +44.20.7333.8334

Italy

Galleria San Babila 4B
Milan 20122

Tel.: +39.02.305.771
Fax: +39.02.303.040.44

Spain

Paseo de la Castellana 216
Pl. 13
Madrid 28046

Tel.: +34.91.531.79.00
Fax: +34.91.531.79.09

Switzerland

Tessinerplatz 5
Zurich 8027

Tel.: +41.44.5533.333

ASIA

Japan

The Imperial Hotel Tower, 13th Floor
1-1-1 Uchisaiwai-cho
Chiyoda-ku, Tokyo 100-0011

Tel: +81.3.3500.3023
Fax: +81.3.3500.3059

China

Beijing Kerry Centre
South Tower, 15th Floor
1 Guanghua Road
Chaoyang, Beijing 100022

Tel: +86.10.8520.0350
Fax: +86.10.8520.0349

Singpore

8 Marina View #09-07
Asia Square Tower 1
Singapore 018960

Tel.: +65.9168.3998
Fax: +65.6327.5406

South Korea

Youngpoong Building, 22nd Floor
33 Seorin-dong, Jongno-gu
Seoul 110-752

Tel.: +82.10.3019.1417
Fax: +82.2.399.5534