CELENT

XCELENT Awards 2013

NORTH AMERICAN POLICY ADMINISTRATION SYSTEMS 2013

PERSONAL, COMMERCIAL, AND SPECIALTY ABCD VENDOR VIEW

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OLIVER WYMAN

CONTENTS

EXECUTIVE SUMMARY

This report is the fifth in Celent's biennial series that looks at policy administration systems (PASs) available to insurers in North America. Since the first report in 2005, activity level has remained high among both insurers and PAS vendors. This report profiles 42 PASs in use for personal, commercial, and/or specialty lines, with 28 full profiles and 14 limited profiles. Each of the profiles presents information about the vendor and its PAS; the professional services it offers; product history and customer base (North America and elsewhere); its functionality and line of business; usability, reporting, and analytics; technology, implementation, and costs; and a summary Celent view. Comments from reference insurers using the solution are reported in the appropriate sections.

Vendors with full profiles are ranked in the ABCD Vendor View grids. The top performers in each of the ABCD dimensions receive a corresponding XCelent Award as follows:

- 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 leading Depth of Service score

INTRODUCTION

This report is the fifth in Celent's biennial series that looks at PASs available to property and casualty (P&C) insurers in North America. Since the first report in 2005, activity level has remained high among both insurers and PAS vendors.

From January 2011 to April 2013, more than 150 P&C insurers licensed a new PAS. As of April 2013, approximately 160 insurers were in the process of implementation.

Also in the past two years, nearly all vendors have made major investments in upgrading features, functions, usability, and integration methods. There have been some upgrades to modern frameworks and languages — very few solutions run on legacy platforms. Capabilities for configuring products, rules, document management, and user interfaces (UIs) have also improved, although true workflow/process design and mobile capability still lag. In general, these changes have occurred at a more modest pace than usability/personalization improvements for end users.

This report profiles 42 PASs in use for personal, commercial, and/or specialty lines, with 28 full profiles and 14 limited profiles. Vendors with full profiles are ranked in the ABCD Vendor Views. Table 1 details the vendors, which lines of business are in production at one or more P&C North American insurers, and the type of profile in the report.

Table 1: Profiled Vendors

Vendor	Personal Lines	Commercial Lines	Specialty Lines
Full Profiles			
Accenture	●	●	●
Adaptik	○	●	●
CGI	○	●	●
Cover All Technologies	●	●	●
CSC EXCEED	●	●	○
CSC POINT IN	●	●	●
David Corporation	○	●	●
Decision Research Corporation - DecisonMaker Suite	●	●	●
Exigen Insurance Solutions	●	○	●
Focus Technologies	●	●	○
Guidewire	●	●	●
Innovation Group	●	●	○
Insurance Systems, Inc.	●	●	○
Insuresoft	●	●	●

Insurity	●	●	●
ISCS	●	●	●
MajescoMastek	●	●	●
Maple Technologies	●	●	○
Maximum Processing	●	●	○
OceanWide, Inc.	●	●	●
OneShield	●	●	●
PCMS	●	●	●
Speedbuilder Systems, Inc.	●	●	●
StoneRiver Policy STAR	●	●	●
StoneRiver PowerSuite	●	●	○
Tritech	●	●	●
Unirisx	●	●	●
Xuber, an Xchanging Company (Genius)	○	●	●
Limited Profiles			
Agile Financial Technologies	○	○	○
Comtec Ltd.	●	●	●
Decision Research Corporation - GameChanger Suite	○	○	○
IDMI Solutions	●	●	●
Insurance Global Operations	○	○	○
PCIS	●	●	○
Quindell (Iter8 solution)	●	●	
SAP (Camilion solution)	●	●	●
Silvermoon	○	●	○
Simplesolve	●	●	○
Solartis	●	●	●
Tata Consultancy Services (TCS)	●	●	○
Tropics Software Technologies	○	●	○
Xuber, an Xchanging Company (Xuber for Insurers)	○	○	○

Key: ●=in production in North America; ○=not in production in North America

Source: Celent

It should be noted that although a particular system is shown as implemented in only one major line, it still may be capable of supporting both commercial and personal business. For example, an insurer looking for a personal lines solution may wish to contact a particular commercial lines vendor because of that vendor's technology or delivery capabilities.

An insurer considering a new PAS today can choose among a number of attractive and capable systems. This report allows such an insurer to see what solutions might meet both its business needs and its technology standards.

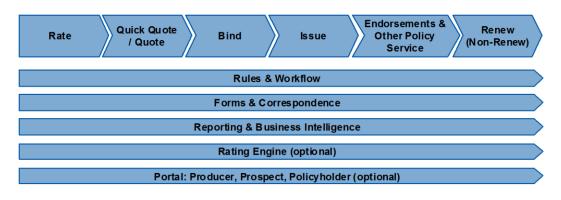# POLICY ADMINISTRATION SYSTEMS: DEFINITION AND FUNCTIONALITY

DEFINITION

In one sense, the definition of a policy administration system (PAS) is very simple — it is the system of record for all policies that an insurance company has written. At this most basic level, a PAS is a repository of policy-level data related to objects of insurance, coverages, limits, conditions, exclusions, duration of the policy, endorsements, and so forth. A permanent policy record is created at the time a policy is issued; and includes the complete history of the policy through renewal, termination, cancellation, and/or reinstatement.

CORE PROCESSES

In actual practice, an insurer uses a PAS — either by itself or closely integrated with specific point solutions — to execute a number of core processes, and relies on several types of supporting capabilities, as shown in Figure 1.

Figure 1: Policy Administration System Core Processes

Source: Celent

The core processes fall into three broad groups, each with subprocesses:

- New Business
    - Rate
    - Quick quote and quote
    - Bind
    - Issue
- Policy Service
    - Endorsements
    - Other changes to the policy
    - Cancellation and reinstatement
- Renewal
    - Renew
    - Non-renew

Supporting the core processes are several components: rules and workflow, forms and correspondence (more broadly, content management), reporting and business intelligence, rating engine, and portals. Each full solution profile in this report includes information about whether and how a given vendor offers these components.

- Rules, Process and Workflow Management: Designing, managing, and executing business rules (attached to products or processes) and workflow (person:person, person:system, system:system) during any activity or process. In a more modern PAS, rules (especially) and workflow (perhaps) will be externalized from the core code and from the presentation (UI) layer.
- Forms and Correspondence (document management): Creating, managing, and using a broad variety of documents, including policy content, forms, and correspondence.
- Reporting and Business Intelligence
  - Reporting: Designing, storing, and accessing reports ranging from simple lists to multidimensional calculated variables. In general, reports are used to monitor activities by a user and by all levels of management.
  - Business Intelligence (including more advanced analytics): Using various forms of statistical analysis to identify and present patterns of relationship and causation which an insurer can use to improve such functions such as pricing, underwriting, and claims.
- Rating (optional): A stand-alone rating engine should be capable of handling complex pricing algorithms, and should integrate easily with various PASs.
- Portals (optional): A portal provides a producer (or policyholder or prospect) the ability to upload submissions or other data, download policy and other information (e.g., billing or commission data), and communicate via various forms of messaging. In general it provides an integrated purpose-built user environment.

It is worth noting that the last two components (rating engine and portals) are optional. They are usually, but not always, available or bundled with a vendor's PAS. For the purpose of this report, a PAS must provide a means for rating submissions and for producers to exchange information with an insurer. Such means could be a rating engine and portal offered by the vendor; or such means could be rating engines and portals/websites provided by other vendors or built by the insurer itself.

HIGH LEVEL COMPONENT AVAILABILITY

Celent has limited the definition of a PAS to include a set of core processes and key supporting capabilities. But vendors do not necessarily limit their definitions of a PAS in the same way, and many have attempted to build out some or all of the end-to-end components that an insurer might need. Some insurers are just looking for a best-of-breed PAS to work with other core systems already installed, but other insurers may be looking for a vendor who can offer broad solutions for multiple areas of their insurance operations.

Some of the additional end-to-end components defined here are also listed as core processes of the PAS. This is not a contradiction. A vendor might bundle a component with their PAS (for example, a billing system), but also consider it (and also sell it as) a separate, stand-alone product. Alternatively, a vendor might provide a basic level of functionality in one area, but also have an upgraded, higher cost product or an ISV partnership with a different vendor to provide an advanced solution (e.g., rating).

In order to help insurers with their comparison of different solutions, each profile in this report has a table summarizing whether the vendor in question offers one or more of the following end-to-end components and whether the components are part of the base offering or sold as a stand-alone system.

- Update Service for ISO/AAIS/NCCI Rates, Rules, and Forms: Providing current versions of bureau-generated rates, rules, and forms for an insurer that uses such content for various lines. The updates are provided in formats that are compatible with the PAS's product configuration and rating capabilities.
- Update Service for Industry Standard Rates, Rules, and Forms: Providing current versions from a standard setting body (e.g., ACORD) of generated rates, rules, and/or forms for an insurer that uses such content for various lines. The updates are provided in formats that are compatible with the PAS's product configuration and rating capabilities.
- Rating: As defined above.
- Underwriting: A set of features and functions providing a robust underwriting desktop and managing complicated workflow between multiple systems.
- Billing: A system to create invoices and handle collections from producers and usually from policyholders as well.
- Commission Management: A system to calculate, record, and transmit information and data regarding commissions due to producers. Sometimes combined with a billing system.
- Reinsurance Management: A system to record any reinsurance contract related to a policy or set of policies, and to manage the financial and reporting interactions with reinsurers and brokers.
- Business Intelligence / Analytics: As defined above.
- Claims Management: A system to record and transact all matters relating to a claim from first notice of loss through final settlement.
- Risk Aggregation Tooling: Ability to analyze total risk by geographic area.
- Content Management: Includes forms/correspondence/document management as described above. It also includes other forms of content, such as public-facing web pages, social network sites, etc.
- Business Rules Management: As defined above.
- Business Process Management: As defined above.
- Customer Relationship Management: Allows the aggregation of data on a customer and account level view and provides utilities that streamline the communication and management of customer data.
- Portal: As defined above.

REPORT METHODOLOGY

ELIGIBILITY FOR INCLUSION IN THIS REPORT

In general, in order to have a full profile and be included in the ABCD Vendor Views, a PAS solution had to have:

- At least three deployed North American insurance carriers, writing more than one line of business.
- At least three reference clients that provide their perspective on the solution.

This report profiles 42 PASs in use for personal, commercial, and/or specialty lines, with 28 full profiles and 14 limited profiles. Vendors and solutions have limited profiles for various reasons. They may be entrants to the North American market or may be undergoing significant change in the technology or business model, or may have simply requested a limited profile.

EVALUATION PROCESS

Celent sent a detailed request for information (RFI) to a broad set of PAS 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, integration, and data model issues for IT and system administration users.

Celent also asked the references provided by each vendor to complete a survey and/or 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 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.

CELENT'S ABCD VENDOR VIEW AND THE XCELENT AWARDS

Celent's framework for evaluating vendors is called the Celent ABCD Vendor View. This is a standard representation of a vendor marketplace designed to show at a glance the relative positions of each vendor in four categories: Advanced technology, Breadth of functionality, Customer base, and Depth of client services. The Celent ABCD Vendor View shows relative positions of each solution evaluated with a full profile. 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 2.

Table 2: Factors Used in ABCD Evaluation

ABCD CATEGORIES	POSSIBLE FACTORS
ADVANCED TECHNOLOGY (AND FLEXIBLE TECHNOLOGY)	• Modernity of platform • Deployment option flexibility (i.e., range of databases, application servers, etc. supported) • Core adaptability / extendibility (i.e., openness of application, code base, data model, etc.) • Ease of change (i.e., change tooling, impact evaluation support, etc.)
BREADTH OF FUNCTIONALITY	• Functions and features provided in base offering • Power and ease of use of product and rules configuration • Power and ease of use of user interfaces • Supported lines of business and number of deployments for different lines of business • Reference comments regarding user experience
CUSTOMER BASE	• Number of live insurers using the system for P&C lines of business • New client momentum
DEPTH OF CUSTOMER SERVICE	• Size and experience of professional services and support team • Reference comments regarding implementation • Reference comments regarding post-implementation support

Source: Celent

THE XCELENT AWARDS

Within this framework, the top performers in each of the ABCD dimensions receive a corresponding XCelent Award:
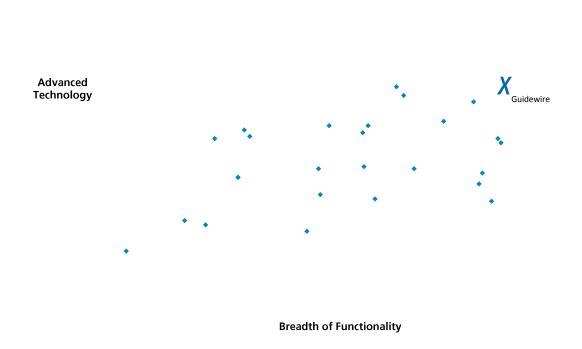
- XCelent Technology for the leading Advanced Technology score
- XCelent Functionality for the leading Breadth of Functionality score
- XCelent Customer Base for the leading Customer Base score
- XCelent Service for the leading Depth of Service score

XCELENT TECHNOLOGY AND XCELENT FUNCTIONALITY

Figure 2 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. The XCelent Breadth of Functionality award goes to Guidewire.

Figure 2: XCelent Technology and XCelent Functionality

Celent ABCD Vendor View

Advanced Technology

X Guidewire

Breadth of Functionality

Source: Celent

Celent advises insurers to take into account past vendor results, but not to compare the placement of vendors in the charts from prior years, because not only is the market changing, but so has our analysis. The criteria used to determine the A, B, C, and D rankings in this report are broadly similar, but not identical, to the criteria used in the previous Celent PAS vendor report published in 2011. For example, in this report, we are considering new criteria in Advanced Technology related to testing and speed of change approaches. The market is also evolving due to acquisitions and partnerships, solutions development, and alternative delivery models.

We suggest that insurers consider their specific needs and each vendor for what it offers. Although they are very successful in one or more of the criteria, the XCelent Award winners may or may not be the best match for an insurer's specific business goals and solution requirements.

ABOUT THE PROFILES

Each of the profiles presents information about the vendor and its PAS, the professional services it offers, product history and customer base (North America and elsewhere), its functionality and line of business, usability, reporting, and analytics, technology, implementation, and costs, and a summary Celent view. Comments from reference insurers using the solution are reported in the appropriate sections.

The profiles are based primarily on information provided by each vendor, as well as comments and ratings by references, and Celent's own vendor and solution knowledge base.

Concerning costs, Celent asked vendors to provide first year license and first year other implementation costs (work by the insurer, vendor, or third parties) for two hypothetical insurance companies:

- A Regional Insurance Company, defined as a single licensed company writing eight lines of business in five states, producing annual DPW OF US$250 million.
- A National Insurance Holding Company with four companies, writing in 32 states across 24 personal, commercial, and specialty lines of business, with a DPW of $2.5 billion.

When discussing insurance customers of the various solutions, the profiles reference insurers in terms of their annual premium levels. Very small insurers (Tier 5) have under US$100 million in annual premium, small (Tier 4) have US$100 million to under $500 million, medium (Tier 3) have US$500 million to under $1 billion, large (Tier 2) have $1 billion to under $5 billion, and very large (Tier 1) have over $5 billion in premiums. (Note: There is an exception to this approach in the Customer Feedback sections of the profiles where a reference to an insurer's tier size refers to the premium volume of the business units using the PAS, not to the premium volume of the overall enterprise.)

FULL PROFILES

In general, in order to have a full profile and be included in the ABCD Vendor Views, a PAS solution had to have:

- At least three deployed North American insurance carriers, writing more than one line of business.
- At least three reference clients that provide their perspective on the solution.

The full profiles on 28 North American PAS vendors follow.

GUIDEWIRE SOFTWARE, INC.: POLICYCENTER

XCELENT Functionality 2013

COMPANY AND PRODUCT BACKGROUND

Guidewire Software, Inc. is publicly traded as GWRE (NYSE). Guidewire was founded in 2001 and is solely focused on the P&C insurance industry. Guidewire offers insurers InsuranceSuite, which has three major components: PolicyCenter, ClaimCenter, and BillingCenter. It also offers Data Management and BI, and several add-on modules: Rating Management, Reinsurance Management, Client Data Management, and Standards-based Templates. This profile focuses on PolicyCenter.

Table 3: Guidewire Company and Product Snapshot

COMPANY INFORMATION	
COMPANY SIZE	1,035 corporate employees; 175 employees providing professional services and client support for PolicyCenter in North America. N.A. professional services and client support staff average 10-15 years of experience.
HEADQUARTERS LOCATION	Global Headquarters: Foster City, California
PERCENT OF REVENUE INVESTED IN R&D	22%
POLICY ADMINISTRATION SOLUTION	
SYSTEM NAME	Guidewire PolicyCenter
LAUNCH DATE	2006
LAST MAJOR RELEASE	Current version: PolicyCenter 8.0 (October, 2013)
	The last major re-architecture was PolicyCenter 3.0 (2008) leveraged Web 2.0 technologies to improve user experience. Also refined the data management layer to improve the insurer-specific data model.

Source: Guidewire

CELENT OPINION

The effort Guidewire has put into PolicyCenter's usability and configurability is evident. In the past two years, PolicyCenter has seen a high level of market acceptance among all sizes of insurers, and across global regions. PolicyCenter, together with ClaimCenter and BillingCenter, offers insurers a good option for a fully integrated core systems suite.

USABILITY AND USER INTERFACE

Guidewire has a four level architecture for portal and mobile applications: Core applications (such as PolicyCenter), core configuration, mobile and portal API configuration, and web portal and mobile applications. The purpose of the design is to point portals and mobile apps back to a single source of data, rules, and configurations in the core applications and related data stores.

Guidewire provides reference consumer and producer portals. The consumer portal can display a series of quote options (basic, standard, premium), as well as well as other functionality, such as making payments and starting claims. The producer portal allows a broker or agent to see current activities and to find current policies in force.

The desktop for an insurer's underwriters and service reps has a native web-based UI. There are multiple navigation aids, including: tabs across the top (desktop, account, policy, search); a left-side drop-down action menu, and left-side context-specific menus. For new business, there is a submission wizard to guide newer users through the elements of policy and coverage. There are also useful special screens, for example, a risk analysis screen that for a given policy/policyholder shows prior policies, claims and losses, and various underwriting rules that could impact limits, coverages, or the ability to issue. PolicyCenter offers an account holder summary view, consolidating all policies and lines of business held by a given account.

Standard reports are created using Cognos. Insurers can also access Guidewire Live (a network giving access to anonymous data from other participating Guidewire customers, external data, and analytic tools). Guidewire Live is offered on a "freemium" basis, some features are free, others have a fee. Also for an additional fee, insurers can access DataHub (an operational data store that can hold data from all of an insurer's internal systems, as well as external data sources), and InfoCenter (a BI warehouse). DataHub and InfoCenter are built on models from recently acquired Millbrook.
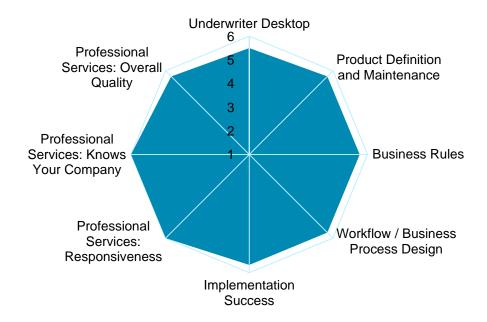
With PolicyCenter 8.0, Guidewire has split its configuration capabilities into two distinct environments: Product Designer (a table-driven environment with drag-and-drop capabilities, that allows nontechnical staff to do configuration), and Studio (for technical staff, featuring Guidewire's programming language Gosu, with a more robust set of design environment tools and capabilities).

CUSTOMER FEEDBACK

Three insurers provided references for PolicyCenter: a Tier 2 and a Tier 4 personal lines insurer, and a Tier 4 personal and commercial lines insurer.

As Figure 3 shows, the reference insurers gave excellent rankings on all eight key reference question variables.

1 = very poor / 6 = excellent

Positive reference comments included: "Professional and competent staff; product is exceptionally user-friendly [with an] intuitive user-interface; strong integration across policy, billing and claims." Another insurer pointed to Guidewire's "flexibility and focus." When asked what they would change, one insurer cited "lower costs associated with implementation resources." Another insurer asked for staff with "deeper integration expertise."

CUSTOMER BASE

The following table lists the customer base of Guidewire in North America. Guidewire's target market is general and P&C insurance companies worldwide with over $100 million in DWP. PolicyCenter has also been sold in Africa, Europe, and the Asia Pacific region.

Table 4: Guidewire Customer Base

NORTH AMERICAN CLIENTS	Total clients in production = 12 Total clients in implementation mode = 14
NEW NORTH AMERICAN CLIENTS BETWEEN JAN. 1, 2011 AND APR. 1, 2013	18
NUMBER OF CLIENTS IN ANY GEOGRAPHY	Total global clients: 40 Global new clients: 24
MARQUEE NORTH AMERICAN CLIENTS	C N A, Mercury, Amica, Nationwide

Source: Guidewire

FUNCTIONALITY AND LINES OF BUSINESS
The high level components available in PolicyCenter are listed in Table 5.

Table 5: High Level Component Availability

COMPONENT	CAN BE LICENSED/ INSTALLED AS STAND-ALONE COMPONENT (WITHOUT PAS SOLUTION)	AVAILABLE ONLY BUNDLED WITH PAS (NO ADDITIONAL COST)	AVAILABLE ONLY BUNDLED WITH PAS (WITH ADDITIONAL COST)	AVAILABLE THROUGH ISV PARTNER	NOT AVAILABLE
UPDATE SERVICE FOR ISO/AAIS/NCCI RATES, RULES, AND FORMS	●				
UPDATE SERVICE FOR INDUSTRY STANDARD RATES, RULES, AND FORMS				Perr&Knight	
RATING	●				
UNDERWRITING (QUICK QUOTE, QUOTE, ACCESS DATA, TRACK NEGOTIATIONS)		●			
BILLING	●				
COMMISSION MANAGEMENT	●				
REINSURANCE MANAGEMENT			●		
BUSINESS INTELLIGENCE / ANALYTICS	●				
CLAIMS MANAGEMENT	●				
RISK AGGREGATION TOOLING (TOTAL RISK BY GEOGRAPHIC AREA)	●				

COMPONENT	CAN BE LICENSED/ INSTALLED AS STAND-ALONE COMPONENT (WITHOUT PAS SOLUTION)	AVAILABLE ONLY BUNDLED WITH PAS (NO ADDITIONAL COST)	AVAILABLE ONLY BUNDLED WITH PAS (WITH ADDITIONAL COST)	AVAILABLE THROUGH ISV PARTNER	NOT AVAILABLE
CONTENT MANAGEMENT					●
BUSINESS RULES MANAGEMENT		●			
BUSINESS PROCESS MANAGEMENT OR WORKFLOW COMPONENT		●			
CUSTOMER RELATIONSHIP MANAGEMENT			●		
PORTAL			●		

PolicyCenter provides most of the basic PAS functions through configuration by a nontechnical business user. Policy print and issue is typically achieved through a separate document production system, and receiving third party data requires scripting.

Additionally, PolicyCenter offers all of the advanced quote management, workflow, rules, and product design functionality through configuration by a nontechnical business user.

PolicyCenter supports all personal and commercial products, as shown in Table 6.

Table 6: Supported Products in North America

PRODUCT	INSURERS IN PRODUCTION	STATES IN PRODUCTION	PROVINCES IN PRODUCTION
Personal Auto	3	5	10
Telematics-based Auto Product	Supported but not in production	0	0
Homeowners / Renters	3	13	10
Commercial Auto	4	50	10
Commercial Property	2	40	0
Commercial Liability	2	40	0
Workers Compensation	4	50	0
Medical Malpractice	Supported but not in production	0	0

PRODUCT	INSURERS IN PRODUCTION	STATES IN PRODUCTION	PROVINCES IN PRODUCTION
Other Professional Liability	1	40	0
Commercial Packages	2	40	0
Surety	Supported but not in production	0	0
General Takaful	Supported but not in production	0	0
Excess & Surplus	Supported but not in production	0	0
Inland Marine	2	40	0
Specialty (Jewelry)	1	50	10
Other: (BOP)	2	50	0
Other: (Commercial Umbrella)	2	50	0
Other: (Environmental)	2	40	0
Other: (Farm)	1	0	10

Source: Guidewire

TECHNOLOGY

An overview of PolicyCenter technology options is provided in Table 7.

Table 7: Technology Options

PLATFORM AND CODE BASE	
PLATFORM	PolicyCenter is supported on JEE or Java framework and runs on RHEL5 or higher, SUSE/SLES 10 or higher, OEL 5 or higher, Windows 2008 or higher, and AIX 6 or higher. The solution runs in Apache Tomcat, JBoss, IBM WebSphere, and Oracle WebLogic application servers.
CODE BASE	The code for business users' screens is 100% Java. The code for the development and configuration environment is a mix of Java and Gosu (Guidewire's JVM-based language).
DATABASES	Oracle and Microsoft SQL Server
WEB SERVICES / INTEGRATION OPTIONS	Preferred options: SOA/Web Services Additional options: ACORD Standard XML, Other XML, MQSeries, JMS or similar queue technology, Flat files, Custom API

Source: Guidewire

IMPLEMENTATION, PRICING, AND SUPPORT

A typical project takes 12–18 months from initiation until the first line of insurance is live, with subsequent lines taking four to six months. The size of the team typically varies between 12 and 60 people. A typical breakdown of staffing would be 20–30% Guidewire and/or systems integrator staff and 70–80% insurer staff.

Guidewire customers have the option to engage Guidewire Professional Services directly as part of their implementation, or they may choose to work with a systems integrator that Guidewire has partnered with. Guidewire has developed formal relationships with systems integrators over the last several years where these firms have made significant investments in developing Guidewire experience and best practices. In either model, when a SI is deployed, Guidewire still plays an active role. Guidewire has formal alliances with the following global systems integrators: Capgemini, Cognizant, Deloitte, E&Y, IBM, and PricewaterhouseCoopers.

First year pricing is generally broken down as follows: 60% on initial installation and customization and 40% on software license. Term license is Guidewire's preferred model. Annual maintenance is included in the license cost, and training is considered a small portion of the installation cost.

For a regional insurance company, the initial license and maintenance fee typically ranges from $500,000 to $1 million. Total insurer expenses, including those to third parties but excluding the license, are $1 million–$3 million. The participation of insurer staff on the implementation team is 15–20 FTEs for the first year.

The comparable figures for a national insurance holding company are $3 million–$6 million; and $3 million–$6 million, respectively. The participation of insurer staff on the implementation team is 25–40 FTEs for the first year.

The continuing maintenance/support fee is 20% of the license fee in all scenarios.

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 legacy modernization 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, particularly in underwriting, claims, billing and service. 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

Tracking the Progress in Core Systems Replacement: Global P&C Edition
December 2012

Still Seeing the Shadow: Groundhog Day for Legacy Modernisation (P&C Edition)
February 2011

Policy Administration System Vendors: North American Commercial P/C Insurance 2011
September 2011

Policy Administration System Vendors: North American Personal P/C Insurance 2011
September 2011

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