



The (Almost) Painless Business Case

for Your Policy System

*Deliver insurance
your way.*

Guidewire®

The Need is Obvious.

You don't need to look very far to understand the urgency of need for legacy system replacement.

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E33C 1 0290000 00 01 0000 001000 100 R          RM
EFF 010100  EIP 010007  RM          TERM 010  REINT 01 000 0100  STATE TL
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LINE 0 00 0 100 00  EXTY 0  AUDIT 0  PART 0010  STC 00111  NR 00 LE 0
SORT 0000  PRY 0  MODE 0  FRM          SPRY 0  MODE 0
INSURED  BETTY WEBB          100 NORTH WALK STREET          -ZIP-
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                                WCO 01 EFF 010100  MM 0070 0  PRG 0          000
USE-ONLY          ZIP
WA 001 0 100 NORTH WALK STREET
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ZE 000 0  STATE=IL  COMMISSION=000          STATE=  COMMISSION=
STATE=  COMMISSION=          STATE=  COMMISSION=
ZE 000 0  0000          INSURED TEL 000-000-000-0000
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CST=  PCD=  PP=  PQ=  PE=  PR=  STAT=  S=
RM  DATE  01 00 0000

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Why Is the Justification So Difficult?

Just because it's obvious doesn't mean the investment is easy to justify.



- “How does this project support our company’s strategic direction?”
- “How can I measure and verify these benefits?”
- “Are my projections realistic?”

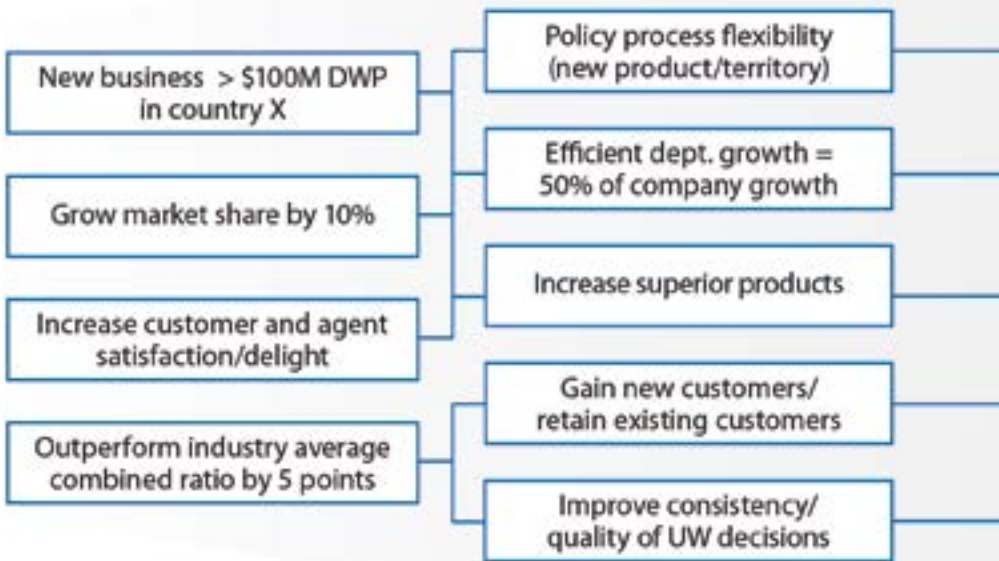
What Is a Wedge?

Guidewire's Wedge approach embodies best practices in business case development.



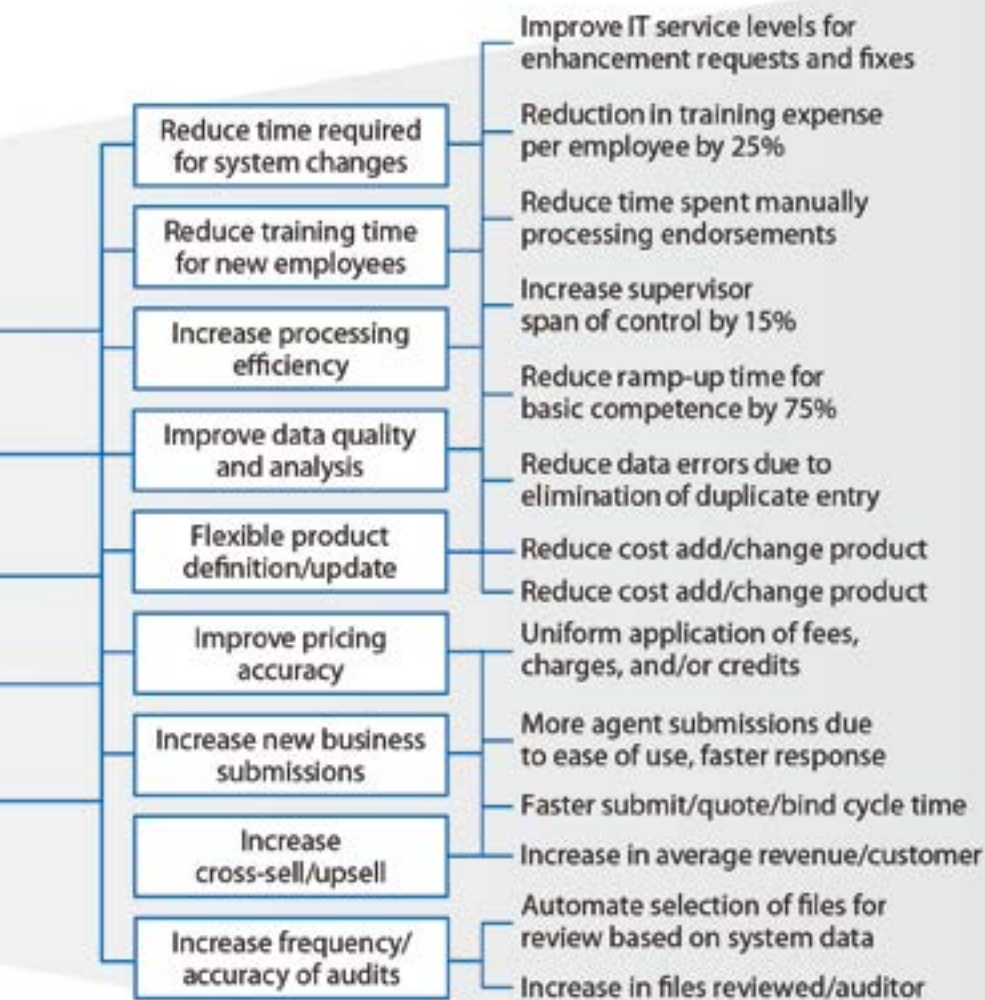
- **Maintain Strategic Relevance**—Attach project goals to company strategic imperatives
- **Measurable and Verifiable**—Bottom-up approach identifies key performance indicators (KPI) and calculates project impact based on KPI improvements
- **Leverage outside expertise**—Benefit from Guidewire experience working with over 100 P&C carriers worldwide
- **Attach benefits to product features**—Make sure the business benefits are tied to features and functions within the proposed solution

Policy Wedge



Strategic Imperatives

Departmental Objectives



Project Goals

Benefit Line Items

Pre-Built and Ready for You.

Instead of starting from scratch, Guidewire customers have access to a pre-built benefits case template (The Wedge). They are able to pick and choose the benefits that apply to them—confident that they have captured all potential improvements—fine-tuning the results based on their individual opportunities.

Top Financial Benefit Line Items

Benefit Category	Benefit Objective	Benefit Line Item	Metric	Estimated Financial Benefit
Loss Cost	Recovery	Improved / automated classification of portions of subrogation recovery	Subrogation referral rate	\$1,480,000
Loss Cost	Recovery	Improved comparative liability determination	Comparative liability %	\$1,750,000
Expense	Litigation Management	Reduction in usage of outside attorneys	% usage of outside attorneys	\$1,487,000
Efficiency	Other Efficiency	Increased # of files handled per adjuster / claims handler	# of files handled per adjuster	\$1,487,000
Expense	Litigation Management	Better management of external legal expenses	Average litigation expense per litigated claim	\$1,112,000
Loss Cost	Payments	Reduction in claims leakage due to excess days of rental car loss of use	Average # of days per rental car loss of use	\$480,000
Revenue	Revenue	Business rates to guide adjusters to underwrite / spread opportunities based on profitability	ClIP of new business generated through underwrite	\$480,000
Efficiency	Other Efficiency	Increased supervision span of control	# of adjusters per supervisor	\$480,000

List: Key Guidewire Enablers

Guidewire
Deliver. Insure. Grow. Any.

Guidewire Enabler	Scale of Benefit Realized
Business Rules	40
ClaimCenter data model	40
claim workflow	20
workflow claim folder	20
collaboration tools	21
RMS, unified governed by LOS	25
Integration framework	21
financial aggregate workflow	20
retail user interface	30
single system of record	28
centralized contract management	28
enhanced claim summary view	10
comprehensive audit functions	20

	For Total Loss	Minor	Minor	Expense Control	Minor per	Expense	Expense	Minor	Minor	Minor	Sub-Total
Customer Service	\$ 35,000		\$ 25,000							\$ 35,000	\$ 95,000
Efficiency	\$ 115,000	\$ 130,000		\$ 50,000	\$ 125,000		\$ 25,000	\$ 100,000	\$ 125,000	\$ 75,000	\$ 900,000
Employee Engagement			\$ 25,000		\$ 30,000						\$ 300,000
Expense				\$ 1,000,000	\$ 500,000	\$ 250,000	\$ 1,000,000		\$ 1,000,000		\$ 4,750,000
Loss Cost	\$ 1,750,000	\$ 750,000	\$ 75,000	\$ 1,500,000	\$ 2,000,000	\$ 1,000,000	\$ 1,750,000	\$ 1,000,000	\$ 1,000,000	\$ 500,000	\$ 10,025,000
Sub-Total	\$ 1,860,000	\$ 980,000	\$ 125,000	\$ 1,550,000	\$ 2,575,000	\$ 1,250,000	\$ 3,750,000	\$ 1,000,000	\$ 1,025,000	\$ 1,630,000	\$ 24,870,000
single system of record										\$	\$
user administration including shared liability / backup user											\$
special email reporting											\$
uninsured work feature											\$
claim tagging											\$

SAMPLE

Policy Scorecard Summary



SAMPLE

Exhibit 1B: The Insurance "Hierarchy of Needs"

"It's all time consuming and you don't have a lot of time" – Underwriter



Benefits Case Guiding Principles



- Every project benefit supports one or more strategic imperatives
- Tied to demonstrable use and global initiatives

- Inclusion of financial and non-financial metrics
- Categorized by "currently measurable", "future measurable", and "difficult to quantify"

- Benefits broken down to KPI level
- Benefits calculated from "bottom up"

- Multiple guidelines featured tied to each benefit line item
- Additional vendor input guidelines explain how product supports specific benefits

September 21, 2010

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ABC Insurance, Inc.

A Conservative Estimation with Significant Upside

Annual Steady State Benefit

	Customer Service	Efficiency	Employee Engagement	Expense	Low Cost	Revenue	TOTALS
Agent/ Broker Relations	1	0	0	0	0	0	2
Business Agility	1	0	0	0	0	0	2
Coverage and Costs	0	0	0	0	0	0	0
Customer Responsiveness	0	0	0	0	0	0	0
Cycle Time	0	0	0	0	0	0	0
File Quality	1	0	0	0	0	0	0
Fraud	0	0	0	0	0	0	0
IT/Information Management	0	0	0	0	0	0	0
Medical Excellence	0	0	0	0	0	0	0
Operational Efficiency	0	0	0	0	0	0	0
Payments	0	0	0	0	0	0	0
Recovery	1	0	0	0	0	0	0
Revenue	0	0	0	0	0	0	0
Training and Competence	0	0	0	0	0	0	0
Vendor Management	0	0	0	0	0	0	0
Grand Total	4	0	0	0	0	0	0

Low-High Benefit Range: \$11.4M- \$45.1M per year

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A Fast, Efficient Approach.

The Guidewire Wedge Benefits Case engagement takes a couple of days, with limited time required from selected subject matter experts.

Sample Agenda

Day 1

9:00–10:00	Welcome and Introduction
10:00–12:00	Revenue per Customer
12:00–1:00	Lunch
1:00–3:00	Premium Leakage
3:00–5:00	Processing Costs

Day 2

9:00–11:00	Underwriting Precision
11:00–12:00	Market Share
12:00–1:00	Lunch
1:00–3:00	New Markets
3:00–4:00	Working Session
4:00–5:00	Preliminary Review of Results

With Significant Impact.

The Wedge Approach recognizes that the business case is more than just a financial exercise. A well developed case can Inspire Stakeholders, Gain Business Ownership, and Support Benefits Verification.



How to Find Out More.

Guidewire has worked with dozens of Property and Casualty carriers worldwide to understand the benefits of modern core systems and to build their investment justifications.

The Wedge Approach can help ensure that your business case is more complete, compelling, and measurable—increasing the chances for project approval and serving as a signpost for project decision-making.

Please let us know how we can help you. For information, contact Zachary Gustafson at +1-650-357-5120 or zgustafson@guidewire.com.



ZACHARY GUSTAFSON
DIRECTOR, VALUE CONSULTING

**Guidewire Software, Inc.—World Headquarters**

1001 E. Hillsdale Blvd., Suite 800
Foster City, CA 94404 USA
Tel: +1 650 357 9100
www.guidewire.com

Guidewire Software Canada Ltd.

5600 Explorer Drive, Suite 202
Mississauga, ON Canada L4W 4Y2
Tel: +1 905 267 3809

Guidewire Software (UK) Ltd.

4th Floor, 9 Cloak Lane
London EC4R 2RU U.K.
Tel: +44 (0) 207 042 7750

Guidewire Software Pty Ltd

Level 2, 95 Pitt Street
Sydney NSW 2000 Australia
Tel: +61 2 8488 4800

Guidewire Software France SAS

19 Boulevard Malesherbes
75008 Paris, France
Tel: +33 1 55 27 37 07
www.guidewire.fr

Guidewire Software GmbH

Zeppelinstrasse 71-73
81669 Munich, Germany
Tel: +49 89 45 835 460
www.guidewire.de

Guidewire Software Japan K.K.

12th Floor Yurakucho ITOCiA, 2-7-1
Yurakucho, Chiyoda-ku
Tokyo, Japan 100-0006
Tel: +81 3 6860 4558
www.guidewire.jp

Guidewire Software Asia Ltd.

Suite 5704-5, 57th Floor, Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Tel: +852 9700 6761
www.guidewire.cn.com

For a complete list of Guidewire offices and contact information, please visit www.guidewire.com/contact-us.