FINANCIAL SERVICES PRACTICE

CEB TOWERGROUP

Technology Analysis Extract*

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Claims Management Systems

Technology Analysis

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Vendor Assessment & Quantitative Teams

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WHAT THE BEST COMPANIES DO

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Executive Summary

Technology Analysis Scope & Methodology

In response to feedback from our membership, CEB TowerGroup and Corporate Executive Board developed this technology analysis product to identify key components of a technology investment decision and effectively compare vendor technology products. The basis of our process comes from the knowledge that investment decisions revolve around the benefit to the individual and enterprise of a technology rather than the feature set alone.

This Technology Analysis is tailored to reflect the needs of the end user, in this case the claims worker, to diagnose the technology attributes particular to a firm, and to effectively identify vendor products that align with the firm's needs. To that end, CEB TowerGroup conducted a series of interviews and surveys with financial services executives, industry experts, and vendors regarding claims management technology. The results of this research formed the basis of our anatomy and informed the proprietary five point rating system on which we scored individual products.

Current Market Position

Soft Market Shows Signs of Hardening: After 6 years of eroding premiums, there are signs that premiums are starting to inch upwards. Industry data shows that premium changes are highly variable, with some increases, but many areas still highly competitive. Despite these factors, insurance executives are seeing reasons for optimism, with more than 50% expressing confidence about revenue growth and 80% believing that the market will harden by 2013.

Claims Operations Emerging as a Competitive Advantage: Insurers are differentiating themselves by improving the efficiency and effectiveness of their claims operations. More than six out of ten claims executives cite cost reduction and improving customer service as top business drivers affecting claims management. However, 75% of carriers still rely on outdated, legacy claims systems that are not suited to meet current challenges affecting the industry. IT Investment, especially in core systems, ranks as carriers' top growth strategy with more than one third of insurers expecting to increase spending within the next 24 months.

Mobile and Social Media Channels Hold Revenue Promise: In an increasingly competitive business environment, customers expect insurance providers to differentiate themselves by the breadth and quality of their service. Mobile insurance applications provide customers with ease and convenience to manage their account or report a claim. Social media platforms provide carriers with a delivery channel to connect with customers on a much more personal level than traditional advertising, building customer loyalty.

Source: CEB TowerGroup Research

Executive Summary

Vendor Landscape and Rankings

The selection process centered around those vendors with mature products, numerous deployment options and multiple large-scale installations with major insurance carriers. Two smaller vendors were profiled for comparison. This Technology Analysis includes BlueWave, CSC, Exigen, FINEOS, Guidewire, ISCS, SAP, and StoneRiver.

By combining our qualitative and quantitative data from interviews with industry experts, financial institutions, and vendors, and our surveys of insurance carriers, CEB TowerGroup identified 21 attributes that define a "best-in-class" claims management technology. These attributes are grouped into four categories that highlight a firm's user, customer and enterprise needs. Vendor rankings are based on our proprietary five- point rating scale for each of the 21 "best-in-class" attributes. The top vendors were designated as key performers based on their composite scores in each of the technology categories below.

Best-in-Class Technology Categories

Insurance executives investing in claims technology should use the Claims Management Technology Diagnostic Anatomy on page 8 to select the vendor that best aligns with their firm's needs and business objectives.

- **User Experience** include those attributes that directly contribute to enhancing the productivity of a claims organization's employees.
  Leaders are Exigen's ClaimCore, Guidewire's ClaimCenter, and SAP's SAP Claims
- **Workflow Automation** include those attributes that streamline the claims process by automating preexisting manual workflows.
  Leaders are Guidewire's ClaimCenter and SAP's SAP Claims
- **Business Process Optimization** those attributes that allow claims managers and analysts to gain insight into existing processes and continually improve them.
  Leaders are *CSC's RISKMASTER, Guidewire's ClaimCenter, SAP's SAP Claims, and StoneRiver's Claims Stream*
- **Enterprise Support** include those attributes that influence the enterprise's on-going relationship with the vendor and their exposure to risk during the investment process.
  Leaders are CSC's RiskMaster, Exigen's ClaimCore, Guidewire's ClaimCenter, and SAP's SAP Claims

Source: CEB TowerGroup Research

Technology Analysis Overview

Mission Statement: **The CEB TowerGroup technology analysis process provides a customer-driven, transparent, and unbiased review designed to drive informed business decisions.**

•**Current Market:** Provides a view of industry and customer changes, and best practices for technology investment and implementation.

•**Future Investment:** Forecasts IT spending and identifies emerging technologies and innovations.

• **Vendor Landscape:** Provides an overview of key vendors, product features, and market position.

• **Product Rankings:** Highlights best-in-class attributes and shows a comparative perspective of leading products.

Current Market

- ***Market Drivers:*** Assess changes in the industry and customer behavior
- ***Case Study:*** Learn leading practices to maximize ROI from investment

Future Investment

- ***Spending Forecasts:*** Forecast IT spending in key technology areas
- ***Emerging Technology Landscape:*** Pinpoint emerging technologies and innovations

Vendor Landscape

- ***List of Players:*** Identify key technology firms and their products
- ***Diagnostic Anatomy:*** Choose your investment priorities
- ***Product Feature Overview:*** Compare the relative feature offerings by vendors
- ***Vendor Profiles:*** Understand the key differentiators between products

Product Rankings

- ***"Best-in-Class" Products:*** See the top products based on our anatomy categories
- ***Ranking Methodology:*** Review the key components of an investment decision

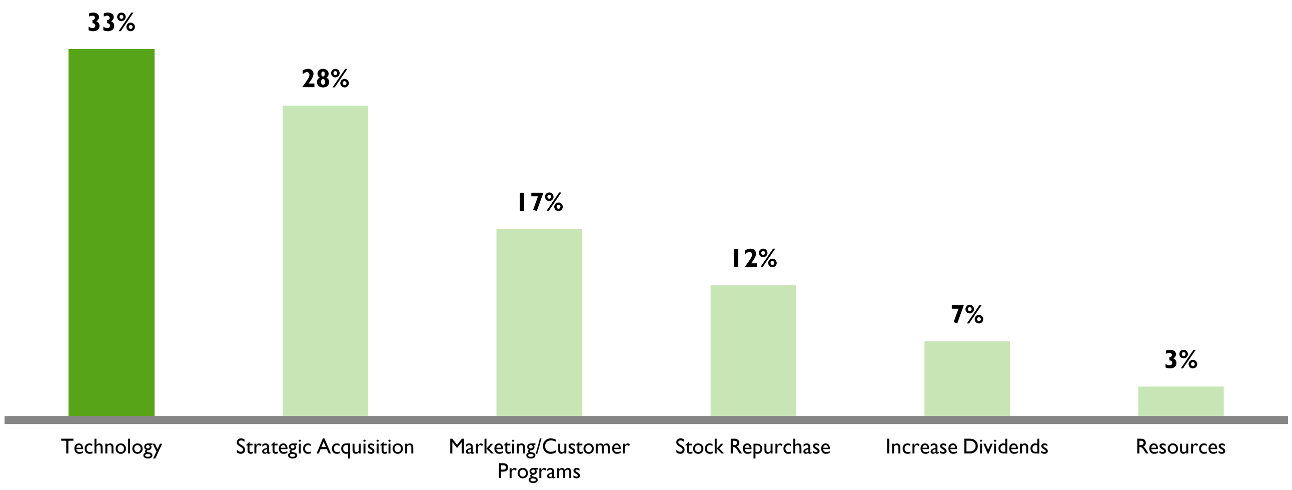
Source: CEB TowerGroup Research

Carriers Utilize IT Investment to Spur Growth

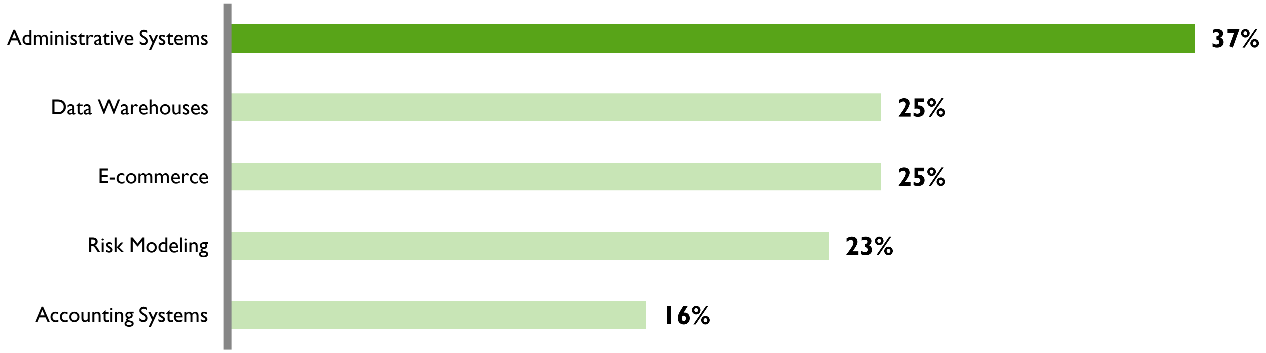
Carriers are prioritizing technology improvement over all other areas of investment.

•Within IT investments, administrative systems, including claims and policy systems, are the top investment initiative for the next 24 months.

Carriers' Key Investment Priorities
Percentage of Respondents, 2011



Carriers' Most Important IT Investments Over the Next 24 Months
Percentage of Respondents, October 2011



Source: KPMG, CEB TowerGroup Research

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WHAT THE BEST COMPANIES DO

Mapping the Claims Management Landscape

CEB TowerGroup identified vendors for this Technology Analysis based on expert opinion, product maturity, and size of installations.

- Of the eight vendors profiled, six are large, mature platforms with numerous installations in large and jumbo financial services firms.
- Two additional vendors were profiled due to the quality of their product and their approach to claims management.

Claims Management

Vendor	Product
Cover-All Technologies	BlueWave Claims
CSC	RISKMASTER
Exigen	ClaimCore
FINEOS	FINEOS Claims
Guidewire	ClaimCenter
ISCS	SurePower Innovation Claims
SAP	SAP Claims
StoneRiver	Claims Stream

Source: CEB TowerGroup Research

Claims Management Systems Anatomy Diagnostic Tool

1 Error Reduction
The solution possesses wizards and interactive business logic that identifies and prevents manual errors and omissions.

2 Productivity Tools
Users can leverage the solution's interactive workflow tools to better manage current and pending tasks.

3 Remote Accessibility
Field claims adjusters can access all features of the solution remotely.

4 Report Management
Users can design and execute a wide range of custom static and ad hoc operational reports.

5 UI Configurability
Users can easily configure the user interface according to user role and authority level.

6 UI Intuitiveness
The solution's intuitive user interface allows users to quickly master the system with minimal training requirements.

7 Core Integration
Carriers can seamlessly integrate the solution with existing or third party systems to pre-fill required claims data.

User Experience

8 Document Creation
The solution provides a series of customizable document templates that can automatically be created and populated by business rules.

9 Multichannel Alignment
The solution can aggregate claims information from all the carrier's service delivery channels into a centralized database.

10 Process Improvement
The solution simplifies existing workflows and reduces the time to process a claim.

11 Self-Service Portal
Carriers can integrate the solution with their customer and distributor web portals to facilitate self-service.

12 Supplier Management
The solution can communicate, assign tasks and track the performance of third party service providers.

Workflow Automation

13 Analytics
Users can leverage the solution's wide range of analytic tools to monitor business activity, improve performance, and mitigate risk.

14 Audit Trails
The solution provides customizable transaction and audit trails to improve compliance support.

15 Business Intelligence
Carriers can use the solution's BI tools to mine system data to identify bottlenecks and inefficiencies in current workflows.

16 Business Rules
Users can configure and design new business rules to adapt the system to changing business needs

17 Geographic Flexibility
The carrier's operations are supported in many regions by the solution's multilingual and multicurrency capabilities.

Business Process Optimization

18 Product Deployment
The vendor offers multiple options for deployment of the technology.

19 Product Maturity
The vendor possesses a mature product with a growing market share and client base.

20 Technology Innovation
The vendor possesses a proactive strategy to incorporate innovative technology and practices into its product development roadmap.

21 Vendor Collaboration
The vendor effectively identifies and aligns technology implementation to enterprise needs.

Enterprise Support

HOW TO USE ANATOMY

The anatomy is designed to assist financial services executives better assess and prioritize components of their technology investment. As you take this anatomy, please consider your firm's business strategy and current technology maturity.

1. Rate the impact of each attribute to your business and your firm's effectiveness on a 1-5 scale using the grading scale below.
2. Tally the results to identify areas that are most important and where your firm is least effective.
3. Compare your results with our rankings on page 10 to understand which vendors are best positioned to meet your needs.

Attribute Grading

Current Effectiveness		**Potential Impact**
5 = Superior Capability	We or our vendor offer this regularly, systematically, and at the highest standard.	If performed to the highest standard, the impact of this attribute on our firm would be the following:
4 = Strong Capability	We or our vendor offer this regularly and systematically.	5 = Very High
3 = Adequate Capability	We or our vendor offer this regularly but in an ad hoc manner.	4 = High 3 = Moderate
2 = Marginal Capability	We or our vendor offer this irregularly and in an ad hoc manner.	2 = Low
1 = Weak or not at all	We or our vendor do not do this at all.	1 = No Impact

WHAT THE BEST COMPANIES DO

Key Statistics

Company Type: Private

HQ: San Mateo, California

Founded: 2001

Employees: 685

2010 Revenue: $144.7 Million

Client Base: 103

Coverage: Global

Target Market

Client Size (by DPW)	North America Only	Global
Over $1 Billion		
Under $1 Billion		

Target

ClaimCenter®

Guidewire

Company Overview

Founded in 2001, Guidewire is provider of core insurance software for the global P/C insurance industry. With over 100 product implementations on five separate continents, Guidewire serves a wide range of insurers from medium-sized and regional carriers to larger national and global insurers. In September, 2011 Guidewire announced plans to go public in $100 million IPO. Headquartered in San Mateo, California the company also has offices in Europe, Asia and Australia.

ClaimCenter: Product Overview

ClaimCenter is a Java-based standalone claims management system and a component of Guidewire *InsuranceSuite*™, a set of core insurance applications which also includes modules for underwriting, policy administration and billing. Guidewire markets ClaimCenter to a global client base, whose composition vary widely by size and business lines. First introduced in 2003, ClaimCenter is currently on its seventh release and supports the claims operations of over 90 customers.

Product Demonstration Highlights

- **New Claims Wizard:** ClaimCenter's New Claims Wizards help improve information capture during FNOL and enhance call flow specific to business line, level of claims complexity or other attribute within the workflow.
- **Fraud Management:** ClaimCenter combines the system's automated rules-based fraud scoring with scores from the "Special Investigation Details" Question Set to trigger further fraud analysis or escalation to a SIU.
- **Claims Performance Monitoring:** ClaimCenter's real-time performance monitoring features enhances the data visibility for individual claims by providing users a high-level graphical view of key the facts of each claim, flagging major risk indicators associated with each claim based on business rules and high risk indicators and tracking any claim health metrics.

CEB TowerGroup View

ClaimCenter received high marks for usability and process automation. The solution features a graphical user interface replete with built-in wizards and configurable interactive business logic that is designed to guide users through predefined workflows as well as avoid errors and flag potential problems. In addition to core claims management functionality, the latest release of the solution provides advanced modules for reinsurance tracking and catastrophe and renewal management. With experience from over 70 successful claim system deployments, and 20 currently in progress, the solution also received high marks for ability to integrate with other third-party or homegrown core insurance systems.

Business Lines Support

Supported | N/A

Personal Auto	Homeowner	Other Personal / Liability	Worker's Compensation	Commercial Auto	Commercial Property	Other Commercial / Specialty

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Creating Our "Best-in-Class" Product Rankings

Phase 1: With our qualitative and quantitative data, CEB TowerGroup indentified 20 components that define a "Best-in-Class" Claims Management System, which are grouped into four categories.

Phase 2: Each attribute is not equally important .The attributes are divided into tiers to reflect their level of importance as mission critical, strong priority or differentiators.

Phase 3: Certain products are recognized as "Best-in-Class" after scoring each product based on its performance at an attribute level.

	User Experience	Workflow Automation	Business Process Optimization	Enterprise Support
Categories:	Those attributes that directly contribute to enhancing the productivity of claims operations employees.	Those attributes that streamline the claims process by automating pre-existing manual workflows.	Those attributes that allow claims managers and analysts to gain insight into existing processes and be able to continually improve them.	Those attributes that influence the enterprise's on-going relationship with the vendor and their exposure to risk during the investment process.
Attributes:				
Mission Critical	• Report Management • UI Intuitiveness	• Core Integration • Document Creation • Process Improvement	• Audit Trails • Business Rules	• Product Maturity • Vendor Collaboration
Strong Priority	• Error Reduction • UI Configurability	• Multichannel Alignment	• Analytics	• Geographic Flexibility • Technology Innovation
Product Differentiators	• Productivity Tools • Remote Accessibility	• Self-Service Portals • Supplier Management	• Business Intelligence	• Product Deployment
	"Best-in-Class" User Experience	**"Best-in-Class" Workflow Automation**	**"Best-in-Class" Business Process Optimization**	**"Best-in-Class" Enterprise Support**

We base our rankings on the top products in each overall category according to our proprietary scoring methodology.

- Product Leaders are the top scoring products in a given category and are chosen based on the differentiation in scoring in a particular category.

Selecting Best-in-Class Products

Best-in-Class Products Listed Alphabetically

User Experience

- **Exigen** - ClaimCore
- **Guidewire** - ClaimCenter
- **SAP** - SAP Claims

Workflow Automation

- **Guidewire** - ClaimCenter
- **SAP** - SAP Claims

Business Process Optimization

- **CSC** - RISKMASTER
- **Guidewire** - ClaimCenter
- **SAP** - SAP Claims
- **StoneRiver** - Claim Stream

Enterprise Support

- **CSC** - RISKMASTER
- **Exigen** - ClaimCore
- **Guidewire** - ClaimCenter
- **SAP** - SAP Claims

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Claims Management Systems Scoring Methodology

1 Error Reduction
The solution possesses wizards and interactive business logic that identifies and prevents manual errors and omissions.

2 Productivity Tools
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3 Remote Accessibility
Field claims adjusters can access all features of the solution remotely.

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User Experience

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Enterprise Support

Attributes

Categories

Scoring Methodology

To arrive at a vendor ranking, CEB TowerGroup developed a proprietary scoring metric outlined by the attributes within this anatomy that highlights the major elements of an enterprise investment decision. This metric assumes that every element is not equally important, and therefore assigns a higher level of importance to those attributes critical to managing the claims lifecycle. The remaining attributes are then divided further into two tiers to reflect their level of importance, highlighted below.

Mission Critical Attributes	Strong Priority Attributes	Product Differentiator Attributes
Report Management	Error Reduction	Productivity Tools
UI Intuitiveness	UI Configurability	Remote Accessibility
Core Integration	Multichannel Alignment	Self-Service Portals
Document Creation	Analytics	Supplier Management
Process Improvement	Geographic Flexibility	Business Intelligence
Audit Trails	Technology Innovation	Product Deployment
Business Rules		
Product Maturity		
Vendor Collaboration		

 Source: CEB TowerGroup Research

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Understanding Our Scoring Methodology

For each analysis, CEB TowerGroup develops a unique & proprietary scoring methodology that highlights the key priorities for an executive's investment decision

•Understanding that each investment decision is different, CEB TowerGroup combines similar attributes into overall categories for comparing vendor products.

•Rating attributes are informed by the combined experience and membership of the Corporate Executive Board and CEB TowerGroup.

Partial Anatomy Scoring Matrix

Anatomy	Category	**User Experience**	**Workflow Automation**	**Business Process Optimization**
Anatomy	Attribute Title	**Report Management**	**Customer and Distributor Portals**	**Business Intelligence**
Anatomy	Attribute Definition	**Users can design and execute a wide range of custom static and ad hoc operational reports.**	**Carriers can integrate the solution with their customer and distributor web portals to facilitate self-service.**	**The solution's BI tools gives carriers the ability to mine system data to identify bottlenecks and inefficiencies in current workflows.**
Scoring Metric	1	The technology does not support custom-reports, and only a limited number of standard reports are available.	The technology does not support integration with customer/ distributor accessible channels.	The solution does not provide any BI tools.
Scoring Metric	2	The solution supports a wide variety of pre-built standard reports but allows for no custom views.	The technology supports one-way communication with online customer/distributor accessible portals.	The solution can integrate its data with third party business intelligence solutions.
Scoring Metric	3	The solution provides a wide variety of prebuilt static reports with some customizable elements.	The technology supports two-way communication with online customer/distributor-accessible portals.	The solution provides only ad hoc reporting capabilities with no management dashboards.
Scoring Metric	4	The solution provides a wide variety of prebuilt and customizable static reports.	The technology supports two-way communication with customer and distributor portals and mobile platforms, as an add-on feature.	The solution provides a full set of business intelligence tools including static pipeline reports, ad hoc reports and dashboards that are difficult to configure.
Scoring Metric	5	Users can easily design and create custom reports, and tools that allow users to run ad hoc reports.	The technology supports two-way communication with customer and distributor portals and mobile platforms in a completely intuitive as part of the standard package.	The solution provides a full set of business intelligence tools including customizable static pipeline reports, ad hoc reports and customizable dashboards as part of that are easy to use.

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