

# Aite Matrix: 2020 U.S. P&C Core Systems Evaluation

This excerpt provided compliments of this Best-in-Class vendor:



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## INTRODUCTION

P&C insurance carriers worldwide are being asked to provide more customized and personalized experiences for their policyholders, such as a quicker and more accurate underwriting decisions or a facilitated claims process. To make this happen, carriers increasingly rely on third-party data and on a core system that can integrate this data into various workflows. If carriers cannot meet customer or prospect expectations, they run the risk of losing out on that business.

This Impact Report explores some of the key trends within the core systems market and discusses the ways in which technology is evolving to address new market needs and challenges. This Impact Report also compares and contrasts the leading vendors' offerings and strategies, and it highlights their primary strengths and challenges. Finally, to help insurance carriers make more informed decisions as they select new technology partners, this report recognizes specific vendors for their strengths in critical areas.

## METHODOLOGY

Leveraging the Aite Matrix, a proprietary Aite Group vendor assessment framework, this Impact Report evaluates the overall competitive position of each vendor, focusing on vendor stability, client strength, client services, and product features.

The following criteria were applied to develop a list of vendors for participation:

- The vendor must provide core system capabilities for P&C carriers.
- The vendor must be able to integrate third-party data through its core system.

Between July and August 2020, participating vendors were required to complete a detailed product request for information (RFI) comprising both qualitative and quantitative questions and to provide active client references. Vendors were not required to demonstrate how their systems integrate third-party data. Instead, the client references will serve as proof of each vendor's ability to execute on this function.

## THE MARKET

The following market trends are shaping the present and future of the P&C core systems market (Table A).

**Table A: The Market**

<b>Market trends</b>	<b>Market implications</b>
<b>Increased focus on policyholder engagement and experience</b>	Carriers have to determine whether current core systems need to be replaced or upgraded to better engage policyholders and deliver an improved experience.
<b>Growing acceptance of insurance ecosystem</b>	Carriers have to figure out an easy way to work with vendors that offer a wide variety of services, including robust data sets and accompanying analytics.
<b>Influx of new data</b>	Carrier functions such as underwriting and claims processing are becoming more data-driven than ever.
<b>Rise of the cloud</b>	The cloud allows carriers to increase their data pools, in some instances, without having to maintain the data.
<b>Increased analytics</b>	Carriers are in a better position to make sense of the data they have at their disposal and use analytical insights to drive improved outcomes in functional areas across the insurance value chain.

Source: Aite Group

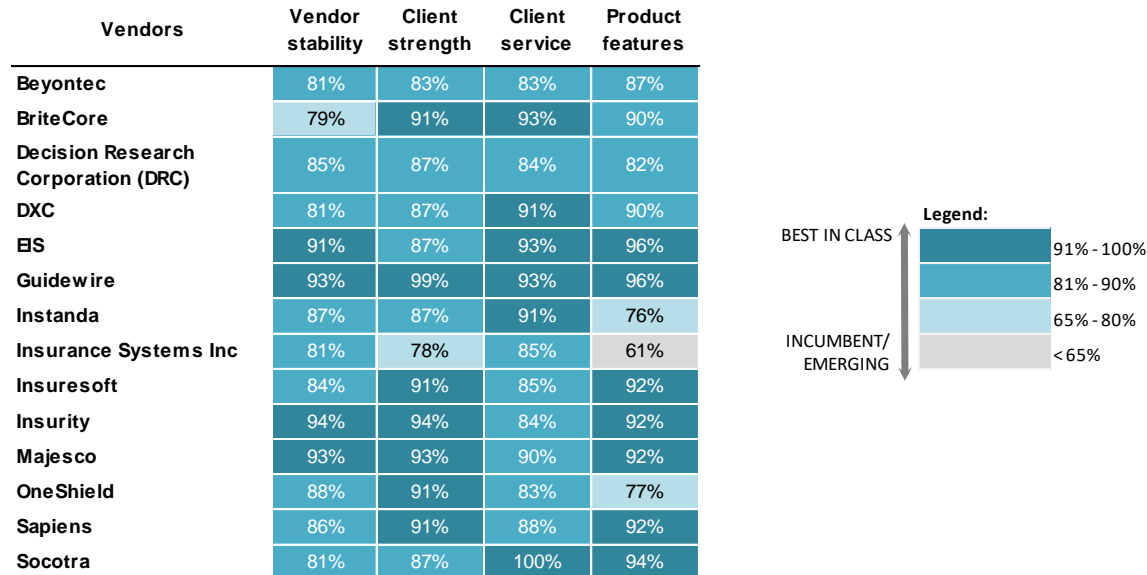
# AITE MATRIX EVALUATION

This section breaks down the individual Aite Matrix components, drawing out the vendors that are strong in each area and how they are differentiated in the market.

## THE AITE MATRIX COMPONENTS ANALYSIS

Figure 1 overviews how each vendor scored in the various areas of importance. Each vendor is rated, in part, based on its own data provided when responding to the RFI distributed by Aite Group as well as on product demos and follow-up discussions as part of the Aite Matrix process. Ratings are also driven by the reference customers of the examined vendors to support a multidimensional rating.

**Figure 1: Aite Matrix Components Analysis by Heat Map**



Source: Vendors, Aite Group

### VENDOR STABILITY

Vendors’ stability scores averaged 86%. Vendors that scored well generally had robust financials, solid infrastructures, and good risk controls.

### CLIENT STRENGTH

A plethora of vendors scored well in this category (only two scored below 87%). Vendors’ client strength scores averaged 89%. The primary drivers of high scores in client strength were client depth, client breadth, and overall client perception.

## CLIENT SERVICE

Client service tends to have the highest representation of low scores, but this year's vendors performed better than vendors in the past years. To wit, last year's Aite Matrix (with a slightly different focus) yielded no best-in-class vendors, but this year's survey yielded six such vendors. Vendors' client service scores averaged 86%. Factors that drove this category are mostly centered on client perceptions on a range of elements that include cost value, the ability to deliver on promises, a vendor's range of deployment options, and the breadth of support offered to a client.

## PRODUCT FEATURES

EIS stood out among vendors in this category. Vendors' product features scores averaged 87%. A plethora of factors went into this calculation, but the overall driver of a high score was depth and breadth of product features, client favorability of these features, and the platform's user interface and functionality.

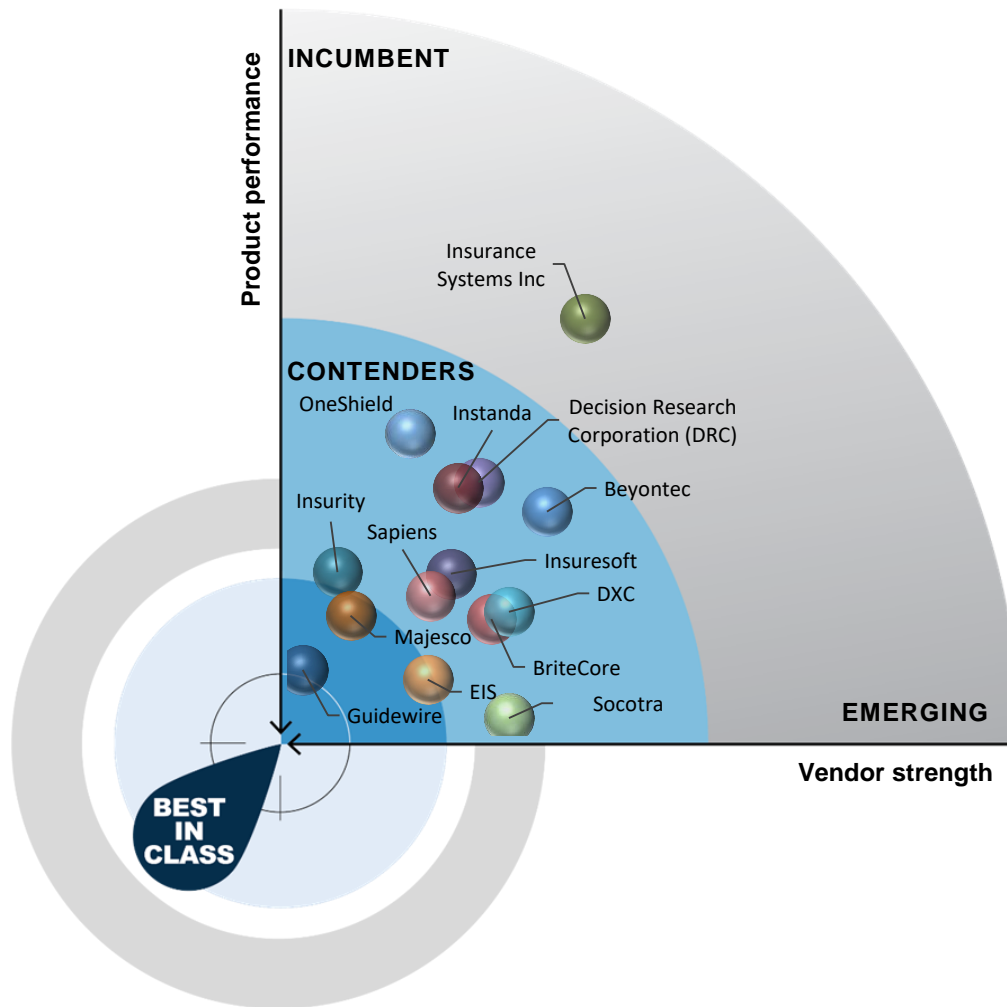
## THE AITE MATRIX RECOGNITION

To recap, the final results of the Aite Matrix recognition are driven by two major factors:

- Vendor-provided information based on Aite Group's detailed Aite Matrix RFI document
- Participating vendors' client reference feedback or feedback sourced independently by Aite Group

Figure 2 represents the final Aite Matrix evaluation, highlighting the leading vendors in the market.

**Figure 2: 2020 Aite Matrix**



Source: Vendors, Aite Group

**BEST-IN-CLASS VENDOR: EIS**

EIS’s performance was solid, recording best-in-class showings in the categories of vendor stability, client service, and product features. While EIS only had one category-leading score (product features, in a tie), its lowest score in a category was 87% in client strength, which fell short of the category average of 89%. EIS is one of a small handful of vendors that can integrate all of the data types asked about in the survey without any customization. Moreover, it is one of the same handful that can fully support integrating data into every key component.

## BEST IN CLASS: EIS

EIS is a core systems provider that is becoming increasingly digital focused by encouraging more cloud deployments and by building and offering a highly flexible platform that can meet the evolving needs of a wide range of carrier clients.

### AITE GROUP'S TAKE

EIS's efforts are completely dedicated to the insurance industry, and the functionality it has created reflects that dedication. EIS is one of a small handful of vendors that can integrate all of the data types asked about in the survey without any customization. Moreover, it is one of the same handful that can fully support integrating data into every key component. Any carrier looking for a flexible and highly capable platform would be well-served by EIS Suite. One area that EIS should continue to address for improvement is analytics, although it is not at risk of falling behind. Based on client feedback, it seems that they are looking for more, which should be a clarion call about where the industry is heading. Regardless, EIS is well-positioned to improve this aspect.

### BASIC FIRM AND PRODUCT INFORMATION

- **Headquarters:** San Francisco
- **Founded:** 2008
- **Number of employees:** Over 1,000
- **Ownership:** Privately held
- **Key products and services:** EIS Suite
- **Target customer base:** Any P&C carrier with a dedicated mission to delivering a digitally focused experience
- **Number of clients:** 17
- **Average client retention rate:** More than 90%
- **Global footprint:** Seven clients in United States, four clients in Canada, two clients in Europe, and four clients in the Asia-Pacific region
- **Implementation options:** On premises, hosted, or cloud
- **Pricing structure:** Software licensing pricing is based on components purchased and DWP, and is offered primarily as a subscription.

### TOP STRATEGIC PRODUCT INITIATIVES OVER LAST THREE YEARS

- Updated SaaS offering
- Built out an ability to install and operate the software with fewer resources to support small carrier market



## TOP STRATEGIC PRODUCT INITIATIVES IN THE NEXT 12 TO 18 MONTHS

- Building additional commercial lines capabilities
- Improving user experience
- Building a new framework to handle carrier demands

## KEY FEATURES AND FUNCTIONALITY

- EIS provides full support for the following components with its core system: rating engine, billing, CRM, and claims. EIS can provide customized support for document generation, and reinsurance.
- EIS' front end uses documented APIs, 100% of which are open.
- Microservices are supported with both a one-per-integration approach and a platform/hub approach.
- Third-party data integration is supported for rating engine, document generation, billing, CRM, reinsurance, and claims.
- Both business stakeholders and IT staff are able to adjust workflow and rules based upon imported ETPD if needed.
- The system uses web services, APIs, RESTful APIs, ACORD and certified ACORD to integrate ETPD. It can also use JMS, AMQP, and Kafka.
- The system can extract, import, and synthesize standard data (such as department of motor vehicles data), photos, telematics data, social media, weather data, structured data (such as data from Dun & Bradstreet), geolocational data, geospatial data, flood zone data, hazard data, and personal financial data. The platform allows these tasks to be done without modifying the functional source code.
- Data can be imported in the client's file format of choice.
- The system can automatically route workflow based upon imported ETPD.
- There is open documentation about how to prefill with new data sources.

## CLIENT FEEDBACK

Clients were asked to assess certain features and functions with regard to ETPD and data integration in general. In general, EIS' clients were largely satisfied but were a bit more enthusiastic about the openness of EIS' APIs and breadth of the data that could be imported. Clients were more neutral on the platforms' analytical aspects (Table B).

**Table B: EIS' Client Feedback Summary**

<b>Feature or function</b>	<b>Average score</b>
<b>Openness of APIs</b>	5.0
<b>Choice of ETPD file format for importation</b>	4.0
<b>Ability to use ETPD for policyholder communication</b>	4.0
<b>Ease of ETPD importation</b>	4.0
<b>Ability to use ETPD to route workflow</b>	4.0
<b>Ability to use ETPD to communicate through omnichannel</b>	4.0
<b>Breadth of ETPD that core system can import</b>	4.5
<b>Ability to use ETPD to deliver quality insights</b>	3.5
<b>Overall quality of AI/ML features</b>	3.5
<b>Ability to prefill based on ETPD</b>	4.0

*Source: Client references provided from August to September 2020*

## CONCLUSION

### Carriers:

- Carriers must embrace the reality of an evolving P&C insurance landscape that will include a greater focus on external data to assist in underwriting applications and processing claim submissions.
- Carriers need to assess their own unique needs as they relate to core systems vendors and what they offer. There are varying degrees of evolution, and not every evolutionary change will hit every carrier.
- If a carrier determines that its needs have outgrown its current core system, it ought to determine if its current core systems vendor can evolve its current system to accommodate these new needs.
- If the current provider is not up to the task of meeting these new expectations, then carriers must begin a request-for-proposal process to identify a vendor that can meet those expectations. For some carriers, not all of the features offered by some of the vendors in this study will be required for them to operate efficiently and profitably. Still, carriers should be thinking beyond their current needs and incorporate a solution into which they could grow.

## ABOUT AITE GROUP

Aite Group is a global research and advisory firm delivering comprehensive, actionable advice on business, technology, and regulatory issues and their impact on the financial services industry. With expertise in banking, payments, insurance, wealth management, and the capital markets, we guide financial institutions, technology providers, and consulting firms worldwide. We partner with our clients, revealing their blind spots and delivering insights to make their businesses smarter and stronger. Visit us on the [web](#) and connect with us on [Twitter](#) and [LinkedIn](#).

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