

Donald Light

# Claims System Vendors: North American P/C Insurance 2011

Reprint granted to Guidewire.

This authorized reprint contains material excerpted from a recent Celent report profiling and evaluating 22 core claim systems. This report was not sponsored by Guidewire in any way. This reprint was prepared specifically for Guidewire, but the analysis has not been changed from that presented in the original report. For more information about the full report, please contact Celent ([www.celent.com](http://www.celent.com)) or [info@celent.com](mailto:info@celent.com).

January 2011

# Content

- 3** Report Methodology
- 4** Celent's ABCD Vendor View and the XCelent Awards
- 8** About the Profiles
- 9** Guidewire Software: ClaimCenter
- 16** Leveraging Celent's Expertise
- 17** Related Celent Research

# Report Methodology

## Eligibility for Inclusion in This Report

In general in order to have a full profile and be included in the ABCD Vendor View grids, a core claims solution had to have:

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

There are 16 solutions that meet these criteria and are included in this report with full profiles. Another six solutions included in this report do not meet these criteria, and as such they have shorter profiles and are not ranked in the ABCD Vendor Views.

## Evaluation Process

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

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

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

# Celent's ABCD Vendor View and the XCelent Awards

Celent has developed a framework for evaluating vendors called the Celent ABCD Vendor View. This is a representation of a vendor marketplace designed to show at a glance the relative positions of each vendor in four categories:

- Advanced technology
- Breadth of functionality
- Customer base
- Depth of service

The ABCD Vendor view provides an easy-to-understand picture of a complex marketplace. Unlike a simple “four-quadrant” map, there is no one “best” for all cases. Insurers should consider which factors in breadth, technology, experience, and client service are most important to them, and use this report as only one factor in a vendor search process.

While this is a standard tool that Celent uses across vendor reports for many solution categories, each report will define each category in a slightly different manner. For this report, some of the elements used to evaluate each vendor are listed in Table 1. Each rating is based on both quantitative and qualitative factors.

**Table 1: Core Claims ABCD Elements**

<b>ABCD Element</b>	<b>Representative Factors</b>
Advanced Technology (and flexible technology)	<ul style="list-style-type: none"><li>■ Code base, including modernity of language and consistency of architecture</li><li>■ Support for SOA</li><li>■ Extensibility and flexibility of the data model</li><li>■ Need to modify code during implementations</li><li>■ Configurability of rules, workflows, and screens</li></ul>
Breadth of Functionality	<ul style="list-style-type: none"><li>■ Availability of indicative advanced functionality</li><li>■ Extent of use for various lines of business, and in various states and provinces</li><li>■ Usability for business users</li></ul>

Source: Celent

**Table 1: Core Claims ABCD Elements**

<b>ABCD Element</b>	<b>Representative Factors</b>
Customer Base	<ul style="list-style-type: none"><li>■ Number of live North American customers, in various tiers, on current and on older technology platforms</li><li>■ Number of live customers outside of North America</li><li>■ Number of North American customers in implementation, in various tiers</li></ul>
Depth of Service	<ul style="list-style-type: none"><li>■ Size and experience of team providing professional services and support</li><li>■ Customers' implementation experience</li><li>■ Reference comments</li></ul>

Source: Celent

## The XCelent Awards

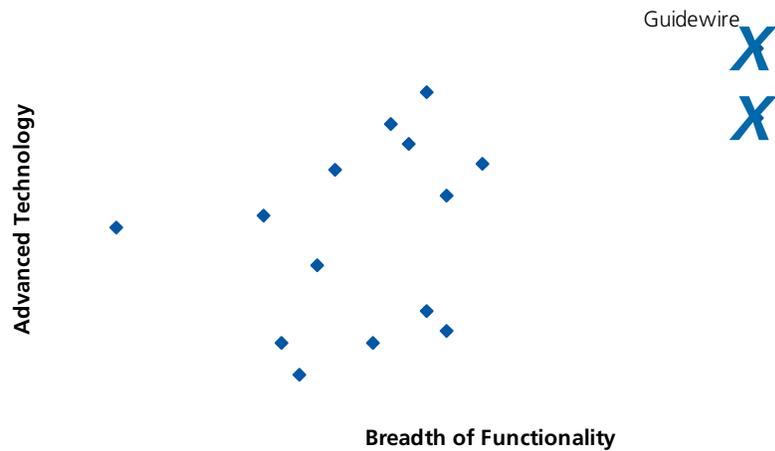
Within this framework, the top performers in each of the ABCD dimensions receive a corresponding XCelent Award:

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

## XCelent Technology and XCelent Functionality

Figure 1 positions each vendor along two dimensions: the vertical axis displaying the relative rankings for Advanced Technology and the horizontal axis showing relative Breadth of Functionality rankings. The XCelent Technology Award is given to Guidewire. The XCelent Functionality Award goes jointly to Guidewire and [a second vendor].

Figure 1: Technology and Breadth of Functionality



Source: Celent

## XCelent Customer Base and XCelent Service

Figure 2 positions each vendor along two dimensions: the vertical axis displaying the relative level of depth of customer service and the horizontal axis displaying the relative customer base. The XCelent Customer Base winner is Guidewire. The XCelent Service award goes to [a second vendor].

Figure 2: Customer Base and Depth of Service



Source: Celent

## About the Profiles

Each of the profiles presents information about the vendor and its claim solution, the professional services and support staff it offers, customers (North America and elsewhere), the functionality it offers, its technology, implementation process, and costs. Comments from reference insurers using the solution are reported in the appropriate sections.

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

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

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

When discussing insurance customers of the various solutions, the profiles reference these insurers in terms of the premium. Very small insurers (Tier 5) have under US\$100 million in annual premium; small (Tier 4) have US\$100 million to \$500 million; medium (Tier 3) have US\$500 million to \$1 billion; large (Tier 2) have \$1 billion to \$5 billion, and very large (Tier 1) have over \$5 billion in premium.

# Guidewire Software: ClaimCenter

## Company and Product Differentiators

Guidewire Software is a privately held company founded in 2001 and based in San Mateo, California, US, with about 550 employees. It offers three integrated solutions, Guidewire ClaimCenter, Guidewire PolicyCenter, and Guidewire BillingCenter. All three solutions share a common technology core which includes a design environment (Studio), a rules engine, security, integration methods, etc.). This profile addresses ClaimCenter.

Guidewire invests about 30% of its total revenue back into R&D.

Guidewire states that from a corporate level its four key differentiators are: it operates only in the property/casualty industry; it has flexible and modern architecture (web-based, and developed for the JEE standard); it has an unmatched record of customer success; and its development methods result in shipping high quality products.

## Professional Services and Support

There are about 150 staff who are qualified to provide professional services and client support to ClaimCenter. In the past year about 100 did so. This staff averages over 10 years of experience.

References commented favorably on Guidewire staff's knowledge of their business (with one dissenting opinion).

## Release History and Customer Base

First released in 2003, ClaimCenter's basic technology platform has been unchanged since that year. The current version, 6.0, became available in December 2009.

Guidewire targets ClaimCenter very broadly: all property/casualty insurers in any geography with DPW over US\$100 million.

There are 60 insurers using ClaimCenter—47 in the US and Canada, and 13 in other geographies, including the UK, Australia, New Zealand, Russia, Japan, and Brazil. Nearly all of the US and Canadian insurers are using release 5.x and earlier.

Seven additional insurers are implementing ClaimCenter in the US and Canada; and another seven are implementing it in other nations. Since January 2009, 21 insurers newly licensed ClaimCenter.

Well known insurers using ClaimCenter include: GEICO, Amica Mutual Insurance, and Mercury Insurance Group.

## Functionality and Lines of Business

As seen in Table 2, ClaimCenter provides 11 of the 15 forms of advanced functionality with no or minimum configuration; one with moderate configuration, and three with significant configuration.

**Table 2: ClaimCenter Indicative Advanced Functionality**

Function	Min. Config.	Mod. Config.	Signif. Config.	Some Coding	Signif. Coding	Add Cost Comp.	Not Avail.
Geo-mapping of claims, events, etc.	●						
Can aggregate and manage deductibles and reserves across a set of policies	●						
Ability to make bulk payments	●						
Portal for brokers/agents'			●				
Portal for claimants			●				
B2B Portal for business partners (repair shops, contractors, medical providers, etc.)			●				
Provider management (managing suppliers and payments)	●						
Medical case management		●					
Automated fraud scores/identification	●						
Subrogation management	●						
Workflow Management graphic design environment, with automated code generation	●						
Business Rules Management (design and execute, externalized from core code) If so, in comments please indicate if proprietary, or OEM from which vendor.	●						

Source: Vendor RFI

**Table 2: ClaimCenter Indicative Advanced Functionality**

Function	Min. Config.	Mod. Config.	Signif. Config.	Some Coding	Signif. Coding	Add Cost Comp.	Not Avail.
Permission within roles extend to all data fields and functions	●						
Management reporting dashboard	●						
Management and Financial Reporting Data Store	●						

Source: Vendor RFI

Today 28 insurers use ClaimCenter for personal auto and 21 for homeowners—collectively covering all 50 states and 6 Canadian provinces. Around 15 to 20 insurers use it for standard commercial lines; and 19 for workers’ compensation—again covering all 50 states and 6 Canadian provinces. A few insurers use it for various specialty lines.

## Usability and Configurability

Adjusters have a very well designed and usable desktop that features multiple intuitive paths to information and transactions.

There is a top-of-screen set of tabs: desktop, search, report, and address book. Additional tabs open for individual claims. On the home page, a configurable context sensitive left side menu offers pages for: activities, claims, exposures, queues, calendar, bulk invoices, and catastrophes.

Clicking on an always present Action button at the top of the left side menu reveals a set of context-sensitive next step choices. ClaimCenter often presents information in summary screens; and also providing click through access to detailed information for such fields such as contacts, incidents, vehicles, and financials.

One of the major new features in the 6.0 release is a BI feature called Claims Performance Monitoring, which provides both adjusters and managers with a graphics-based view of the status and performance of a broad range of claims activities relative to key metrics.

ClaimCenter has a rudimentary document management capability, but nearly all insurers access their own document management system to manage claims forms and correspondence.

ClaimCenter achieves a very high level of configurability through several means.

One of ClaimCenter's basic design principles is to externalize essentially all configurations from the core code. This is done through recording as XML files rule, screen, and workflow configurations, and placing those XML file in a separate directory structure parallel to ClaimCenter's directory structure. When an insurer implements a new release, a Guidewire tool partially automates linking the insurer's parallel directory structure to the new release's directory structure. A somewhat similar structure applies to an insurer's extensions of the ClaimCenter data model.

Studio is Guidewire's IDE for technical configuration. Rules are grouped into about 15 rule sets that represent different points in the processing workflow (e.g., claim update, approval routing, assignment, etc.) with the ability to add rule call-outs to screens or other places in the UI if rules do not fall within one of the 15 rule "process point" categories. Any number of rules can be written and nested within these rule sets. Rules are scripted using Gosu, a variation of Java, developed by Guidewire. Creating rules requires a technical skill set—it is not a job for non-technical business analysts. Business users with specifically defined administrative permissions can manage the ongoing administration (changes, updates, etc.) of rule parameters through ClaimCenter's Administration screen.

Creating screens is also done in Studio. An insurer's developer can use a hot key to open any screen for editing. Then the developer can drag and drop a variety of widgets and data elements into color-coded permissible locations. Studio automatically generates XML in the background. ClaimCenter comes with about 150 granular permissions for an adjuster, which can be refined and expanded at any time.

Integration of ClaimCenter with external applications and data sources may be done through several methods: messaging, plug-ins, call outs to rules, and Web services. ClaimCenter calls external Web services by pointing to a WSDL using Studio tools. An insurer can expose the rules and other logic it has created by adding "@WebService" to the Gosu script.

As shown in Table 3, there are six ways ClaimCenter exposes its services, and makes calls to other systems.

**Table 3: ClaimCenter Available Web Services Methods**

<b>Method</b>	<b>Calls FROM external systems</b>	<b>Calls TO external systems</b>
SOAP over HTTP	●	●
SOAP over MQ	●	●
Other format over MQ	●	●
Plain XML documents over HTTP	●	●
XHTML documents with microformat data over HTTP	●	●
RDF format data over HTTP	●	●

Source: Vendor RFI

ClaimCenter’s data model is proprietary. Guidewire will release it to an insurer, and provides tools to build a data dictionary that includes the insurer’s extensions. As seen in Table 4, the data model can be extended in only one way: an insurer’s technical staff using Guidewire-provided tools. Data model changes are represented in XML metadata, which is applied to the database at startup.

**Table 4: ClaimCenter Data Model Change Methods**

<b>Method</b>	<b>Available</b>
Tools for technical staff to extend the data model and the SQL database schema.	●
A DBA extends the database schema in SQL	
Limited extension points in the data model allow specified data elements. The underlying schema can be changed only through new code.	
Any data may be stored in XML (which we use directly in our database)	

Source: Vendor RFI

Generally references gave good marks to ClaimCenter’s features and functions, especially noting: adjuster’s desktop, rules, and workflow. Opinions were more mixed on management reports and payment functionality.

## Technology

ClaimCenter's UI for business users is HTML browser-based with Ajax and Web 2.0 elements. Developers and system admin staff also have a HTML browser UI—although for certain functions, their UI is a thick client.

Guidewire does not certify ClaimCenter's ability to run on specific operating systems. Instead, it seeks certification for ClaimCenter on various application servers and databases. ClaimCenter will run on any operating system that a certified app server or database will support.

ClaimCenter runs on the following app servers: Apache Tomcat, IBM WebSphere, WebLogic, and JBoss. It is certified on two databases: Oracle and Microsoft SQL Server.

Essentially all methods of integration are available to an insurer, including SOA/Web services, ACORD XML, XML, MQ Series, SQL calls, and custom APIs.

The codebase supporting both business users and development and configuration staff is 100% Java. Looking at the division of costs in a typical new implementation; integration is responsible for about 45% of total costs, configuration (externalized from the core code as described above) about 30%, and other costs about 25%.

Most references reported that making significant changes in rules, workflows, etc. in ClaimCenter could be done relatively quickly and at a reasonable cost.

## Implementation and Costs

A typical timeline to implement one line in one state is 7 to 12 months. Second and subsequent states for that line take 1 to 3 months. Implementation time lines associated with second and subsequent lines would depend on both the implementation approach (parallel versus sequential) and the amount of integration and differences between the lines.

A typical installation team has 2 to 5 Guidewire consultants and 5 to 30 insurer (or third party SI) resources.

References reported good or very good overall implementation experiences. One metric, on-time completion had mixed responses.

License fees are based on premium volume.

For a small insurer, typical first year license costs fall in the US\$250,000 to US\$500,000 range, and other first year implementation costs in the range of US\$1 Million to US\$3 million range. The comparable ranges for a large insurer are: license US\$1 million to US\$3 million, and other first year implementation costs of US\$3 million to US\$5 million. The cost of routine maintenance and support is 20% of the license fee.

## Summary

Guidewire ClaimCenter has continued its pattern of strong growth and market acceptance in both the US and in several other geographies. Building on its modern platform, Guidewire has continued to make investments in usability, configurability, workflow and performance oriented reports.

# Leveraging Celent's Expertise

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

## Support for Insurance Companies

**IT vision and strategy creation.** We collect perspectives from your executive team, your front line business and IT staff, and your customers. We then analyze your current position, institutional capabilities, and technology against your goals.

**IT roadmaps.** Working closely with business and technology staff, we document the demands placed on IT by the business' goals, objectives, strategies, and operations. We review current state application portfolio, infrastructure, organization, and skill sets. Using our knowledge of other insurers' best practices (including the Celent Model Insurer reports), and working closely with IT management we develop recommendations for the future state, along with broad measures of cost and execution timing.

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

## Support for Vendors

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

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

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

## Related Celent Research

[Technology-Enabled Claims Performance Improvement](#)

September 2006

[Renewing the Vows: Claims and IT Work Together To Implement Core Systems](#)

June 2005



# Copyright Notice

## Prepared by

Celent, a division of Oliver Wyman, Inc.

Copyright © 2011 Celent, a division of Oliver Wyman, Inc. All rights reserved. This report may not be reproduced, copied or redistributed, in whole or in part, in any form or by any means, without the written permission of Celent, a division of Oliver Wyman ("Celent") and Celent accepts no liability whatsoever for the actions of third parties in this respect. Celent is the sole copyright owner of this report, and any use of this report by any third party is strictly prohibited without a license expressly granted by Celent. This report is not intended for general circulation, nor is it to be used, reproduced, copied, quoted or distributed by third parties for any purpose other than those that may be set forth herein without the prior written permission of Celent. Neither all nor any part of the contents of this report, or any opinions expressed herein, shall be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other public means of communications, without the prior written consent of Celent. Any violation of Celent's rights in this report will be enforced to the fullest extent of the law, including the pursuit of monetary damages and injunctive relief in the event of any breach of the foregoing restrictions.

This report is not a substitute for tailored professional advice on how a specific financial institution should execute its strategy. This report is not investment advice and should not be relied on for such advice or as a substitute for consultation with professional accountants, tax, legal or financial advisers. Celent has made every effort to use reliable, up-to-date and comprehensive information and analysis, but all information is provided without warranty of any kind, express or implied. Information furnished by others, upon which all or portions of this report are based, is believed to be reliable but has not been verified, and no warranty is given as to the accuracy of such information. Public information and industry and statistical data, are from sources we deem to be reliable; however, we make no representation as to the accuracy or completeness of such information and have accepted the information without further verification.

Celent disclaims any responsibility to update the information or conclusions in this report. Celent accepts no liability for any loss arising from any action taken or refrained from as a result of information contained in this report or any reports or sources of information referred to herein, or for any consequential, special or similar damages even if advised of the possibility of such damages.

There are no third party beneficiaries with respect to this report, and we accept no liability to any third party. The opinions expressed herein are valid only for the purpose stated herein and as of the date of this report.

No responsibility is taken for changes in market conditions or laws or regulations and no obligation is assumed to revise this report to reflect changes, events or conditions, which occur subsequent to the date hereof.

For more information please contact [info@celent.com](mailto:info@celent.com) or:

**Donald Light**

[dlight@celent.com](mailto:dlight@celent.com)

---

## North America

### USA

200 Clarendon Street, 12th Floor  
Boston, Massachusetts 02116  
Tel.: +1.617.262.3120  
Fax: +1.617.262.3121

### USA

1166 Avenue of the Americas  
New York, NY 10036  
Tel.: +1.212.541.8100  
Fax: +1.212.541.8957

### USA

Four Embarcadero Center, Suite 1100  
San Francisco, California 94111  
Tel.: +1.415.743.7900  
Fax: +1.415.743.7950

---

## Europe

### France

28, avenue Victor Hugo  
75783 Paris Cedex 16  
Tel.: +33.1.73.04.46.19  
Fax: +33.1.45.02.30.01

### United Kingdom

55 Baker Street  
London W1U 8EW  
Tel.: +44.20.7333.8333  
Fax: +44.20.7333.8334

---

## Asia

### Japan

The Imperial Hotel Tower, 13th Floor  
1-1-1 Uchisaiwai-cho  
Chiyoda-ku, Tokyo 100-0011  
Tel: +81.3.3596.0020  
Fax: +81.3.3596.0021

### China

Beijing Kerry Centre  
South Tower, 15th Floor  
1 Guanghua Road  
Chaoyang, Beijing 100022  
Tel: +86.10.8520.0350  
Fax: +86.10.8520.0349

### India

Level 14, Concorde Block  
UB City, Vittal Mallya Road  
Bangalore, India 560001  
Tel: +91.80.40300538  
Fax: +91.80.40300400