

CELENT

 CELENT Awards 2015

EMEA POLICY ADMINISTRATION SYSTEMS 2015

LIFE, ANNUITIES, PENSION, AND HEALTH ABCD
VENDOR VIEW

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THIS AUTHORIZED REPRINT CONTAINS MATERIAL EXCERPTED FROM A RECENT CELENT REPORT PROFILING AND EVALUATING 41 DIFFERENT LIFE / ANNUITIES / PENSION / HEALTH POLICY ADMINISTRATION SYSTEM VENDORS IN EMEA. THE FULL REPORT IS MORE THAN 250 PAGES LONG. THIS REPORT WAS NOT SPONSORED BY SAPIENS IN ANY WAY.

THIS REPRINT WAS PREPARED SPECIFICALLY FOR SAPIENS, BUT THE ANALYSIS PRESENTED HAS NOT BEEN CHANGED FROM THAT PRESENTED IN THE FULL REPORT. FOR MORE INFORMATION ON THE FULL REPORT, PLEASE CONTACT CELENT AT INFO@CELENT.COM

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INTRODUCTION

KEY RESEARCH QUESTIONS

This report is part of a series on policy administration systems (PAS) in Europe/Middle East/Africa (EMEA), North America, Latin America, and Asia. It profiles the majority of the life, health, pension and annuities insurance administration systems available in EMEA today.

It uses Celent's ABCD vendor view, which is our 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. Insurers should consider which factors in breadth, technology, experience, and client service are most important to them, and review the detailed profiles in this report to assess vendor suitability.

This report includes 22 systems that fully met the inclusion criteria for Celent's ABCD vendor view as described in the "Report Methodology" section of this report. Twenty additional vendors who did not meet the ABCD criteria are also profiled; these vendors are either new market entrants or, for a variety of reasons, did not fully meet the inclusion criteria.

Since Celent's first report in 2007, activity level for new sales has remained active between EMEA insurers and PAS vendors with ups and downs due to the financial crisis and budget constraints dependent on external factors such as new regulation and so on. Vendors made around 70 new sales during the two year period from July 2013 to July 2015.

Vendors continue to improve their system but we have not seen drastic improvements in terms of usability. Indeed we think that vendors still have to provide a better user experience to end users and we were surprised not to see more advanced dashboards to help users better manage their agenda and workload when using a system. On the other hand we see an increasing proportion of vendors adding support to collective insurance and many of them are also trying to expand their features and functions in health insurance.

The EMEA region is not a homogenous geography for policy administration system vendors. There are many markets that are at different stages of maturity with Continental Europe and the UK being the most mature markets. Therefore it is difficult if not impossible for a policy administration system vendor to be a leader in all countries within the EMEA region.

This report should help insurers refine their core systems strategies and, where appropriate, create a list of appropriate vendors for evaluation. Expanded PAS functionality and improved technology means that insurers continue to have a wide spectrum of systems and vendors to consider when they are looking for a solution to fit their needs.

POLICY ADMINISTRATION SYSTEMS: DEFINITION AND FUNCTIONALITY

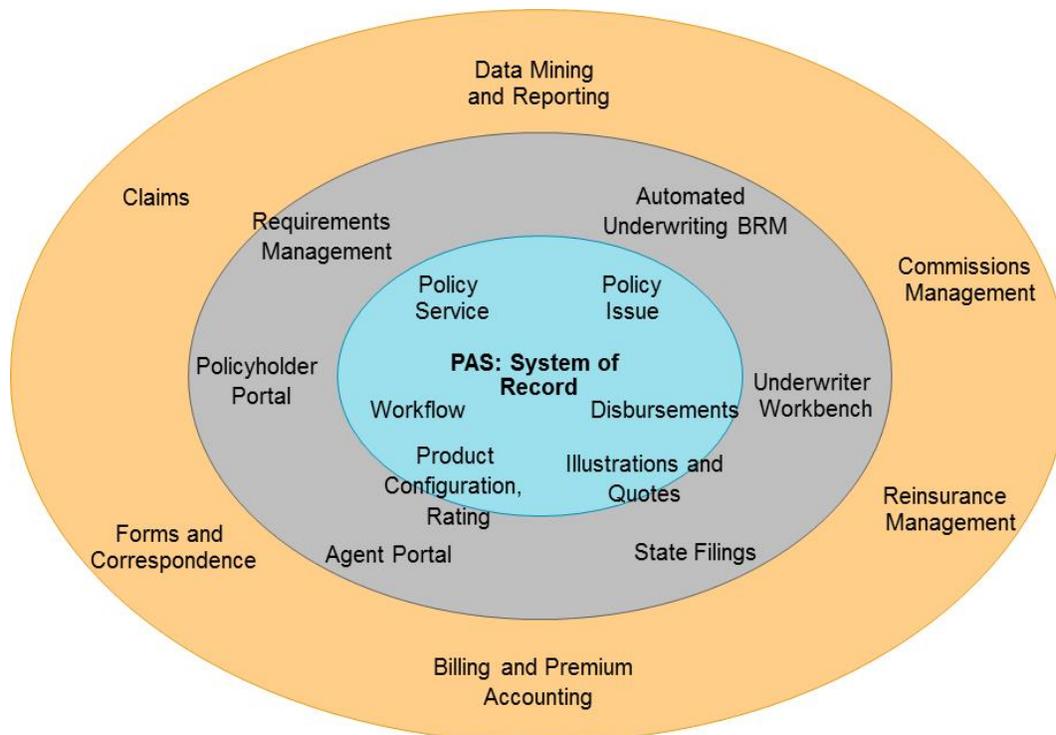
DEFINITION

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, policy coverage, conditions, exclusions, duration of the policy, endorsements, beginning and end dates, 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 Components and Functionality



Source: Celent

As shown in the center section of Figure 1, there are six core processes, with two that have both core and supporting functions.

Policy Issue is the ability to create a policy in the system of record. The system must be able to verify that a policy fulfills basic requirements, create or store a policy number that will represent the policy through its lifetime, store additional relevant information about policy features, and make the policy available for servicing and inquiry.

Policy Service includes the activities that begin with issuance of a policy, and continues through the life of the policy, including: riders, changes of status for the insured policyholder, the objects of insurance, lapses or cancellations, beneficiary information, etc.

Workflow is the basic process management functions which allow users to do more than simply store and edit data; workflow instead creates functional paths for users to follow. This is not to be confused with more robust workflow or business process management systems, which are typically third party systems. Some vendors provide visual tools for editing system workflow, while many others require the writing of custom code.

Disbursements functionality supports a variety of situations that result in payments to policy owners or annuitants. For example, loans, surrenders, premium refunds, or annuitization all trigger payout and accounting processes.

Product Design and Rating is a concept which straddles the core and supporting functionality areas. It is core to a PAS to provide a definition of a product and the ability to set some rating rules and variables. Some systems end there, requiring custom code to make changes, while others provide visual or script-based modeling tools for users. Insurers requiring complex rating rules may choose to work with third party rating engines and integrate them into the system.

Quoting and Illustrations is another concept that straddles the line between core and supporting. It is core to a PAS to provide some ability to view the rates/pricing for a policy. Supporting functionality includes the ability to create more robust illustrations and presentation or point-of-sale materials.

Supporting Capabilities

There are six supporting processes, as shown in the surrounding, light blue section of Figure 1.

Automated Underwriting / Business Rules Management Some PAS are capable of supporting advanced decision-making, with minimal human interaction, in an underwriting context and in the context of regular service transactions. Business rules management functionality supports the design, managing, and execution of business rules attached to products, processes, and workflow.

Underwriter Workbench is similar to core policy service capabilities in that it provides an interface for users to manage system transactions. But the focus of an underwriter workbench is on new business submissions, giving underwriters the tools to evaluate, review, track, and make decisions on policy applications.

Requirements Management is a specialized process related to underwriting that provides a case-level view of underwriting requirements, and the ability to order, receive, and process requirements. Typically, this requires integration points to a multitude of data sources, such as Medical Information Bureau (MIB), paramedical providers, credit bureaus, and other sources.

Agent Portal includes all agent-facing online functionality. This is a critical supporting process for a PAS because the combination of the portal and the back end systems is what drives an insurer's ability to handle functions such as inquiry and new business submission effectively.

Policyholder Portal is another supporting capability, aimed squarely at helping insurers deliver web-based functionality directly to consumers. Functions supported can be informational (e.g., policy value inquiry) or transactional (e.g., loan or surrender requests).

State Filings is the final supporting process, and it includes the production and management of forms required to submit new products to states for approval. It is not typically included in PAS, but it is logically related in that it is the expression of products that are run on any policy administration platform.

Advanced Functionality

A good modern PAS will provide most, although not necessarily all, of the advanced functionalities listed below. (Note: Each full profile in this report has a table summarizing whether the PAS in question offers these advanced functionalities, and if so, in what manner and in what form.) This is not an exhaustive list, but rather the most common additional functionalities, and therefore, the ones most commonly provided by vendors bundled with or in addition to their policy administration offering.

Data Mining and Reporting is the true business intelligence and data warehousing function, typically external to a PAS. While many PAS provide basic reporting functionality, well-thought out PAS facilitate the integration to third party reporting and analytic databases. A true BI/analytics tool allows the management of data marts, detailed ad hoc reporting, customized dashboards, and complex data analysis — not just for the PAS but for all an insurer's data.

Billing and Premium Accounting functions are typically handled downstream of a PAS. A billing component will support a broad set of billing methods, such as direct and agency bill, as well as various present and payment options, and configuration capabilities. The PAS may keep track of paid-to dates and billing modes, but a billing system handles the creation and delivery of bills, and an accounting system keeps track of premiums paid and similar functions. Insurers often have an enterprise billing system which is fed by the PAS, but it should be noted that the origination of the transaction happens in the PAS.

Claim management refers to the claims workflow management. A fully functional claims system will record and support all steps in the claims process from first notice of loss to final settlement. The claims systems will exchange data with a broad set of internal and external systems as well. Celent does not consider a claims system to be connected to policy administration, but many vendors offer both for an integrated end-to-end suite.

Commissions Management is where commission rules and calculation of payments to distribution channels are managed. It needs to integrate with several systems to handle this effectively, but a true commission system can manage more complicated commission rules and do better incentive planning. These systems are often closely integrated to agent portals in order to facilitate delivery of critical remuneration data which is used to motivate and incent agents.

Reinsurance Management includes administration of facultative or treaty-based reinsurance, including storage of policy-level data and key reinsurance accounting functions. Most often this is a separate system.

Forms and Correspondence refers to document and content automation systems which allow template-based generations of official policies, underwriting rejection letters, and any other documentation that needs to be stored or sent. Many policy admin systems have basic forms and correspondence functionality, though a third party system usually handles document generation across the enterprise.

REPORT METHODOLOGY

CRITERIA FOR INCLUSION

Celent's objective is to include in this report as many as possible of the leading life/annuity/pension/health policy administration systems being used or actively sold to insurers in EMEA. Celent actively reviews vendor systems in the insurance software market and invites the vendors to participate in reports like these.

Celent's ABCD Vendor View analysis is used to highlight those vendors who have attained success selling their systems in a particular market, in this case EMEA. Even if a vendor is not included in the ABCD Vendor Views, Celent profiles all vendors that are new or emerging entrants to the market as well as those with re-architected products.

The three criteria to be included in Celent's ABCD analysis are:

- At least three customers in production with the current version of the system.
- At least one new sale to one new customer within the last 24 months.
- Participation by at least three reference customers.

This report contains 42 profiles. Each of the profiles presents information about the vendor and solution; available professional services and support capabilities in the region; customer base; functionality and lines of business deployed; technology and partnerships; and implementations and cost. The vendors included in Celent's ABCD Vendor View analysis have two additional sections: reference customer feedback and some summary comments.

EVALUATION PROCESS

Celent sent a detailed RFI to a broad set of life/annuity/pension/health PAS vendors. After Celent received completed RFIs from the vendors, each vendor was evaluated for meeting the criteria for inclusion in the ABCD Vendor View analysis. Each vendor included in Celent's ABCD evaluation provided a briefing and demo for Celent concentrating on usability and functionality for everyday users as well as external portals (if available), product and rules configuration, and other key features highlighted by the vendors.

Celent also asked at least three references provided by each vendor in the ABCD Vendor View analysis to complete an online survey in order to obtain their view of the system's business and technology value. The RFIs, the demos/briefings, and the reference surveys provided quantitative and qualitative data that was used in the ABCD analysis of these vendors. This process is described in the next section.

Additionally, data from the RFIs received from every vendor was included in the system profiles presented in this report. All vendors had an opportunity to review their profile for factual accuracy, but they could not influence the overall evaluation of the system or the vendor's placement in the ABCD Vendor View charts.

Celent has retained final authority over the content of the published profiles. Some of the vendors profiled in this report are Celent clients, and some are not. No preference was given to Celent clients either for inclusion in the report or for the subsequent evaluation.

Not all data gathered from the detailed RFIs, vendor briefings and demos, and reference surveys/interviews has been included in the profiles. Rather, Celent has attempted to

capture key points and values about each vendor at an appropriate level. Unpublished information remains in the Celent knowledge base and is available to Celent's subscription or consulting clients.

CELENT'S ABCD VENDOR VIEW

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. 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 1: Examples of Possible Factors Used in Celent Policy Administration System ABCD

ABCD CATEGORIES	POSSIBLE FACTORS
Advanced Technology (and flexible technology)	Platform and Modernity (Code base, platform, databases, localization capabilities, etc.) UI (Ease of use, mobility) Data and adaptability/extendibility (Openness of application, code base, data model, etc.) Integration (Web services, APIs, reference comments) Scalability and cloud (Cloud readiness, largest installations, etc.) Ease of change (Change tooling, debugging capabilities, etc.)
Breadth of Functionality	Functions and features provided in base offering In production lines of business and number of deployments for each User experience
Customer Base	Number of live insurers using the system for life, health, or annuities lines of business New client momentum
Depth of Customer Service	Size of professional services and support team in region Insurers' post-implementation experiences

Source: Celent

THE XCELENT AWARDS

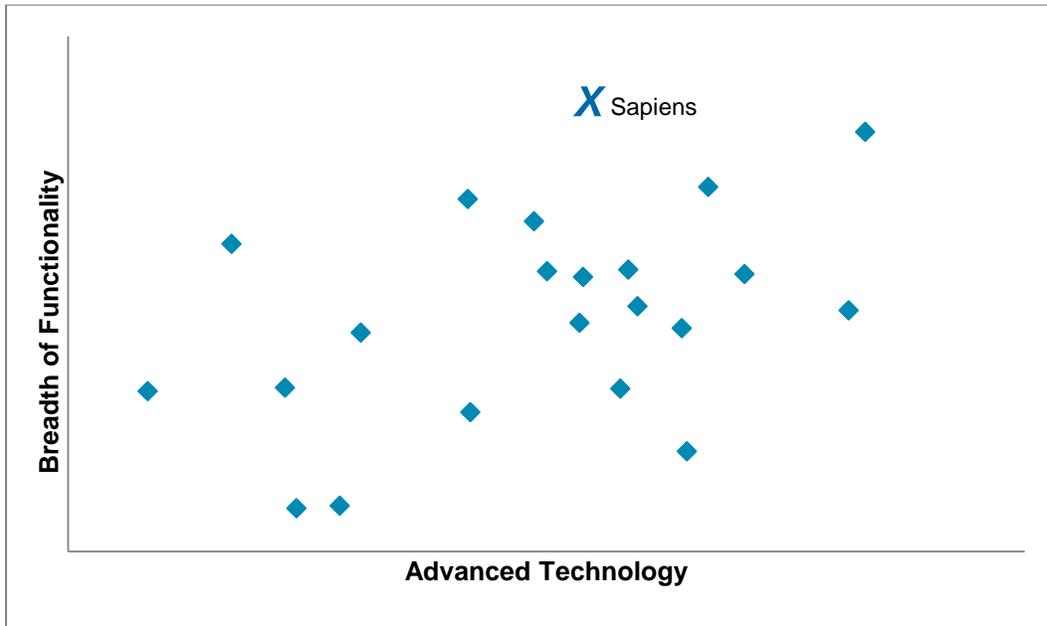
XCelent within this framework, the top performers in each of the ABCD dimensions receive a corresponding XCelent Award:

- 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 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 Sapiens.

Figure 2: 2015 XCelent Technology and XCelent Functionality

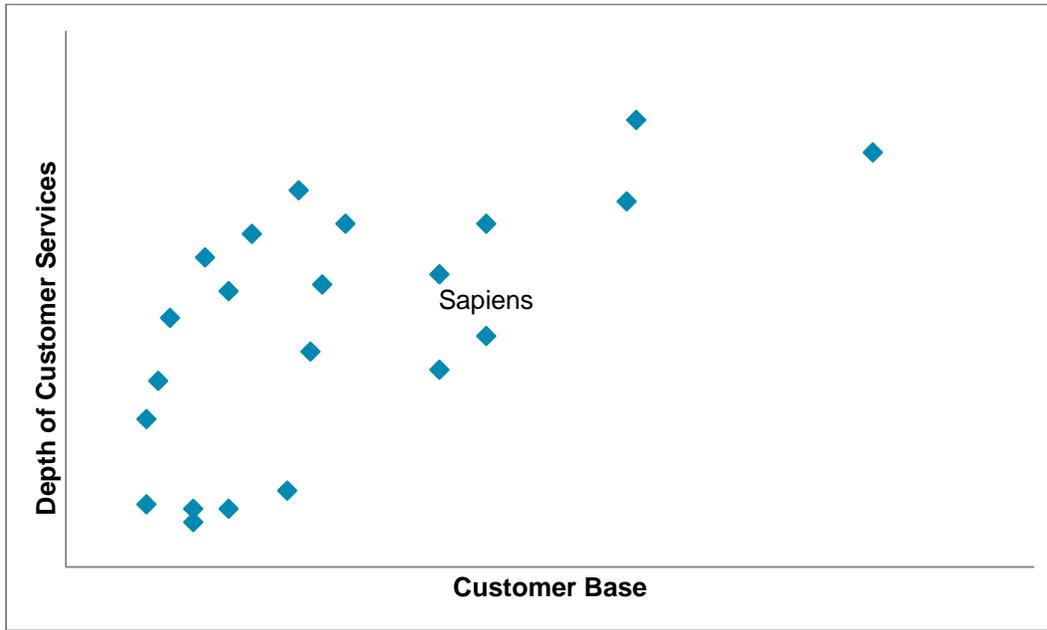


Source: Celent

XCELENT CUSTOMER BASE AND XCELENT SERVICE

Figure 3 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 3: 2015 Customer Base and Depth of Customer Service



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 2013. For example, in this report we are considering new criteria in Advanced Technology related to mobile platform and cloud infrastructure availability. 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 not be the best match for an insurer's specific business goals and solution requirements.

VENDOR PROFILES

ABOUT THE PROFILES

Each of the profiles presents information about the vendor and solution; professional services and support capabilities; customer base; functionality and lines of business deployed; technology and partnerships; and implementations and cost. As stated earlier, if a system was included in the ABCD Vendor View analysis the profile also includes customer feedback and Celent’s opinion of the system in regards to usability, product configuration, and workflow abilities as well as summary comments.

Each profile includes figure outlining available end-to-end components and the features/functions availability within the systems. The profiles also include a list of in production and supported lines of business and the number of clients currently using the system for those products. Additionally, the profiles include a table of technology options.

If included in the ABCD Vendor View analysis, the vendor’s reference feedback gathered through the use of an online survey is presented in the profile. Customer feedback sections include a diagram that displays the average ratings given to the vendor in 5 categories. Each average rating includes up to eight underlying ratings shown in Table 2 scored by the customer on a scale of 1 to 5, where 1 means poor and 5 is excellent. Open-ended comments regarding the system and the vendor are also included in the feedback section.

Table 2: Customer Feedback Ratings

DIAGRAM AVERAGE (QUESTION ASKED)	RATINGS INCLUDED IN AVERAGE*
<p>FUNCTIONALITY</p> <p>(How would you rate the features and functions you are currently using?)</p>	<ul style="list-style-type: none"> Producer/Agent Portal Policyholder Portal Customer Service Desktop Underwriter Desktop/Underwriting and Case Management Product Configuration/Definition and Maintenance Workflow / Business Process Design Business Rules Document Management Business Intelligence Analytics Billing Claims Management Commission Management Reinsurance Management Regulatory Reporting
<p>USER EXPERIENCE</p> <p>(Do the following users find this system EASY AND EFFICIENT to use? Using a 1 to 5 scale, where 1 is very difficult to use, and 5 is very easy to use)</p>	<ul style="list-style-type: none"> Underwriters Underwriter support staff Policy service staff System administrators Business Analysts (doing configuration)

DIAGRAM AVERAGE (QUESTION ASKED)	RATINGS INCLUDED IN AVERAGE*
TECHNOLOGY (How would you rate the TECHNOLOGY of this solution on a scale of 1 to 5 where 1 means Very Poor and 5 means Excellent?)	Ease of system maintenance Flexibility of data model Scalability Continuous improvements in technical performance Configurability Ease of integration with internal and external data/systems
IMPLEMENTATION (If you are familiar with the original implementation of this system at your company, how would you rate this vendor in the following areas?)	Responsiveness Project management Implementation completed on time Implementation completed on budget Overall project success Knowledge of your business
SUPPORT (After implementation, how would you rate the vendor's professional services staff in the following areas?)	Skill and knowledge of professional services staff Timeliness of responses to service requests Quality of response to service requests Cost of services Overall value of professional services

Source: Celent

*Scale 1 to 5, where 1 is poor and 5 is excellent. Not Applicable or No Opinion not included in average.

Concerning implementation costs and fees, 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:

- Insurance Company A, a small insurer, with a direct written premium (DWP) of €250 million.
- Insurance Holding Company B, with four operating companies, writing multiple lines of business in five or more countries, with a total combined DWP of €2.1 billion.

When discussing insurance customers of the various solutions the profiles may use the terms very small, small, medium, large, and very large insurers. Very small insurers (Tier 5) have under €100 million in annual premium; small (Tier 4) €100 million to €499 million; medium (Tier 3) have €500 million to €999 million; large (Tier 2) have €1 billion to €4.9 billion; and very large (Tier 1) have €5 billion or more.

SAPIENS INTERNATIONAL: SAPIENS ALIS FOR LIFE

COMPANY

Sapiens is a publicly traded company headquartered in Holon, Israel with sales and professional services personnel located globally. Sapiens’ business is providing software and services to the insurance, banking and financial services industries. The company has over 1,500 employees of which approximately 450 are available to provide professional services and client support for their life PAS solution.

Table 3: Company and Product Snapshot

COMPANY	Annual revenues derived from product	2014 Overall Revenue: US\$158M. They cannot disclose the Life & Pension division revenue
	Year founded	1982
	Exchanges/Symbols	NASDAQ, TASE: SPNS
	Headquarters Location	Global: Holon, Israel European, Middle Eastern and African HQ: Uxbridge, London, UK / Cardiff, UK. Additional offices in Paris (France), Antwerp (Belgium),
PAS SYSTEM	Name	Sapiens ALIS
	Current release and date of release	Current release is Version 6.5 Release 6.6.1, released in April 2015
	Release intervals	2014-5 - 3 releases per year, including both major and minor enhancements From 2016 on - a major release per year and 1-2 minor releases
	Upgrades	Insurers can skip multiple versions (e.g., go directly from version 6.2 to version 6.6) Vendor support for prior versions: They support current versions and up to 3 years back.
	Target market	Top insurers in the region, life insurance, annuities, defined contribution products, voluntary benefits.

Source: Vendor RFI

CELENT OPINION

Sapiens is a global software vendor that has become a major player in the insurance market. The vendor offers systems in life and general insurance, named ALIS and IDIT respectively.

As stated in our 2013 review, the ALIS system has a very good user interface (UI). It is simple for the user and flows well. The ALIS system has a graphical policy timeline that is unique and useful for a customer service representative working with a client. Sapiens is releasing new portals, which Celent reviewed, that are among the best we have seen. The policy timeline is also visible on the portal, and the presentation is simple and easy to understand. Sapiens also showed their Agent’s portal, which included displaying all

pending requirements. They also demonstrated their mobile quick quote tool and their agent eApp function. The system has a new user dashboard which provides prioritization of tasks. Configuration allows the dashboard view to be changed based on role. ALIS also includes a complete health claims system, which is useful for ancillary products such as DI.

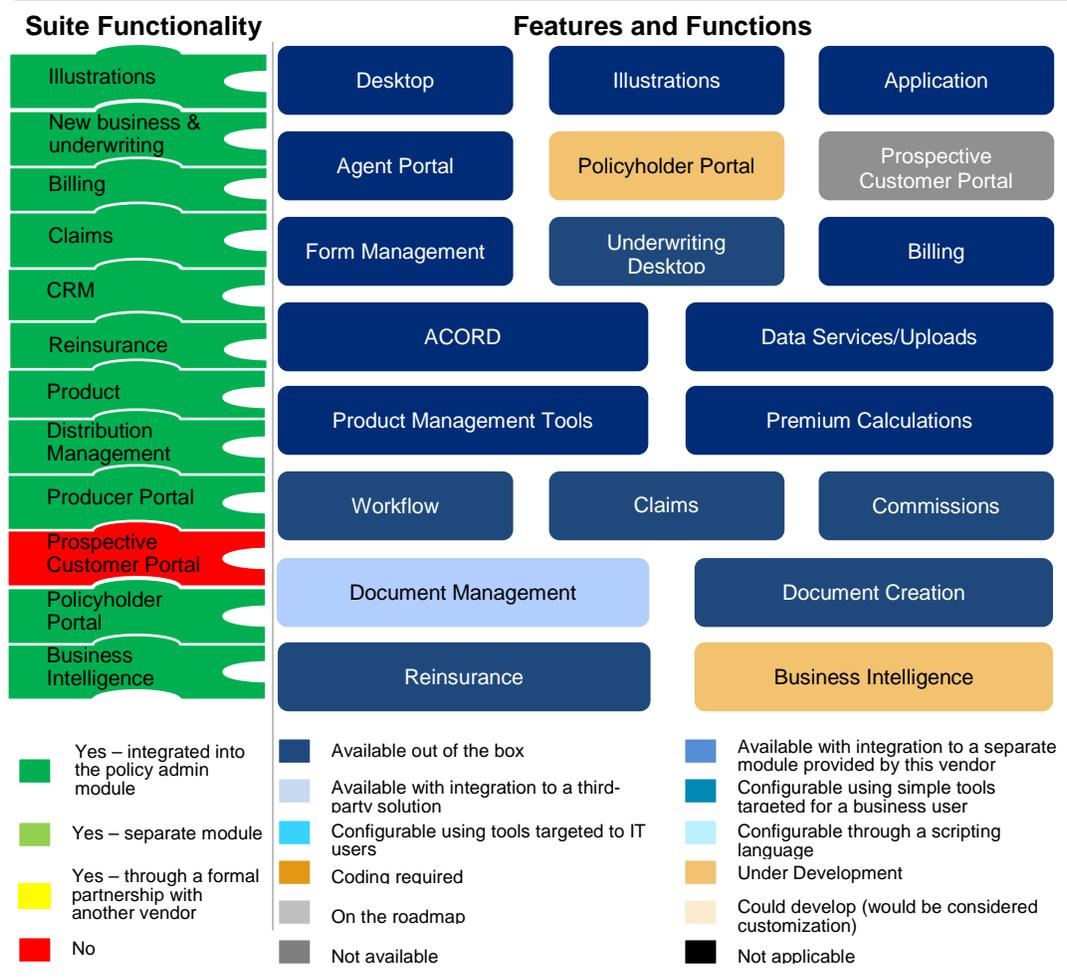
Product configuration is an older user interface but also flexible and usable. ALIS provides translation tools directly from Excel that will be particularly useful for actuaries and product designers. The design includes a formula log which shows the calculations that were used to present the values.

With ALIS Sapiens has acquired a strong system complementing its product offering in insurance. The merger has also added resources capabilities in terms of implementation and post-implementation services. Going forward we expect the ALIS system to make most evaluation short lists and Sapiens to expand its already rich customer base in the EMEA region.

OVERALL FUNCTIONALITY

The following chart shows features and functions available:

Figure 4: Functionality



Source: Vendor RFI

CUSTOMER BASE

Sapiens has a total of 13 insurer clients in the region. Most insurance company clients are Tier 1 and Tier 2 (each three clients) and Tier 5 (four clients) followed by Tier 4 (two clients) and Tier 3 (one client).

Table 4: Customer Base

EUROPEAN, MIDDLE EASTERN AND AFRICAN CUSTOMER BASE	In production with release less than four years old	3
	In production with prior release/version	9
	New clients since 2013	Europe: Cyprus, 1; UK, 1 Africa: South Africa, 1
	Deployment method (percentage of client base)	On Premise: 100% BPO: 0% Hosted: 0% In the cloud: 0% SaaS: 0%
	Marquee clients	Royal London, Wesleyan, FNB, Scottish Widows, Lloyds Banking Group

Source: Vendor RFI

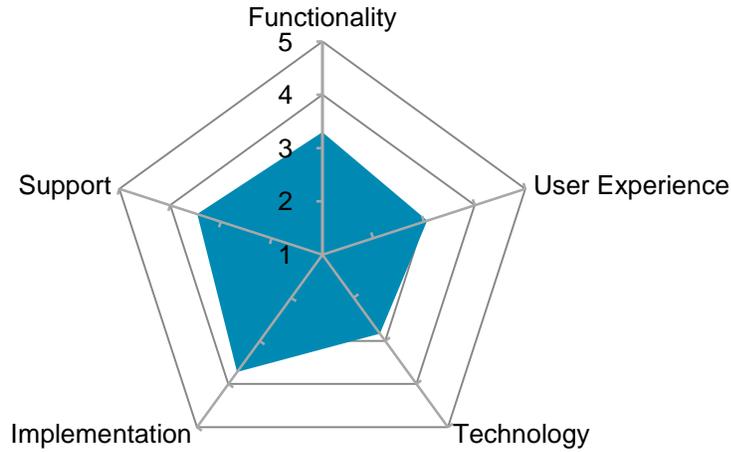
CUSTOMER FEEDBACK

Three clients provided feedback on Sapiens ALIS for Life, Annuities & Pension. One is a Tier 5 insurer and 2 are Tier 4 insurers. Two insurers have been using the solution for more than 3 years and one has been using it for less than 1 year.

Functionality received above average scores overall and within functionality, workflow / business process design received the highest score while producer/agent portal was an area of relative improvement, which should be addressed with the new agent portal as indicated above. User experience scores were above average and within the category, underwriter's user experience was highlighted while user experience for business analysts is an area of relative weakness. Comments on the system technology were above average. Configurability received special mention and flexibility of data model was noted as a possible area of improvement. Regarding their implementation experiences, insurers gave above average marks with overall project success being highlighted and responsiveness (handling of issue resolution) receiving the lowest marks in the category. Finally, the client support was rated above average overall. The highest score within the category was timeliness of responses to service requests while the lowest within the category was cost of services.

Figure 5: Customer Feedback

Customer average rating (1=very poor; 5=excellent)



Source: 2015 Celent LHAP PAS customer feedback survey

LINES OF BUSINESS SUPPORTED

Table 5: Lines of Business Supported in EMEA

LINE OF BUSINESS	INDIVIDUAL		GROUP	
	AVAILABILITY	NUMBER OF CLIENTS IN PRODUCTION	AVAILABILITY	NUMBER OF CLIENTS IN PRODUCTION
TERM LIFE	In production today	4	In production today	1
WHOLE LIFE	In production today	4	Not supported	
UNIVERSAL LIFE	Supported but not in production	2	Supported but not in production	
INDEXED UNIVERSAL LIFE	Supported but not in production	2	Supported but not in production	
VARIABLE UNIVERSAL LIFE	Supported but not in production	2	Supported but not in production	
SENIOR OR PRE-NEED PRODUCTS	Supported but not in production			
FIXED ANNUITIES	Supported but not in production		Not supported	
ENHANCED/IMPAIRED ANNUITIES	Supported but not in production		Not supported	
VARIABLE ANNUITIES	Supported but not in production		Not supported	
ACCIDENTAL DEATH OR DISMEMBERMENT	In production today	5	Not supported	

LINE OF BUSINESS	INDIVIDUAL		GROUP	
	AVAILABILITY	NUMBER OF CLIENTS IN PRODUCTION	AVAILABILITY	NUMBER OF CLIENTS IN PRODUCTION
SHORT-TERM DISABILITY	In production today	5	Not supported	
LONG-TERM DISABILITY	In production today	5	Not supported	
LONG-TERM CARE	Supported but not in production		Not supported	
INCOME PROTECTION	In production today	3	Not supported	
CRITICAL ILLNESS	In production today	5	Not supported	
VISION INSURANCE	Supported but not in production		Not supported	
DENTAL INSURANCE	Supported but not in production		Not supported	
CREDIT INSURANCE	In production today	3	Select Option	
ASSISTANCE PROGRAMS/OTHER CONCIERGE SERVICES	Supported but not in production		Supported but not in production	
PENSION (INDIVIDUAL, GROUP DEFINED CONTRIBUTION, ETC.)	In production today	4	Supported but not in production	
GROUP PENSION (DEFINED BENEFIT)			Not supported	
WRAP	Supported but not in production		Supported but not in production	
SAVINGS (BONDS, MUTUAL FUNDS, ETC.)	In production today	3	Supported but not in production	
DRAW-DOWN	Select Option	1	Not supported	

Source: Vendor RFI

TECHNOLOGY

Table 6: Technology Options

TECHNOLOGY	SPECIFICS
CODE BASE	<p><u>Core technology:</u> Java: 30%; C++: 40%; JavaScript: 10% ; XML in PL: 20%</p> <p><u>Business users:</u> Java: 30%; C++: 40%; JavaScript: 10%; and XML: 20%</p> <p><u>Developers:</u> Java: 30%; C++: 40% ; JavaScript: 10% ; and XML: 20%</p>

TECHNOLOGY	SPECIFICS
OPERATING SYSTEMS	Implemented in JEE/Java Operating systems deployed on: Linux/unix(aix)/Windows (aixv6/7, Win2008R2 and later, Redhat6)
APPLICATION SERVERS	tomcat and websphere8
DATABASES	Preferred: Oracle; Microsoft SQL Server; DB2/UDB Additional options: None
INTEGRATION METHODS	Preferred: Web Services; MQSeries, JMS or similar queue technology; Flat files Additional options: ACORD Standard XML; Other XML; RESTful HTTP style services; JSON format ; Custom API
SCALABILITY	Largest deployment: 1,600 concurrent users, 10 million policies across multiple lines of businesses (in cloud deployment)

Source: [Vendor RFI](#)

The primary UI for business users is browser based. Touch screen interfaces are not enabled for business users. For developers and configurers the UI is browser based and Java thick client or Eclipse client. Touch screen interfaces are not enabled for developers and configurers. The solution is n-tier architected application with a presentation layer, a service layer and a business layer. There is communication between layers with ActiveMQ and WebsphereMQ, and the communication between the presentation layer and service layer is services over http. It is database agnostic (SQL Server, DB2, Oracle) and OS agnostic (Windows, Unix, Linux). The UIs and process flows have not been designed to be mobile device independent. The solution natively supports mobile friendly HTML5 apps.

The data model is propriety with ALIS's own database/table. The data model can be extended by insurers using two options, by configuration only using an ALIS tool or by adding the file to the database and changing the code by Sapiens. The data model will be released to an insurer. It is easily published to an insurer's data model.

Insurers generally do not have access to core code.

Insurance product definition, workflow definition, business rule definition, interface definition, data definition and roles based security integration are configurable using simple tools targeted for a business user. Screen definition is configurable using tools targeted for an IT user. The system uses re-usable components, inheritance and other schemes for insurance product configuration.

Product changes can be analyzed using testing tools provided that help evaluate the impact of change and can be tested using a standard way of testing the system using common tools. A restart of the system is required for screen configuration, change to underlying data model, new web service or integration point or change to portal.

IMPLEMENTATION, PRICING, AND SUPPORT

The preferred implementation approach is hybrid of Waterfall and Agile. A typical project team of ~ 20 FTE on average consists of resources from the insurer (30%-40%) and Sapiens (60%-70%).

The average time to get the first line of insurance live in a single jurisdiction is typically 7 to 12 months depending on the integration requirements and the level of configuration required, with second and subsequent lines taking four to six months in the same jurisdiction. Second and subsequent jurisdiction implementations typically take four to six months.

Sapiens offers term license, perpetual license and usage based (in terms of number of policies) pricing options. The license fees are typically based on number of functional components/modules, premium volume, number of states or geographies, enterprise license / flat fee, or other (per line of business deployed in the system and covering a specific market segment and other usage based (term/hosted deployments, number of policies is a factor in pricing as well)).

The vendor may offer a fixed price implementation in cases where they have performed a gap analysis and solution design and the functional/business scope is clear and defined, or in cases of a fast track rapid roll out of the system focusing on adopt and not adapt.

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

For a single-country insurer producing annual GWP of €250 million, the total cost over five years including license, implementation and maintenance would be in the range of €2 million to €10 million. The subscription /license would typically be €1 million to €5 million. Implementation would typically be €1 million to €5 million. Third party support costs are not applicable. Maintenance fees are 20% of the license fee.

For an insurance holding that has four companies, writes in five countries across multiple lines of business, and has GWP of €2.5 billion or more, the five-year costs would be €11 million to €20 million, of which €1 million to €5 million is the license fee and €10 million to €15 million would be implementation. Third party support costs are not applicable. Maintenance fees are typically 20% of the license fee.

CONCLUSION

FOR INSURERS

There is no single best policy administration 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 policy administration 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.

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 whose IT group is small and wants vendors to maintain and support their applications.

Some policy administration systems bring broad and extensive out-of-the-box functionality that matches an insurer's lines of business and operating model. Other systems offer powerful configuration tools to build capabilities for both known and future requirements.

Some insurers' agents, underwriters, and service staff work completely in a paper world, only occasionally accessing and updating data from a static system of record. Other insurers have users that continue to do most of their work on a green screen — one that is older and difficult to modify. An insurer with either type of current policy administration environment needs to plan for organizational change and individual development.

The report is not intended to provide an insurer will all the tools it needs to choose the "right" policy administration system although it can help an insurer take the first steps towards moving a long list to a short list. Making a final vendor decision requires custom RFIs, in-person meetings and demos, reference interviews, RFPs, and even proofs of concept.

It is a difficult and time-consuming process, and one that an insurer will hopefully only need to endure once a decade at most. The result will not just be a disruptive implementation but potentially a shift in corporate culture. Insurers can consider hiring team leaders who have been through a similar selection before, or, alternatively, engage with Celent to provide advice and service throughout the decision-making process. Celent provides an objective set of knowledge about vendors as well as previous involvement with many insurers' selections, and by working with Celent an insurer can move more quickly, follow best practices, and avoid the mistakes of others.

FOR VENDORS

As a group, vendors continue to make significant investments in their core policy administration systems. The solutions are getting more capable (deeper functionality); more smart (better reporting and analytics); and more connected (SOA and Web services become the de facto future state standard).

Insurers have begun to expect core systems to play a broader role in their infrastructure, communicating across processes and better helping to redefine the way they do business.

While 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:

- Providing short-term tactical gains throughout a longer implementation.
 - Especially in a difficult economy, insurers are less willing to sign up for long-term projects that provide no value until 18 to 24 months have passed. Vendors that demonstrate an iterative implementation process with several ROI milestones will have an easier time getting budget approval.
- Focusing on improving usability, for both new and experienced users and managers.
 - Usability drives productivity. Advanced functionality is of no value to a user who cannot navigate to it or master its use quickly.
- Making overall implementation faster and less expensive.
 - Insurers are increasingly selecting vendors based on how long it takes and how much it costs to deploy all lines in all geographies.
- Documenting their value propositions.
 - Quantitative and credible case studies of how the solution improved underwriting decisions, or decreased time to market, or improved agent and policyholder experience, or reduced manual process and cycle times will influence buyer decisions.

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 insurance 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

EMEA Policy Administration Systems 2013: Life, Annuity, Pension, and Health ABCD
Vendor View
November 2013

Global Healthcare Policy Administration Solutions: An ABCD Vendor View
July 2015

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