APPS RUN THE WORLD

Insurance

Vertical Applications Market Report 2009-2014,
Profiles Of Top 10 Vendors

7/30/2010

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Summary

This applications market sizing report analyzes the 2009 performance of the top 10 applications vendors in the insurance vertical, which continues to gain traction as insurers seek to gain a competitive edge through process automation and better customer information management.

The key for insurance companies is to shave costs by streamlining business processes. As a result, elimination of paper-based procedures and improvement of the customer contact and field service operations have become the guiding principles of insurance carriers to aggregate and disseminate real-time information to customers, brokers, partners and their own employees.

Top Line and Bottom Line

On the top line, insurers, which have seen lackluster returns on their investments because of the sluggish economy, have directed their attention to sprucing up their operations. As a result, the relentless push toward cost cutting has become one of the biggest drivers behind new and expanded applications implementations by insurance companies.

This comes at a time when insurance companies are bracing for another round of industry consolidation as the remaining players are racing to expand globally. The failed attempt by Prudential PLC to buy the Asian assets of AIG could trigger a wave of mergers and demergers from interested parties. That in turn would result in new applications projects to replace and upgrade existing systems in order to gain visibility into the entire operations. In addition economic growth in the BRIC countries will translate into higher demand for insurance policies.

The bottom line is that the insurance vertical, still licking its wounds from the financial market meltdown, appears to be resilient enough to withstand further shocks because of favorable macro-economic trends. Applications vendors that cater to the insurance industry are in a good position to capitalize on those opportunities as their customers continue to expand their insurance-line offerings on a global scale.

Market Overview

The market for applications for the insurance vertical rose 3.7% in 2009 as a confluence of factors drove insurers to investing in new and expanded IT projects.

In 2009 AXA Insurance, a major UK insurer, extended its license of CSC's Colossus personal injury claims assessment solution for an additional three years, while Zurich Financial Services signed a seven-year, $1.3 billion outsourcing agreement with CSC giving it the responsibility of enhancing and managing more than 4,000 existing applications for one of the world's largest insurers.

These deals encapsulated the amount of legacy systems being used by insurance companies worldwide and the growing pressure of the carriers to boost efficiency through new applications implementations.

By partnering with business process outsourcers and harnessing a range of new tools from mobile devices to cloud services, insurance companies hope to become more engaged with their customers, brokers, partners and employees.

The applications vendors have been doing their part to retool their operations.

Nowhere was that more evident than in Europe where FJA completed one of its biggest acquisitions with the purchase of CORAG Insurance Technologies to become the leading insurance applications vendor in countries such as Germany and Switzerland.

Similarly Sword Group of France acquired AgencyPort last year to shore up its presence among the property and casualty insurers in the United States.

On the other hand, the largest insurance application vendor Vertafore embarked on a major reorganization effort by creating three business units - Vertafore Agency Markets, Vertafore Carrier & MGA Markets and Sircon to better align its resources to meet present and future customer requirements.

Following the costly rescue of AIG, it may be too early to suggest that the insurance industry is finally on its mend. However the ongoing efforts by the customers and vendors to reinvent themselves are setting the vertical on a solid footing, which may well be the best answer to a near-collapse in confidence in the industry not too long ago.

Implications Of The Great Recession of 2008-2009

Who will take the place of AIG?

For a long time, the once reigning insurer of the world had the biggest market cap among insurance companies until the credit crisis hit in 2007. Its $4-billion-plus market cap is a fraction of its former self underscoring the distressed state of the industry in boosting its valuation.

While Allianz, AXA and China Life are racing to become the most valuable insurer, much more is needed to assuage the fear of the investors and the public at large that their investments and policies are in good shape.

Hence the challenge for insurance companies is to attain a higher degree of transparency with their operations and their interactions with partners, customers and investors, all of which will require systematic changes to their applications environment, which is still awash with legacy systems.

Large carriers as well as their independent agents have made it their top priority to fix that by turning to a growing list of on-demand applications and cloud-based services that could ease the migration from client-server systems to more agile applications with little IT resources required upfront.

It will be quite some time before someone assumes the lead held by AIG as the insurance industry finds its own bearing by winning back the confidence of customers and investors. Rest assured that technology will play a key role behind the transfer of power as insurance companies race to boost their productivity and profitability by accessing real-time information on everything from billing to customer service and from claims processing to financial reporting, all with the help of applications vendors.

Customers

Scalability will become the determining factor behind vendor selection in the coming years as both insurance carriers and agencies choose to consolidate their front and back-office operations through system standardization.

While large carriers will seek to use the latest technologies to help them address such operational issues as contract lifecycle management, incentive compensation and international billing and accounts receivable, a number of ERP vendors appear to be in a good position to meet such requirements with their integrated offerings as well as add-ons from their ISV partners.

SAP, for instance, has been focusing on the operational needs of the carriers, which could be considerably more lucrative in the long run, given the ongoing consolidation in the insurance industry.

Business process outsourcers, many of which have invested heavily in their insurance practices, could also emerge as key contenders for such implementations. The same applies to a raft of on-demand applications vendors ranging from Ebix to iPartners that have been gaining traction in the insurance vertical.

Top 10 Applications Vendors In Vertical

The following table lists the 2009 shares of the top 10 applications vendors in the insurance vertical and their 2008 to 2009 applications revenues(license, maintenance and subscription) from the vertical.

Vendor	2009 Share(%)	2009 Applications Revenues From Insurance($M)	2008 Applications Revenues From Insurance($M)
Vertafore	10.1%	136	130
Applied Systems	7.8%	105	103
Oracle	7.4%	100	95
SAP	7.4%	100	95
StoneRiver	6.7%	90	88
CSC	4.0%	54	52
SunGard	3.0%	40	38
FJA	3.0%	40	37
SSP	2.8%	37.4	34
Sword Group	2.3%	31	25
Subtotal	54.4%	733.4	697
Other	45.6%	613.6	601
Total	100.0%	1347	1298

Vendors To Watch

On the global level, the rise of vendors such as FJA and Sword Group could usher in a new breed of global applications vendors for the insurance vertical as they start delivering multi-currency and multi-language solutions for customers that operate in different countries. A much bigger challenge lies in the seamless integration of document management software into their applications allowing for more effective workflow and risk management regardless of the origination of the customers or policies.

Other vendors worth watching include:

Ebix has transformed itself from a traditional insurance app vendor to an on-demand provider of software, custom development services and data exchanges for life insurance, annuities, employee health benefits, and P&C insurance companies.

iPartners is turbocharging its business intelligence applications for the insurance vertical by delivering an intuitive dashboard that provides key performance indicators as well as relevant reports on an insurer's business performance. The result is that customers will have better data to tweak their pricing and other mission-critical functions like marketing in order to boost profitability.

Consolidation is on the rise once again among insurance applications vendors. Blue Frog, which received funding from private equity firm Bluff Point Associates in 2008, acquired Prospect 9 for its client management and marketing applications in late 2009. In early 2010 it picked up Insurance Online Network for its Web-based multi-carrier term insurance platform.

Similarly iPipeline with its sales distribution applications for insurance companies raised $15 million in late 2009 following its acquisition of AgencyWorks for agency management. The new funding will be used to help it further expand through acquisitions.

Outlook

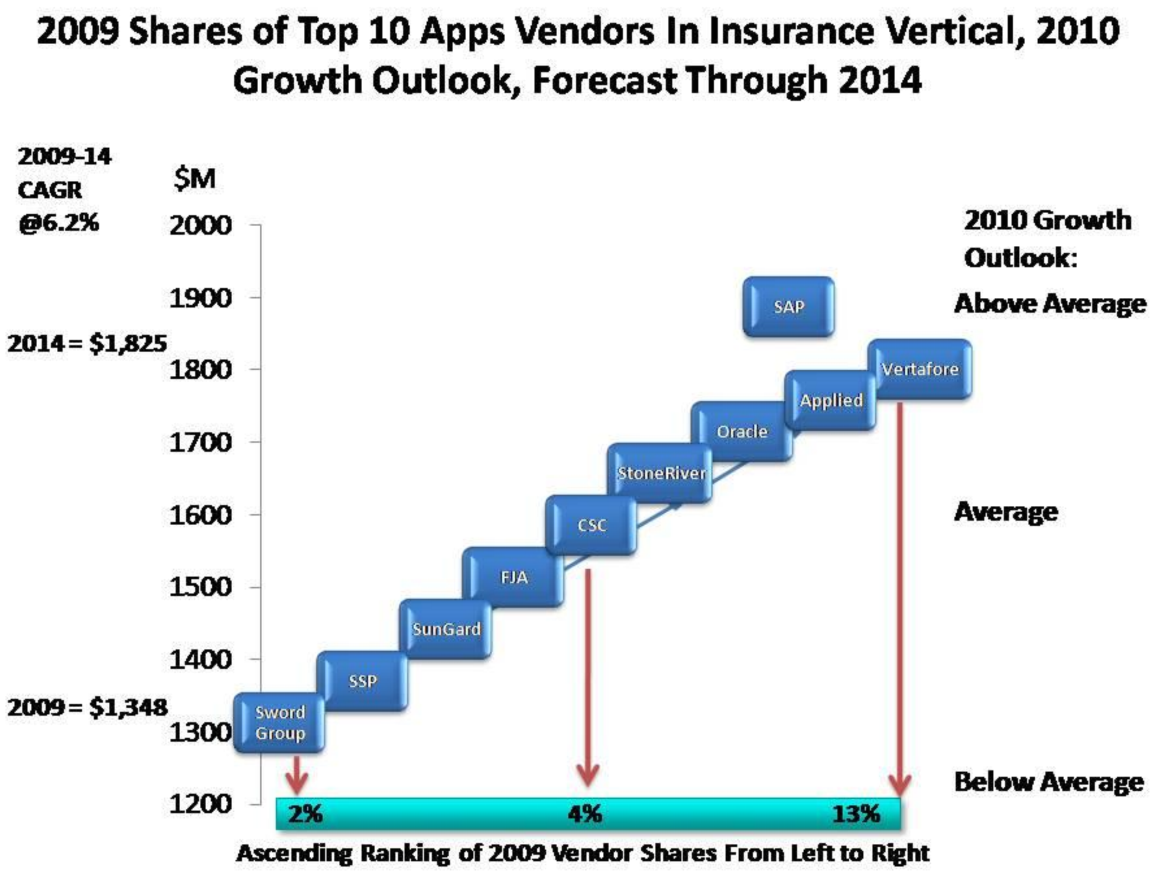
Insurance applications vendors are making all the right moves to prepare for sustainable growth through continuous innovation and tucked-in acquisitions in order to offer new products and lock in customers in a hurry.

On the upside, after years of reducing their exposure to expensive homegrown applications and warming up to the idea of business process outsourcing and on-demand applications, insurance companies have demonstrated they can lower their operating costs by leveraging new tools to boost their productivity and profitability. The result could be an accelerated growth in the insurance vertical buoyed by incremental spending from fast-growing insurers in developing countries such as Brazil and China.

On the downside, the market is still fraught with uncertainty after the ignominious fall of AIG, which has dragged down the valuation of many other insurance companies causing them to be extra sensitive about investing in large-scale IT projects. A full recovery could depend on whether insurance companies, which probably have become more risk averse than ever after the credit crisis, would muster enough courage to reinvest for the good of their customers, partners, employees, and shareholders.

SCORES Box Illustration

The following graphic shows the 2009 shares of the top 10 insurance applications market with Vertafore claiming the top spot at 13%, followed by Applied Systems, Oracle, SAP, StoneRiver and others. Based on our SCORES methodology, SAP is rated above average for their growth potential in 2010. The market is expected to achieve a 6.2% compound annual growth rate rising from $1.3 billion in 2009 to $1.8 billion by 2014.



Profiles of Top 10 Applications Vendors In Vertical

- Vertafore
- Applied Systems
- Oracle
- SAP
- StoneRiver
- CSC
- SunGard
- FJA
- SSP
- Sword Group

Vertafore

Bothell, WA

www.vertafore.com

Overview:

Since 1969 Vertafore has been serving the insurance vertical in a long winning streak that has captured the hearts and minds of large and small insurers with an extensive portfolio of applications and services. Typical customers are small to midsized agencies, managing general agents and top carriers.

Applications Revenues In Insurance:

	2008	2009
$(M)	130	136

2009 Applications Revenues In Insurance By Region:

Region	2009($M)	% of total
Americas	136	100%
EMEA	0	0%
Asia Pacific	0	0%

2009 Applications Revenues In Insurance By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	13.6	5%
Large(1K-5K ees)	40.8	10%
SMB(1K ees and below)	81.6	85%

2009 Applications Revenues In Insurance By Revenue Type:

Type	2009($M)	% of total
License	30	22.1%
Maintenance	60	44.1%
Subscription	46	33.8%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Below average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With an 10.1% share in the insurance vertical, Vertafore's ability to maintain and win share in the market segment in 2010	Average

Full overview:

After selling applications and connectivity services to the insurance vertical for more than four decades, Vertafore has grown to become one of the largest vendors with more than 17,000 customers and 200,000 regular users running its applications to handle mission-critical functions such as agency management, claims processing, policy administration and billing.

Over the past few years, the evolution of Vertafore continued with a series of acquisitions and the unveiling of its on-demand applications, a far cry from its early days of selling punch-card and minicomputer solutions.

One thing has not changed. Customer loyalty has not wavered with its renewal rate consistently reaching 95 percent.

In 2009 Vertafore reorganized its operations by creating three business units: Vertafore Agency Markets, Vertafore Carrier & MGA Markets and Sircon. The first is geared toward meeting the needs of its more than 15,000 agency customers, some of whom have been using the AMS 360 product line to handle agency management for decades. The second addresses carriers and managing general agents markets with products for real-time connectivity and premium finance management, while Sircon covers the compliance requirements of its customers.

The reorganization followed a series of Vertafore's acquisitions including InStar for property & casualty agency management, BenefitPoint for benefits management, ImageRight for content management, and Sircon for compliance.

The reorganization and the acquisitions represent a new chapter in Vertafore's long history laying the groundwork for further gains in its target segments through continuous product enhancements and strategic alliances with key partners.

More changes are expected to be offing. Vertafore, which used to be a part of the investment portfolio of private equity firm Hellman & Friedman, was picked up by Texas Pacific Group, another private equity firm, for $1.4 billion. Given the lofty price, there may be increased pressure for Vertafore to meet the high expectations of its new owner in the coming quarters.

Key Applications For Insurance Vertical:

AMS 360, Sagitta, Portal Server, WorkSmart, PolicyIssuance, Identity Management

SCORES Analysis

Strengths

Vertafore has been banking on its sizable R&D resources to deliver highly differentiated applications and high-performance transaction processing capability. With more than 300 developers, Vertafore has invested heavily in R&D to ensure a robust product pipeline.

In March 2010 Vertafore introduced four products including Portal Server for easy access to backoffice information, WorkSmart for workflow and content management, Identity Management for user and system security, and PolicyIssuance for compressed policy issuance cycle.

That followed the availability of version 4.0 of its AMS 360 management system, which includes enhancements such as simplifying the cross-sell opportunities based on coverage and intuitive document management. AMS 360 alone has an installed base of 2,800 agencies.

The steady tempo of its product release schedule underscores Vertafore's ability to innovate, while delivering add-on functionality from its acquired software assets to optimize customer experience and the overall usability across its product portfolio.

Then there is the transaction processing and scalability of its offerings. Last year, Vertafore applications processed 16.7 million transactions including connectivity with carriers and rating for quotes, an 88 percent jump over 2008. Its Sagitta agency management applications for larger firms can handle as many as 20,000 users and more than 600,000 transactions per hour.

Customers

With more than 17,000 customers and 200,000 users, Vertafore boasts one of the largest installed base of insurance professionals in the world. Its installed base is broken down into 15,000 agencies, 1,000 carriers and 750 MGAs.

Sample customers include Bennion Taylor, CAI Insurance, Conrad Insurance, Heist Insurance Agency, Leaders Life, Lloyd Purdy, KESA, Moody Insurance, Renaissance Group, Renaissance CS, Sattler Insurance, and Statewide Insurance.

Its ImageRight content management and workflow applications were well received last year. Customer wins included AXA Liabilities Managers, Barnstable County Mutual Insurance Company, Builder's Trust, Central Security Life, Claims Administrative Services, Cox Specialty Market, FHM Insurance Company, Georgia Farm Bureau Mutual Insurance Co., Hallmark Financial Services, Locomotive Engineers & Conductors Mutual Protective Agency, Mississippi State Rating Bureau, Old National Insurance, Phoenix Aviation Managers, Property and Casualty Insurance Guaranty Association, Southwest Insurance Partners, and Starkweather & Shepley Insurance Brokerage.

Opportunities

Vertafore's biggest opportunities lie in upselling its extensive product portfolio to its huge installed base. The content management and workforce applications, coupled with new releases in identity management and portal server, are seen as the low hanging fruits that could be a big draw for agencies that need to streamline their back-office and customer information management functions.

Upgrades for its current agency management applications are likely to take more time given the large number of legacy systems being used by its customers.

Risks

While Vertafore has done well with its agency management applications because of its lineage, it faces stiff competition in the connectivity segment of the market, which could significantly alter the way insurance companies choose to work with technology providers.

Vertafore may have to accelerate its push into the connectivity segment with life, annuity, and employee health benefit exchange offerings as well as global life insurance exchanges that encompass the pre-sale and order entry processes, which are becoming more critical than ever to complement the consolidation trend among insurers. Currently Vertafore’s connectivity offerings are primarily based on its multi-carrier rating and transaction servers for agency-carrier communications.

Then there is the globalization issue that Vertafore, which does the bulk of its business in the United States, has to tackle either from a partnership perspective with sister company SSP or start building out its own ecosystem to accommodate the needs of its global insurer customers.

Ecosystem

Vertafore primarily sells direct and it also partners with a number of service providers on complex implementations. They include 3i-Infotech and DiMantova & Associates.

In addition to its technology alliance with Microsoft and IBM as well as insurance-specific vendors such as ISO, Vertafore partners with SSP in the United Kingdom on joint sales opportunities. While SSP remains a part of Hellman & Friedman’s investment portfolio, it is not clear how the recent purchase of Vertafore by TPG from Hellman & Friedman would impact its relationship with SSP.

Shares

With a 10.1% share in the insurance vertical, Vertafore's ability to gain share is average because of growing cross-selling and upselling opportunities across its installed base.

On the upside, the upcoming availability of its flagship agency management applications including AMS 360 and Sagitta is expected to usher in system upgrades as well as add-on sales.

On the downside, Vertafore will have to respond to the growing need of customers for an integrated agency management applications that also incorporate advanced tools such as social media and mobility support for effective closed-loop marketing. Vertafore, which has experienced considerable growth through acquisitions over the past few years, may have to lead with a far-reaching technology vision to take its customers to the next level.

Applied Systems

University Park, IL

www.appliedsystems.com

Overview:

In the fragmented insurance applications vertical, Applied Systems has edged out others by being the first to the market and that tradition has continued with its major releases delivering broker-carrier real-time and batch communication solutions. Typical customers are insurance agents, brokers and major carriers.

Applications Revenues In Insurance:

	2008	2009
$(M)	103	105

2009 Applications Revenues In Insurance By Region:

Region	2009($M)	% of total
Americas	89.25	85%
EMEA	10.5	10%
Asia Pacific	5.25	5%

2009 Applications Revenues In Insurance By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	5.25	5%
Large(1K-5K ees)	10.5	10%
SMB(1K ees and below)	89.25	85%

2009 Applications Revenues In Insurance By Revenue Type:

Type	2009($M)	% of total
License	40	38.1%
Maintenance	65	61.9%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Below average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 7.8% share in the insurance vertical, Applied Systems ' ability to maintain and win share in the market segment in 2010	Average

Full overview:

Since its early days, Applied Systems has come to embody the insurance industry's drive to automate agency and brokerage functions. Introduced in 1983, its flagship product The Agency Manager(TAM) was one of the first PC-based applications designed for insurance agents and brokers to handle their key functions with a single end-to-end system. This early start enabled Applied to become the leading agency management system with more than 130,000 desktops for integrated policy processing, marketing, accounting, and reporting.

An investor group led by Vista Equity Partners acquired Applied Systems in 2004. That was followed by the 2006 purchase of Applied System in a management-led buyout with the help Bain Capital.

In 2008 Applied Systems launched a Web-based product line called EPIC after four years of development to create a rich Internet application that is easy to configure, maintain and update. One of the key features of EPIC, which can be accessed via on-demand or on-premise implementation, is its real-time workflow allowing users to easily search and drill-down information on clients, policies, attachments, notes and activities.

Altogether Applied Systems has more than 130,000 users in 11,000 insurance agencies and brokerages as customers. It also serves nearly 300 carriers that run its applications to automate their affiliated insurance agencies and brokers.

Key Applications For Insurance Vertical:

Applied Systems Epic, The Agency Manager, Vison Series

SCORES Analysis

Strengths

Applied Systems' reach is extensive given its history of selling applications into the insurance vertical. It estimates that its systems are responsible for writing more than 25 percent of all insurance premiums in the United States, Canada, United Kingdom, Puerto Rico, Guam, Hong Kong, Jamaica and the Virgin Islands.

In many respects Applied Systems has become the de facto standard for insurance agency automation, especially among firms that are increasingly funneling their front-to-back office functions from field locations to the head office thus leaving their agents more time with their clients.

Its bread and butter remains small and midsized agencies and brokerages with a few to hundreds of producers who have come to depend on DORIS, TAM and Vision agency management systems for their day-to-day workflow and real-time connectivity to carrier data.

By focusing on agency management applications, Applied Systems has been bringing its R&D resources to bear with the sole task of improving the business processes of its target audience. Today more than 100 product managers are assigned to that task alone ensuring its product development, testing and any new features planned would be built based on the needs of insurance agents and brokers.

Customers

With more than 130,000 users running its applications to sell insurance, Applied Systems has exerted considerable influence over the direction of the entire industry. While it has always done well among small and midsized agencies and brokerages, the introduction of EPIC, which allows for enterprise scalability and complex policy administration, has paved the way for Applied Systems to address the needs of carriers when automating their captive agents.

One of the large-scale EPIC implementations was at Willis Group Holdings Ltd., a global insurance broker with 20,000 employees serving clients in 190 countries. EPIC will be used throughout the company's 200 North American offices replacing a smattering of legacy systems.

Opportunities

The migration to EPIC unleashes plenty of opportunities for Applied Systems to become more engaged with its customers because of the on-demand delivery model, which facilitates easy product updates.

Applied Systems is also expanding its presence in the Canadian market by adding development and customer support resources. Last year EPIC became generally available in Canada.

Risks

It will take a long time before Applied Systems can make a large impact on its large installed base of TAM customers by migrating them to the EPIC product line. For the time being, the vendor appears inclined to position the products separately.

One challenge is that Applied Systems has made the online deployment option to its TAM and Vision customers for a number of years. DORIS is only available online. So for these customers, the switch to EPIC does not necessarily translate into any gain from an ease of implementation standpoint.

Another challenge lies in its organic growth rate. Since 2004 Applied Systems has seen its customer count edge up 10% from 10,000 to 11,000 and a net increase of the number of users by 10,000 to 130,000. While the gain in users is modest, it pales that of its competitors especially those have exceeded the 200,000 mark during the same period albeit through acquisitions.

In order to sustain its position among agents and brokers, Applied Systems may have no choice but to fuel its growth either through acquisitions or by going after larger agencies, brokers and carriers.

Ecosystem

Applied Systems primarily sells direct through an army of sales consultants who operate locally in major cities around the United States.

For third party consulting help, Applied Systems relies on AB Solutions and AIS Technology for agency training, product configuration, and hardware and network maintenance.

Shares

With a 7.8% share in the insurance vertical, Applied Systems' ability to gain share is average and much of that depends on the pace of adoptions of EPIC.

On the upside, ondemand delivery is gaining acceptance among many of its customers and that should ease the migration to EPIC from legacy systems commonly used by insurance agents and brokers.

On the downside, without a comprehensive organic growth and acquisition strategy, Applied Systems' venerable reputation could be under attack by those that are eager to undermine its presence in the insurance vertical.

Oracle

Redwood Shores, CA

www.oracle.com

Overview:

Oracle stepped up its push into the insurance vertical after making a number of acquisitions to shore up its applications offerings, while boosting its installed base. Typical customers are major insurance carriers as well as fast-growing insurers that offer multiple product lines globally.

Applications Revenues In Insurance:

	2008	2009
$(M)	95	100

2009 Applications Revenues In Insurance By Region:

Region	2009($M)	% of total
Americas	41	41%
EMEA	37	37%
Asia Pacific	22	22%

2009 Applications Revenues In Insurance By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	35	35%
Large(1K-5K ees)	45	45%
SMB(1K ees and below)	20	20%

2009 Applications Revenues In Insurance By Revenue Type:

Type	2009($M)	% of total
License	25	25%
Maintenance	75	75%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Below average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 7.4% share in the insurance vertical, Oracle's ability to maintain and win share in the market segment in 2010	Average

Full overview:

Since 2004 Oracle has made a concerted effort to expand its presence in the insurance vertical. The acquisitions of PeopleSoft and Siebel have added hundreds of insurance customers to its roster, while the 2008 purchases of Adminserver and Skywire rounded out its applications offerings for policy administration and customer communication management.

That was followed by the launch of a global business unit dedicated to the insurance vertical in September 2008 establishing Oracle as the end-to-end applications provider for large and fast-growing insurers around the world.

Focusing on business process optimization for different segments of the insurance business, Oracle has continued to expand its reach by enhancing its acquired applications, while making templated integration components available to ensure maximum interoperability and usability.

The result has been a five-fold increase in the number of its insurance customers and a sharp jump in its applications revenues over the past five years. In 2009 Oracle's sales to the insurance vertical continued to grow as its cross-selling efforts yielded steady gains among new and existing customers.

Key Applications For Insurance Vertical:

Oracle E-Business Suite, PeopleSoft Enterprise

SCORES Analysis

Strengths

With the establishment of an insurance-specific business unit, Oracle has vastly expanded its addressable market by mixing and matching a slew of applications that otherwise would have been overlooked or underutilized by its insurance customers.

Previously some of these customers might have settled themselves to a small number of Siebel applications for customer relationship management. Today the additions of Skywire customer communication and document management capabilities have given them extra reasons to standardize every aspect of their workflow around the Oracle technology stack.

Consequently Oracle has been building on its recent momentum by helping insurers deliver products to market faster, reduce sales and marketing costs, strengthen customer and distributor relationships and gain better reporting from their back and front office operations.

New releases included Oracle Insurance Policy Administration 9.0 for rules-based policy administration system for Life and Annuities and Oracle Insurance Insight 6.0, an insurance-specific data warehouse that leverages Oracle Business Intelligence Enterprise Edition for dashboards and analytics. Additionally it started offering Oracle Revenue Management and Billing for Insurance that offers new features like consolidated billing and multi-channel marketing.

Such enhancements underscore Oracle's ability to combine industry-specific applications with infrastructure products to create a conducive environment for easy upgrades and replacements of legacy and heavily customized systems that remain prevalent among insurance companies.

Customers

With more than 2,000 customers in the vertical, Oracle has been expanding its installed base in the insurance vertical through acquisitions and organic growth. In 2004 Oracle had 350 customers in the vertical. The acquisitions of Siebel and PeopleSoft added more than 500 to the list. Skywire brought with it 1,000 insurance customers, while Adminserver added another 100.

Recent wins included Farmers Insurance Group, Penn National Insurance, Insurance House, Minnesota Life, and CAMICO Mutual Insurance Co.

These wins came at a time when insurers were replacing their legacy systems in order to boost productivity and reduce support costs. For example, Farmers decided to replace its mainframe applications with a flexible system for claims processing on a national scale. Previously Farmers was using a heavily customized Siebel 6.0. However a successful pilot of running Siebel 8.0 has convinced the company to standardize on the latest Siebel release with minimal customization and SOA(via BEA Aqualogic Service Bus and Gentran).

Oracle's expertise in the insurance vertical, coupled with a full range of claims processing and customer service capabilities, was cited as the key reason behind the win. The deal is a follow on to a multi-phase project started in 2008 to overhaul the insurer's contact center and field service operations. The full plan for the Workers Compensation system included new and separate implementations of Oracle Siebel 8.0 using Siebel Insurance Modules, which match the business model for Insurance and Workers Compensation.

Opportunities

Tight integration remains one of the biggest draws for Oracle's insurance offerings. For example, the Oracle AIA Insurance Foundation Pack enables insurance companies to accelerate application integration, especially between claims and financial systems in order to process claim payments, set up claim reserves and pursue outstanding debt. It also facilitates integration with policy administration and other systems, regardless of whether it's from Oracle or a third-party vendor.

Additionally Oracle has continued to gain ground among existing customers such as Aetna Life Insurance, Nationwide and Travelers that are turning to Oracle to help them overhaul their backoffice functions from payroll to human capital management.

Risks

While the Application Integration Architecture has been instrumental in helping Oracle connect its acquired applications with a common framework, the long-term success of this integration strategy will depend on its ISV and systems integration partners which are going to assume a bigger burden of creating these process integration packs. Quality and performance of such integration components will have to be consistent especially for the insurance vertical when real-time access to reliable data is a gating factor to winning customer confidence.

Ecosystem

Oracle has been selling to insurers directly and the creation of a global business unit targeting the vertical has meant allocation of new resources in field support and domain experts fluent with the intricacies of the insurance industry.

In its effort to reach some of the largest carriers with specific claims processing and workflow requirements, Oracle has been working with a number of systems integrators such as Accenture and Cap Gemini to help with such complex implementations.

Shares

With a 7.4% share in the insurance vertical, Oracle's ability to gain share is above average because of the potential of cross-selling and upselling across its extensive product portfolio.

On the upside, the timing of its accelerated push into the insurance vertical coincides with the upgrade cycle of its existing customers, many of whom used to be dealing exclusively with PeopleSoft or Siebel and now have additional reasons to invest in Oracle's insurance-specific offerings.

On the downside, it remains unclear how Oracle's insurance-specific offerings will converge in the future, making future planning by its customers a calculated risk, compared with a relatively simple way of accessing best of breed insurance applications from other vendors.

SAP

Walldorf, Germany

www.sap.com

Overview:

Over the past few years, SAP has been focusing on selling its analytics products as well as industry-specific applications for the insurance vertical. Typical customers range from major carriers and firms that sell multiple insurance lines around the world.

Applications Revenues In Insurance:

	2008	2009
$(M)	95	100

2009 Applications Revenues In Insurance By Region:

Region	2009($M)	% of total
Americas	30	30%
EMEA	55	55%
Asia Pacific	15	15%

2009 Applications Revenues In Insurance By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	50	50%
Large(1K-5K ees)	30	30%
SMB(1K ees and below)	20	20%

2009 Applications Revenues In Insurance By Revenue Type:

Type	2009($M)	% of total
License	20	20%
Maintenance	80	80%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 6.4% share in the insurance vertical, SAP's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

SAP has seen increased sales to the insurance vertical following its acquisition of BusinessObjects in 2007, meeting insurers' growing demand for advanced analytics offerings to boost reporting and visibility into every aspect of their business.

The vendor has continued to innovate in order to meet the future needs of its insurance customers especially those that have been adding product lines as well as increased complexity to their far-flung operations.

In addition to horizontal products for insurance companies to handle their accounting, HR administration and customer information management needs, SAP also offers industry-specific applications for policy management, claims management, collections and disbursements, incentives and commissions, reinsurance and financial asset management.

Key Applications For Insurance Vertical:

SAP ERP 6.0, SAP BusinessObjects, SAP Policy Management, SAP Incentives and Commissions, SAP Claims Management, SAP Collections and Disbursements, SAP Financial Asset Management, SAP Reinsurance, SAP Insurance Analytics

SCORES Analysis

Strengths

SAP has been delivering feature-rich applications to hundreds of insurance companies that are increasingly turning to the vendor as the strategic technology provider helping them replace their legacy systems with ones that leverage Web-based architecture that is flexible, extensible and easy to maintain and support.

SAP fits that bill nicely with its highly scalable applications that can handle huge amounts of transactions as well as complex user requirements on a global level.

For example, a recent implementation at the Vienna Insurance Group in Austria suggested that SAP applications can handle strenuous workload at firms that offer a wide range of insurance product lines. Vienna, which operates in 23 countries throughout Europe, started implementing the new SAP applications in 2009 across its property and casualty, home, automotive and life insurance business units.

As many as 10,000 users at Vienna Insurance will be running fully-integrated applications to manage 20 million insurance contracts, in addition to using them for such business processes as inventory management, management of insurance payments, payment transactions as well as commission payments. Vienna also runs SAP applications for its accounting and business intelligence functions.

With such large-scale implementations, SAP has established itself as a key enabler of corporate reengineering capable of helping some of the world's largest insurance companies improve their enterprise-wide business processes with predictable outcome.

Customers

With more than 700 customers, SAP has seen a steady pickup in the number of customers in the insurance vertical. In 2009 its customer wins included AOK, ICW Group Insurance Companies, and The Talanx Group.

Much of the increase has been organic growth. In 2004 SAP's customer count in the vertical was 250 and it reached 600 prior to the acquisition of BusinessObjects. The acquisition has brought in at least another 100 insurance customers, especially some of the fastest growing insurers in different parts of the world.

China Life, for example, selected SAP applications to help meet tackle business process challenges ranging from claims management to distribution and billing to financial and human capital management. Other recently added insurance customers in Asia included Dubang (China), Happy Life (China), Kyobo (Korea), New China Life, NTUC Income (Singapore), PICC Health Insurance (China), PICC Holding (China), PICC Life (China) and Taikang (China).

Opportunities

SAP's biggest opportunities lie in cross-selling its industry-specific applications into BusinessObjects installed base, some of which are in the insurance vertical.

To that end, SAP is optimizing the synergy between its insurance-specific offerings and those on the analytics side.

In 2010 SAP is expected to provide extensions of SAP for Insurance BusinessWarehouse Multiproviders, a product that allows more seamless integration between the early versions of SAP data warehousing products and that of SAP BusinessObjects.

In addition SAP plans the completion of different insurance-specific performance optimization application scenarios to take advantage of a range of governance, risk and compliance as well as enterprise performance management applications from SAP BusinessObjects.

Next year SAP plans to offer a consolidated version of the SAP analytical reference model for insurance customers. The model will become the common framework for easy integration of other key technologies such as predictive analytics and enterprise wide dashboards all designed with the needs of insurance customers in mind.

Risks

The biggest issue is whether SAP is banking on organic growth with its insurance vertical strategy, which has been overshadowed by the vendor's full-blown initiatives targeting its banking customers.

While SAP's commitment to the insurance vertical is apparent, what's not clear is whether the act of layering analytics applications on top of SAP or non-SAP systems would be enough to meet the current and future challenges of its insurance customers especially in such areas as data quality, real-time connectivity, mobility support, Web marketing and role-based customer information management.

SAP has many of these products in place, but there seems to be a need for better cross-enterprise coordination and packaging to help ease the adoption process for insurance customers through hosting, shared services, or whatever delivery model that fits their requirements.

Ecosystem

SAP primarily sells direct to its insurance customers and it has worked with a number of systems integration partners such as Accenture and IBM on insurance-specific implementations.

In addition, SAP's alliances with partners such as Adobe to tackle content management challenges for insurance customers as well as its continuous advances with NetWeaver integration technologies have helped bring down implementation barriers for an industry that is still saddled with staggering amounts of paperwork and manual processes.

Shares

With a 6.4% share in the insurance vertical, SAP's ability to gain share is above average given its increased momentum and heavy investment in the industry.

On the upside, the emphasis on BusinessObjects offerings should help SAP become more entrenched with its insurance customers. Its recent reference wins in fast-growing countries will help reinforce its commitment to the vertical by leveraging its global sales and support capabilities.

On the downside, in order to sustain its momentum SAP may need to consider acquiring or accelerating development of specific applications for customers in life and property & casualty insurance – along with key modules for agency management and workflow – in order to complete the roadmaps for these solutions.

StoneRiver

Oakland, CA

www.stoneriver.com

Overview:

After a series of acquisitions and ownership changes, StoneRiver was formed in 2009 covering six former Fiserv Insurance business units that offered different applications for the insurance vertical. Typical customers include insurance agents, brokers, carriers and state workers' safety and compensation agencies.

Applications Revenues In Insurance:

	2008	2009
$(M)	88	90

2009 Applications Revenues In Insurance By Region:

Region	2009($M)	% of total
Americas	90	100%
EMEA	0	0%
Asia Pacific	0	0%

2009 Applications Revenues In Insurance By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	18	20%
Large(1K-5K ees)	36	40%
SMB(1K ees and below)	36	40%

2009 Applications Revenues In Insurance By Revenue Type:

Type	2009($M)	% of total
License	38	31.1%
Maintenance	62	68.9%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Below average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 6.7% share in the insurance vertical, StoneRiver's ability to maintain and win share in the market segment in 2010	Average

Full overview:

In 2009 Fiserv Insurance Solutions renamed itself StoneRiver following its purchase by a private equity firm Stone Point Capital LLC, which became the majority owner.

With more than 765 employees, StoneRiver has become one of the biggest applications vendors targeting four insurance product lines: life, national flood services administration, property and casualty and workers compensation.

StoneRiver is a product of multiple insurance applications offerings from Fiserv covering CT Insurance Services for insurance licensing and securities registration, FIPSCO for life insurance applications, Freedom Group for property and casualty insurance applications, Innovative Cost Solutions for claim resolution, InsureWorx for workers compensation, RegEd for compliance and distance learning, VerticalPoint for underwriting applications for life and health insurance, WorkingRX for workers Compensation Claims Processing and Xcipio for Web-based insurance rating and automation.

Among these products, Freedom Group and InsureWorx represented more than $75 million in revenues. As a result the subsequent acquisitions have added to the size of StoneRiver's property and casualty and workers compensation businesses.

Key Applications For Insurance Vertical:

CT Insurance Services for insurance licensing and securities registration, FIPSCO for life insurance applications, Freedom Group for property and casualty insurance applications, Innovative Cost Solutions for claim resolution, InsureWorx for workers compensation, RegEd for compliance and distance learning, VerticalPoint for underwriting applications for life and health insurance, WorkingRX for workers Compensation Claims Processing and Xcipio for Web-based insurance rating and automation, PRO Financial Solutions, PTE Financial Solutions for insurance com, FastTrack BPM

SCORES Analysis

Strengths

With its extensive product portfolio, StoneRiver has positioned itself for sustainable growth in insurance market segments such as workers compensation.

Many of its customers have been using StoneRiver applications for decades and that kind of relationship is difficult to replace.

Additionally StoneRiver has invested in a new Service Oriented Architecture platform for its property and casualty applications in order to help its customers take advantage of Web services and real-time access to customer and account information regardless of their location. The new product called StoneRiver Stream became generally available in March 2010.

With the new structure in place, StoneRiver is poised to parlay its strengths in familiar segments to new market opportunities from on-demand delivery to embedded analytics for improving customer productivity and profitability.

Customers

With more than 3,000 customers in the insurance vertical, StoneRiver has extensive coverage in its key markets including life, national flood service administration, property and casualty and workers compensation.

Recent wins included Amica Life Insurance Co., Arbella Insurance Group, Bear River Mutual Insurance Co., BrickStreet Insurance, Kingsway America Inc., Majestic Insurance Co., Michigan Millers, Olympus Insurance, United Commercial, Travelers of America, Wyoming Workers' Safety and Compensation, and State Auto.

Many of its wins in 2009 came from existing customers that have embraced the extensibility of StoneRiver's product portfolio to help them better serve their clients.

For instance, Amica Life selected FastTrack BPM to create an integrated, end-to-end solution for life and annuity administration, saving time and training costs for its customer service representatives and new employees.

Opportunities

The 2010 launch of StoneRiver Stream, which covers customer management, agency automation and commission distribution and billing, is expected to spur upgrade and replacement activities among its 3,000 customers, allowing the vendor to cross-sell and upsell services such as analytics and elearning.

Risks

In order to build a name for itself, StoneRiver's challenge is to keep its different operations running at full speed, while executing a flawless product transitioning strategy to the Service-Oriented Architecture for many of its client server-based applications.

That appears to be a tall order given the lineage of its applications and services offerings, all of which were developed separately and little synergy was evident when they were a part of Fiserv Insurance.

It remains to be seen whether the current positioning of StoneRiver – along with its new R&D direction – marks the unleashing of its collective power through greater collaboration and use of common technology components to finally realize the economy of scale in product management and go-to-market initiatives.

Ecosystem

StoneRiver primarily sells direct to its insurance customers and it has established partnerships with a range of technology vendors such as Fair Isaac, IBM and different units of Fiserv.

Fiserv remains a minority investor of StoneRiver.

Shares

With a 6.7% share in the insurance vertical, StoneRiver's ability to gain share is average because of its diverse product lines.

On the upside, StoneRiver's outlook is bright given the add-on and upsell opportunities through its latest suite offerings StoneRiver Stream.

On the downside, until StoneRiver carries out an end-to-end platform renovation, the perception of Fiserv Insurance as a legacy system vendor may still persist among its customers and prospects, something that may take more than a name change to obliterate.

CSC

Falls Church, VA

www.csc.com

Overview:

With considerable IT resources at its disposal, CSC has carved out a lucrative niche by removing the complexity of running complex applications on behalf of customers in the insurance vertical. Typical customers range from large insurers with global operations to mid-sized firms that focus on specific insurance lines.

Applications Revenues In Insurance:

	2008	2009
$(M)	52	54

2009 Applications Revenues In Insurance By Region:

Region	2009($M)	% of total
Americas	27	50%
EMEA	16.2	30%
Asia Pacific	10.8	20%

2009 Applications Revenues In Insurance By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	16.2	30%
Large(1K-5K ees)	27	50%
SMB(1K ees and below)	10.8	20%

2009 Applications Revenues In Insurance By Revenue Type:

Type	2009($M)	% of total
License	19	35.2%
Maintenance	35	64.8%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Below average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 4% share in the insurance vertical, CSC's ability to maintain and win share in the market segment in 2010	Average

Full overview:

After acquiring insurance technology powerhouse Policy Management Systems in 2000, CSC has continued its push into the vertical by leveraging its expertise in business process outsourcing. The evolution of its insurance strategy has been remarkable given its continued investments in new insurance-specific offerings on one hand and divesting certain applications assets on the other.

Through the years, CSC has continued to position its BPO services as the end-to-end solution augmenting a range of applications such as Exceed for policy processing, billing and claims for large property and casualty, POINT IN for policy administration, Insurance Optics for business intelligence and financial risk solutions, and Claims Management Accelerator for streamlining life and annuities claims processes.

At the same time, a management-led buyout in 2002 acquired CSC's retail insurance and later acquired CSC's Insure/90 operations in Europe, Middle East and South Africa, which formed the basis of SSP Ltd.

In recent years CSC has been focusing on its cloud computing strategy, while signing up new insurance companies that are licensing applications from the vendor, which in many cases are also responsible for running them on their behalf.

Key Applications For Insurance Vertical:

Cyberlife, Life/400, Vantage-One, 3r Evolution, Legal Solutions Suite for litigation billing, Exceed for policy processing, billing and claims for large property and casualty, POINT IN for policy administration, Insurance Optics for business intelligence and financial risk solutions, and Claims Management Accelerator for streamlining life and annuities claims processes.

SCORES Analysis

Strengths

With a full suite of applications, consulting and BPO offerings, CSC has been gaining traction especially among some of the largest insurers in the world.

Last September Zurich Financial Services, the $70-billion insurance giant, decided to outsource its data centers and IT infrastructure managed services in Europe and North America under a 10.5-year deal with CSC. The deal is worth up to $2.9 billion. It followed an equally sizable deal struck between the two companies in 2004 whereby Zurich would turn over new application development and the management of its more than 4,000 existing applications to CSC under a seven-year outsourcing agreement.

While such BPO deals are considered the lifeblood of CSC, they also serve a bigger purpose allowing the vendor to harness the people and their skills that it picks up from these insurance customers to further its goal of developing new and innovative products and services, especially in helping insurers upgrade and replace their legacy systems.

Armed with such expertise, CSC has been able to replicate the process by completing more than 150 conversions of varying size and complexity, totaling more than 20 million policies that have been transitioned to CSC policy administration applications.

Customers

With more than 3,000 customers in the vertical, CSC continued its momentum with growing sales to mid-sized and large insurers. Recent wins included AXA Insurance, Conseco Services, LLC, Jackson National Life Insurance Company, Ohio National Financial Services, Sompo Japan Insurance Inc., Sunshine State Insurance Co., and Wilton Re.

Opportunities

Over the past year CSC has been chalking up new technology advances in order to meet the always-on requirements of its customers in the insurance vertical.

For example, CSC is developing scores of mobile applications for its insurance customers. One application, designed for users of CSC's policy administration system, enables their customers to upload accident scene photos for faster claims handling. Another provides insurance executives with access to analytical dashboards from their mobile devices. Additionally CSC has started leveraging Web 2.0 technologies to help its life insurance, annuities and property and casualty customers engage in social networking communities designed for their profession.

Another growing opportunity is Latin America. Last year CSC ramped up its presence in the region following the acquisition of BearingPoint Brazil. With more than 1,000 employees in the region, CSC plans to boost its presence among general, life, health and group insurance; reinsurance; banking; and credit companies in the region.

Risks

CSC's heavy reliance on its BPO business could come at the expense of delivering new applications releases and upgrades because of the need to preserve and extend business practices that have been baked into existing systems, some of which may have been heavily modified by its BPO customers.

Another risk that CSC is running into has to do with the growing use of on-demand applications among insurance customers, some of which could be using the new delivery model as a viable alternative to on-premise applications, or the move toward business process outsourcing for that matter.

The future for CSC may lie in offering customers as many deployment options as possible without cannibalizing its BPO business.

Ecosystem

CSC primarily sells direct and it has established long-term relationship with technology vendors such as Oracle and SAP.

Recently it inked a pact with StrataCare, LLC to allow CSC's Riskmaster customers to have real-time access to StrataCare's workers' compensation bill review applications in order to save them time when managing claims and policy administration, legal matters and risk management processes.

Shares

With a 4% share in the insurance vertical, CSC's ability to gain share is average because of the lesser value it places on its applications business, compared with the sheer size of its BPO operations.

On the upside its BPO business with some of the largest insurers appears to be secure and that could boost its applications sales accordingly.

On the downside, the growing convergence of BPO and on-demand applications delivery could portend a reckoning for CSC to rethink the value of its technology solutions and how they should be rendered over time with the end goal of minimizing customer costs while demonstrating the collective power of its software and services offerings that could transform and enhance business processes of its insurance customers.

SunGard

Atlanta, GA

www.sungard.com

Overview:

After making its big push into the insurance vertical, SunGard has experienced growing momentum through steady customer wins and cross-selling opportunities. Typical customers are major insurers and financial institutions that have sizable insurance operations.

Applications Revenues In Insurance:

	2008	2009
$(M)	38	40

2009 Applications Revenues In Insurance By Region:

Region	2009($M)	% of total
Americas	18	45%
EMEA	14	35%
Asia Pacific	8	20%

2009 Applications Revenues In Insurance By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	12	30%
Large(1K-5K ees)	20	50%
SMB(1K ees and below)	8	20%

2009 Applications Revenues In Insurance By Revenue Type:

Type	2009($M)	% of total
License	10	25%
Maintenance	30	75%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Below average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 3% share in the insurance vertical, SunGard's ability to maintain and win share in the market segment in 2010	Average

Full overview:

SunGard has been making significant inroads into the insurance vertical by leveraging a number of acquisitions, as well as added support from complementary products for analytics, investment management and risk and compliance.

The vendor, which also sells into verticals such as banking, education and public sector, has been adding insurance-specific offerings primarily through acquisitions over the past few years.

In 2003 it acquired Sherwood International, which formed the basis of its insurance applications. That was followed by the purchase of Prophet for its actuarial systems for insurance companies. In 2007 it bought DSPA Software for its sales compensation and distribution management applications for life insurance companies.

At the same time, SunGard has been repositioning these products under the iWORKS brand by targeting multiple insurance lines: life/health/annuities/pensions, property and casualty and reinsurance. iWORKS includes applications and services for a wide range of functions including customer service, policy administration, reinsurance, actuarial calculations, financial accounting, investment accounting, and reporting.

The extensive product portfolio of SunGard Financial Systems, which sells hundreds of applications for different segments of the finance sector, has generated considerable synergy between applications designed for corporate investment officials and those for professionals carrying out the same function in the insurance industry.

Key Applications For Insurance Vertical:

iWorks id esigned for front-office tools, policy administration, reinsurance, actuarial calculations, financial and investment accounting and reporting, AIMS, Amarta, Compass, Progen2, Frontier

SCORES Analysis

Strengths

Because of the size of SunGard, which posted $5.3 billion in revenues in 2009, the iWORKS division has benefited from not just cross-selling opportunities, but also the backing of its different operations from availability services to an army of consultants and implementation specialists who can play a key role behind the IT modernization efforts that are under way at many international insurance companies.

For example, SunGard has added more than 500 cores to a grid computing cluster setup to host its iWorks Prophet actuarial applications, a move that enables its insurance customers to take further advantage of high performance computing to reduce processing time and IT support costs especially when handling large batch orders. Microsoft was one of the technology partners under the SunGard grid computing initiative.

SunGard's long-standing relationship with Microsoft has benefited its insurance customers. Last year SunGard launched a new analytics module for its iWorks EIM incentive compensation, sales and distribution applications using Microsoft's business intelligence products.

As spending in the insurance vertical begins to recover, SunGard is banking on the flexibility and extensibility of its product portfolio to meet the needs of a wide range of customers, especially those that are planning to consolidate their applications environment across their insurance and financial services operations.

Customers

With 2,500 customers in the vertical, SunGard has been successful selling into insurance companies with diverse operations.

For example, LV=Asset Management, the fund management arm of mutual insurance and investment group LVAM, has selected SunGard's APT to help identify and manage risk across all its portfolios.

Other recent wins included Arkansas Blue Cross and Blue Shield, Co-operators Life Insurance Co., Quad City Bank & Trust, and USAble Life Insurance.

Opportunities

As SunGard starts porting its applications to be on-demand ready with its grid computing initiatives under way, the insurance vertical represents a major opportunity because of the preponderance of legacy systems along with large amounts of batch-processing tasks that can make better use of a hosted model to reduce operating costs for the customers.

Risk and compliance is another catalyst that could help SunGard become more entrenched among certain insurance customers, especially those that face regulatory demands like Solvency II.

Risks

Because of SunGard's track record of making multiple acquisitions, its bulging portfolio especially on its financial systems side could become costly for the vendor to sustain new product development. And the percentage of revenues allocated for product development at SunGard pales that of vendors of similar size.

At a time when many insurance companies have no qualms about replacing their legacy systems with more agile ones that cost them less to maintain, it is incumbent upon SunGard to step up its product development strategy in order to be considered a trusted partner that can help them meet both long-term and near-term technology and business process challenges.

Ecosystem

SunGard primarily sells direct and it offers extensive consulting and implementation services for its insurance customers. It also partners with a number of technology vendors including Microsoft to co-market their products to the vertical.

Shares

With a 3% share in the insurance vertical, SunGard's ability to gain share is average because of its heavy emphasis on banking and other financial services segments.

On the upside, its insurance customers have been relying more on SunGard for a range of applications and services as they decide to replace or outsource their legacy systems.

On the downside, its lackluster results in 2009 underscore the fact that its business model, which is services heavy, may have to find ways to better differentiate itself at a time when other services-based vendors especially systems integrators that cater to the insurance vertical are bulking up their own applications development efforts. By comparison, SunGard's own applications efforts are being overshadowed by its services and disaster recovery divisions.

FJA

Munich, Germany

www.fja.com

Overview:

With three decades of experience developing applications for the insurance vertical, FJA has become a major technology provider for life and non-life insurers as well as banks around the world. Typical customers are major insurers specializing in single or multiple lines, mortgage and private banks.

Applications Revenues In Insurance:

	2008	2009
$(M)	37	40

2009 Applications Revenues In Insurance By Region:

Region	2009($M)	% of total
Americas	2	5%
EMEA	38	95%
Asia Pacific	0	0%

2009 Applications Revenues In Insurance By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	7.48	20%
Large(1K-5K ees)	18.7	50%
SMB(1K ees and below)	11.22	30%

2009 Applications Revenues In Insurance By Revenue Type:

Type	2009($M)	% of total
License	13	32.5%
Maintenance	27	67.5%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Below average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 3% share in the insurance vertical, FJA's ability to maintain and win share in the market segment in 2010	Average

Full overview:

As one of the first vendors selling policy administration applications for life insurers, FJA has grown steadily since its founding in 1980. Following a series of acquisitions, FJA has expanded into non-life insurance and banking sectors as it added new products and customers globally.

In 2009 FJA completed one of its biggest acquisitions with the purchase of COR AG Insurance Technologies doubling its size to 1,000 employees. While FJA's core competency has been in policy administration, the COR applications were mostly designed for contract and customer service management for life insurers as well as solutions for property and casualty insurance.

The combination has created an application powerhouse in such segments as life assurance and health insurance especially in markets such as Germany and Switzerland.

Key Applications For Insurance Vertical:

COR FJA Insurance Suite

SCORES Analysis

Strengths

As FJA starts optimizing synergy after purchasing COR, the combination has reinforced its mission of developing high-performance applications that meet the needs of top life insurers. Already FJA has planned investing thousands of man days to develop new releases that include multi-currency and multilingual capabilities as parts of integrated policy administration and contract management applications for cross-sector insurers that need to standardize on a single system for brokers and agents throughout Europe.

In addition both FJA and COR have had considerable experience selling into top insurers in Europe with highly scalable applications capable of managing hundreds of thousands policies, while achieving superior sales support and broker services. The same applies to its ability of meeting regulatory and statutory requirements for insurance companies operating across Europe.

Customers

With more than 500 customers in the vertical, FJA has come to dominate market segments such as life insurers in Germany and Switzerland. It also sells into 26 countries including Austria, Netherlands, Slovenia, Slovakia and the United States.

Following the purchase of COR, FJA has signed customers including Basler Lebensversicherungsgesellschaft in Switzerland, Grundeigentümer-Versicherung, Hamburg Landlord Insurance and Signal Iduna in Germany, Chubb Group of Insurance Companies in the US, Quantum Leben and Vienna-Life in Liechtenstein.

Through the years FJA has become more entrenched with its customers. Chubb, for example, started running FJA applications for its yacht insurance and policy administration functions in 2008. The latest implementation was geared toward its Masterpiece personal insurance product line.

In the case of Vienna Life, it started using FJA applications for policy administration at its InterRisk business unit. The expanded agreement covers the replacement of its existing portfolio management system with COR Life at Vienna-Life Lebensversicherung AG in Liechtenstein.

Opportunities

FJA's biggest opportunities lie in property and casualty insurance segment where legacy system replacements are on the rise because of growing pressure to streamline outdated business processes and improve overall productivity.

Risks

With the completion of the COR acquisition, FJA has been consolidating its sales, support and back-office functions. However the vendor does not plan to have a converged product line in the near future.

Instead the vendor is focusing on the two key product lines FJA Life, which came from COR, and FJA Life Factory, which is from FJA.

What's not clear is the fate of the banking applications that COR acquired from Alldata in 2008. Between the two vendors, it has completed six acquisitions in recent years. It also has a 10% stake in Innovas, which focuses on health insurance.

With a goal of improving R&D synergy by eliminating 2,000 man days after the purchase of COR, the challenge for FJA is to embark on a series of product rationalization to determine how much R&D resources is properly allocated for synchronized development to ensure its applications can share common components to deliver consistent quality and user experience for a global audience.

Ecosystem

In its pan-European expansion move, FJA has begun working with partners such as IBM to target insurers in Italy and Scandinavian countries.

Additionally it has been beefing up its hosting and outsourcing offerings. In 2009 it formed Sigma Sourcing with application service provider PRS Prime Re Solutions AG to offer its insurance applications using the on-demand delivery model. One of its first customers using the on-demand offering is Quantum Leben.

Shares

With a 3% share in the insurance vertical, FJA's ability to gain share is average because of the lag effects of COR's integration into the combined organization.

On the upside, the purchase of COR has positioned FJA well to address the needs of top and midsized life insurers, thus allowing the vendor to dominate the segment in Germany and possibly throughout Europe.

On the downside, the acquisition of COR, which brought with it products for property and casualty insurance and banking, would thrust FJA into more crowded segments extending and complicating the selling, customer support and product development cycles. That could render any economy of scale difficult to attain.

SSP Ltd.

Halifax, West Yorkshire, UK

www.ssp-uk.com

Overview:

SSP has experienced strong growth after a series of acquisitions and a management-led buyout initiated by former CSC executives, continuing its evolution as one of the largest applications vendors in the insurance vertical. Typical customers range from global insurers to top insurance brokers in the UK and other countries.

Applications Revenues In Insurance:

	2008	2009
$(M)	34	37.4

2009 Applications Revenues In Insurance By Region:

Region	2009($M)	% of total
Americas	3.74	10%
EMEA	24.31	65%
Asia Pacific	9.35	25%

2009 Applications Revenues In Insurance By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	7.48	20%
Large(1K-5K ees)	18.7	50%
SMB(1K ees and below)	11.22	30%

2009 Applications Revenues In Insurance By Revenue Type:

Type	2009($M)	% of total
License	10	26.7%
Maintenance	20	53.5%
Subscription	7.4	19.8%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Below average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 2.8% share in the insurance vertical, SSP's ability to maintain and win share in the market segment in 2010	Average

Full overview:

SSP was formed in 2002 in a management-led buyout initiated by former CSC executives who subsequently engineered its rapid expansion to become one of the top insurance applications vendors in Europe and other regions.

In 2008 SSP became a buyout target again. This time it was picked up by private equity firm Hellman & Friedman, which also owns a host of enterprise applications vendors that specialize in insurance, human capital management and higher education applications including Vertafore, a leading insurance applications vendor in North America.

By the end of the latest buyout, SSP had more than tripled its size to more than 800 employees and 1,400 insurance customers, expanding its presence into South Africa, the Middle East and other emerging markets such as Vietnam.

Since that time SSP has been consolidating its gains by signing up top insurers and brokers in Europe and elsewhere, while outlining ambitious goals over the next three years through organic growth, acquisitions as well as new offerings such as insurance distribution.

Key Applications For Insurance Vertical:

S4i front & backoffice solution for multi-line, multi-national general insurance underwriters, Insure J is an IBM based IT solution for the general insurance, property & casualty industries, Keychoice Underwriting, Insure/90 acquired from CSC

SCORES Analysis

Strengths

Over the past few years SSP has assembled a complete set of applications and service offerings for different segments of the insurance vertical including front & backoffice solution for multi-line, multi-national general insurance underwriters, as well as eBusiness solutions for setting up broker to broker and broker to consumer Websites.

In 2009 SSP launched Keychoice Underwriting, a full-service agency that provides pricing, underwriting, policy servicing and claims handling on behalf of insurers such as Allianz, Aviva, Fortis, Groupama,

Home & Legacy, MMA, NIG and Paragon. Already more than 900 brokers and agents have joined Keychoice as members accessing an array of insurance products and services.

The move is expected to add value to its existing broker and insurer relationships with its domain expertise, technology and distribution capability.

Such matching services will also help cross-sell and upsell applications and consulting services to these captive customers that are increasingly funneling their transactions through the network.

Customers

With more than 1,400 customers and 50,000 users, SSP has built a critical mass in the insurance vertical, especially in the United Kingdom.

In 2009 SSP continued to add new customers in Australia, Vietnam and the UK. Among these were ADIC Insurance , Bao Viet Insurance Corp., Barbon, Bluefin , Congregational & General, Lockton, PLICO, PlusOne, Progressive, and Swinton.

Opportunities

Global opportunities beckon for SSP, which now counts more than 50 life insurers using S4i policy administration applications around the world. More recently it has been working with key partners to expand into fast-growing emerging markets. For instance, the deal with Bao Viet Insurance Corp. was sealed with the help of Bravura Solutions Ltd., the former CSC operations in Australia and now an independent wealth management applications vendor.

Similarly the deal with the US-based Progressive, which has chosen SSP's S4i policy administration applications for setting up a Web-only destination for selling automotive insurance in Australia augurs another new distribution opportunity for SSP.

Risks

With the advent of the Internet and mobile technologies that threaten to dissolve traditional insurer/broker relationship, insurance industry in many European countries is going through structural changes. And SSP is assuming an active role to reshape the distribution of insurance by becoming a market maker with its Keychoice Underwriting initiative.

While the move could strengthen its ties with brokers and insurers, it's not clear if any of the insurers currently using SSP applications views it as a threat to their business model. Suffice it to say that SSP is aiming to leverage the network effect of Keychoice Underwriting to further propel its technology business into uncharted territories.

Ecosystem

SSP primarily sells direct and it works with technology partners such as HP, IBM, Microsoft and Oracle. Based on its success with Bravura Solutions, its historical ties with CSC remain a key differentiator for SSP. Additionally SSP has an alliance with Vertafore, both of which are owned by the same investor group.

Shares

With a 2.8% share in the insurance vertical, SSP's ability to gain share is above average because of its entrenched presence in key markets such as the UK.

On the upside, SSP has been expanding globally and the Keychoice Underwriting initiative should help the vendor make further inroads into new and existing markets.

On the downside, SSP's expansion into insurance distribution business could mean a shift in its priorities in terms of developing new applications and releases, or perhaps eroding its core competency as an insurance software developer.

Sword Group

Lyon, France

www.sword-group.com

Overview:

Sword Group, a global software and service company, has accelerated its push into insurance vertical with the recent acquisition of Agencyport to shore up its property and casualty applications offerings. Typical customers are global commercial lines insurers and P&C insurance companies.

Applications Revenues In Insurance:

	2008	2009
$(M)	25	31

2009 Applications Revenues In Insurance By Region:

Region	2009($M)	% of total
Americas	3.1	10%
EMEA	24.8	80%
Asia Pacific	3.1	10%

2009 Applications Revenues In Insurance By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	9.3	30%
Large(1K-5K ees)	15.5	50%
SMB(1K ees and below)	6.2	20%

2009 Applications Revenues In Insurance By Revenue Type:

Type	2009($M)	% of total
License	10	32.3%
Maintenance	21	67.7%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Below average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 2.3% share in the insurance vertical, Sword Group's ability to maintain and win share in the market segment in 2010	Average

Full overview:

With the 2009 acquisition of AgencyPort, Sword Group offers a number of applications for the insurance vertical. Sword Group, which has more than 1,700 employees, also sells its products to other industries such as construction in dozens of countries.

Its insurance offerings include Sword Intech policy administration applications for commercial line insurers, AgencyPort’s Web-based applications for property and casualty insurers to improve their business processes including transactions and underwriting, and Ciboodle, a customer interaction software for insurers to enhance customer experience. Sword Group also offers risk aggregation and governance risk and compliance management applications for insurance companies.

The acquisition of AgencyPort, which was founded in 2000, added more than 100 property and casualty insurers to its roster. Sword Group projects the insurance unit, which has 350 employees out of a total of 1,700 at the company, to reach $100 million in total revenues in 2010, up from $77 million last year.

Key Applications For Insurance Vertical:

Sword Intech policy administration applications for commercial line insurers, AgencyPort's Web-based applications for property and casualty insurers to improve their business processes including transactions and underwriting, and Ciboodle, a customer interaction software for insurers to enhance customer experience.

SCORES Analysis

Strengths

Sword Group has assembled a growing list of applications for global insurers that are keen on using the latest applications to help them strengthen customer relationship and boost overall productivity.

Its latest acquisition fit that bill easily. Because of the usability of AgencyPort applications, insurance companies with tens of thousands of policyholders have turned to its products including Web portal to help them automate the renewal and endorsement process.

Its Intech Open+ applications have been used by global insurers to support multiple business lines across commercial, retail, marine, Lloyds and the London markets.

Its insurance customers are also expected to benefit from the breadth of Sword Group's extensive product portfolio including technology components for content management and integration.

For example, Hartford Mutual is working with Sword AgencyPort to build out its agent-facing and back-office capabilities for commercial lines.

Customers

Sword Intech has more than 50 global insurers as customers including Hannover Re using its policy administration and risk management applications.

AgencyPort has more than 100 customers primarily in property and casualty insurance including Acadia Insurance Co., ACE Insurance Co. of North America, American Commerce Insurance Co., AON Benfield, Farmers Insurance, General Casualty, Hortica, OneBeacon Insurance, Penn National, and Tower Group Companies.

Insurers such as Admiral Group and BGL have recently signed on to adopt Sword Ciboodle customer contact management applications as a part of their new CRM platform.

Opportunities

With operations in 37 countries, Sword Group has already established long-standing ties with key customers and channel partners in different industries including banking and financial services.

And the vendor's biggest opportunities in the insurance vertical lie in the cross-selling and upselling of its applications across the company's different insurance-specific offerings.

For example, its Sword Achiever for governance, risk and compliance has more than 600 customers including many in insurance and banking.

Risks

Sword Group has left its acquired assets – more than 30 acquisitions since 2000 - in the insurance vertical pretty much intact without making a concerted effort to harness their collective brand equity. Even though the vendor, which has more than 200 million euros in total revenues, has indicated that it would boost research and development spending across the board, it remains not clear how that trickles down to its insurance-specific products, which appear to remain separate and distinct in their product roadmap.

With growing consolidation in the applications market, Sword may need to optimize the synergy from its acquisitions in order to drive greater customer acceptance across the insurance vertical, or many of its target industries for that matter.

The good news is that the Sword Group is committed to investing more in R&D and its recent decision to sell off some of its services divisions underscores its desire to expand on the software side.

Ecosystem

While Sword Group primarily sells direct to the insurance vertical, its different products have established strong ties with key partners in the industry.

AgencyPort, for instance, last year signed a deal with Aon eSolutions to co-market its tools for management of risk, insurance and safety programs with AgencyPort's Web-based applications to help insurers manage the entire policy life cycle - from quoting and issuance to claims and billing.

AgencyPort has partnered with systems integrators including Pricewaterhouse Coopers, Cognizant Technology Solutions, and Horizon International Trading, Inc.

Intech, on the other hand, has partnered with technology vendors and systems integrators such as Bull, IBM, Microsoft and Oracle.

Shares

With a 2.3% share in the insurance vertical, Sword Group's ability to gain share is average because of the lack of clarity on how it seeks to drive synergy across its acquired products.

On the upside, Sword Group's commitment to the insurance vertical appears to be stronger than ever and with a few tweaking of its product strategy, it may have plenty of opportunities to reap long-term dividends from its acquisitions.

On the downside, Sword Group's acquisition strategy seems to be more opportunistic than strategic as it may start spreading itself too thin across both asset intensive industries like engineering and construction as well as those on the services side.