

CELENT

 CELENT Awards 2020

NORTH AMERICAN GROUP/VOLUNTARY ADMINISTRATION SYSTEMS 2020

ABCD VENDOR VIEW

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This authorized reprint contains material excerpted from a recent Celent report profiling and evaluating 16 different group/voluntary administration system vendors in North America. The full report is more than 140 pages long. This report was not sponsored by Vitech in any way.

This reprint was prepared specifically for Vitech, but the analysis presented has not been changed from that presented in the full report. For more information on the full report, please contact Celent at info@celent.com.

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EXECUTIVE SUMMARY

The group/voluntary market will likely enter a period of transformation because of the long-term impact of COVID-19. A number of potential outcomes are outlined in Celent's recent report *COVID-19 — Three Scenarios for Insurers*. The only constant at the point of this writing is that there will be impacts.¹ There will be short and perhaps long-lasting operational and service impacts that strain current technology. There may be new expectations from employees for expanded or new group and voluntary products. This report should help you understand the capabilities of the systems to meet future needs.

This biennial report focuses on the group/voluntary space, including worksite, in North America. Sixteen vendors responded to this edition of the group/voluntary policy administration system (PAS) ABCD Vendor View. This compares to sixteen vendors in our 2018 report *Group and Voluntary Life Insurance Policy Administration Systems: 2018 North American Solution Spectrum*. In comparing the participants, thirteen are common between the reports. Three vendors — Ebix, OneShield, and TCS — are new for 2020. Three vendors in the 2018 report chose to not participate: DXC, FIS, and SAP.

These reports are a part of our regional reports looking at back office technology. The data for this report was gathered concurrently with the data used in the report *North American Policy Administration Systems 2019: Life, Annuities, and Pension ABCD Vendor View*, published in December 2019.

Vendors who qualified are ranked in the ABCD Vendor View grids. The top performers in each of the ABCD dimensions receive a corresponding XCelent Award as follows:

- XCelent Technology for the leading Advanced Technology score: Vitech
- XCelent Functionality for the leading Breadth of Functionality score: Vitech
- XCelent Customer Base for the leading Customer Base score: Management Data Inc.
- XCelent Service for the leading Depth of Service score: Vitech

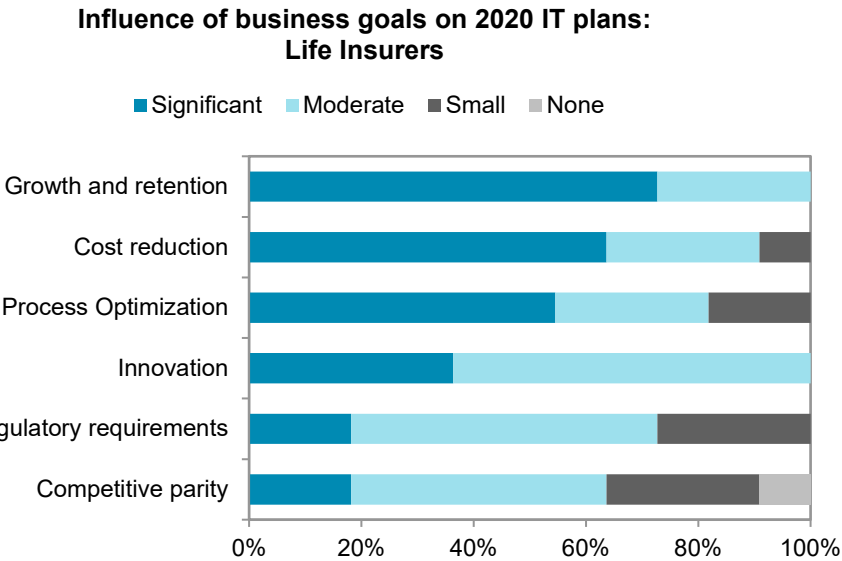
¹ Celent and Oliver Wyman, our parent company, are actively writing on the topic. We recommend visiting [Celent's web page](#) and Oliver Wyman's [COVID-19 hub page](#) for their special focus on COVID-19.

INTRODUCTION

Celent has seen consistent investments by insurers in back office systems. In Celent's *Life Insurance CIO Pressures and Priorities 2020: North American Edition* report, also published this month, growth and retention, followed closely by cost savings, continues to dominate the areas of technology investment. In Figure 1, we see that growth commands an over 75% response of significant impact and 100% when considering significant and moderate impacts. Cost reduction is only slightly lower at over 60% and a total over 90%. It should be noted that Celent checked back with life insurers since COVID-19, and business goals have changed slightly, bringing process optimization to the top of the list.

Insurers' ability to meet these objectives is often constrained by aging, inflexible systems. This has been particularly true of insurers that still use green screen-based mainframe systems. In the rush to adapt operations to a virtual model, insurers with these aging systems found the logistics to make those systems available from home significantly more complicated than those that only needed a browser to work.

Figure 1: Business Goals Influencing IT Plans (Percentage of Respondents)



Source: Celent 2020 North American Life CIO Survey

The reasons for a new system are broad. Certainly, speed to market is a key criterion, as is a highly configurable system. Open APIs provide access to the system both internally and to selected partners. Modern systems are microservices-based, or close, and most can run in the public cloud. They are written in modern languages, using modern databases, and are not constrained as they might have been.

Celent's process allows us to perform a *mini-selection process*, including the use of a very complete RFP, demonstrations, and customer references. We continue to be impressed with the quality and capabilities of the systems we review.

REPORT OBJECTIVE

This report is part of a series on policy administration systems (PAS) in North America, Latin America, EMEA, and the Asia-Pacific. It profiles the majority of the group and

voluntary life, annuities, and pension insurance administration systems available in North America today.

It uses Celent's ABCD Vendor View, which is our standard representation of a vendor marketplace, designed to show at a glance the relative positions of each vendor in four categories: **A**dvanced Technology, **B**readth of Functionality, **C**ustomer Base, and **D**epth of Client Services. Insurers should consider which factors in breadth, technology, experience, and client service are most important to them and review the detailed profiles in this report to assess vendor suitability.

This report includes eight systems that fully met the inclusion criteria for Celent's ABCD Vendor View as described in the "Report Methodology" section of this report. Eight additional vendors that did not meet the ABCD criteria are also profiled; these vendors are either new market entrants or, for a variety of reasons, did not fully meet the inclusion criteria. For a full list of vendors in this report, see Table 3 on page 15.

This report should help insurers define their core systems requirements and, where appropriate, create a short list of vendors for evaluation. Expanded PAS functionality and improved technology mean that insurers continue to have a wide spectrum of systems and vendors to consider when they are looking for a solution to fit their needs. Insurers should leverage their access to the authors through analyst access to learn more about the vendors.

KEY TRENDS

It is difficult to project trends in a post-COVID-19 world, while enduring the pandemic. Employers are still figuring out when they can bring their employees back to work, and employees are trying to figure out whether they will have a job. Some are furloughed with benefits, while others will be looking to COBRA or potentially the ACA. Insurers are looking at their systems and trying to decide if they can meet future needs, which could require an increased virtual workforce or different products. Celent will not try to determine the trends here but instead will consider trends that were analyzed in 2018 that are relatively unchanged today.

- Impact of changes to the ACA
- Rising healthcare costs
- Expanded product options
- Changing distribution models
- Improved customer experience

In looking at the direction of the market in 2020, all of these issues still resonate, with a differing degree of certainty. Let's address them from the perspective of 2020, filtering in the realities of 2020.

Impact of Changes to the ACA

In 2018, we authored our 2018 report, *Group and Voluntary Life Insurance Policy Administration Systems: 2018 North American Solution Spectrum*, in the middle of legislative action regarding the Patient Protection and Affordable Care Act (PPACA), informally known as the ACA or Obamacare. While those actions did not result in major changes, the actions of the court did, in particular eliminating the requirement that all consumers buy insurance. This resulted in less options and increasing costs as insureds with health issues were selecting plans while healthier consumers opted to not have insurance. This is at odds with the concept of insurance risk, which may result in those insurers with a major medical block looking *more* toward their group/voluntary business as a source of growth and earnings.

Rising Healthcare Costs

Rising healthcare costs are still prevalent in the US market. This can be an opportunity for the insurer providing products such as critical illness and hospital indemnity. In addition, recent changes to the ACA have allowed more flexibility in product design.

Expanded Product Options and Changing Distribution Models

We grouped these together because in some ways they are pulling in opposite directions. More sophisticated and tailorable products bring more opportunity in the traditional broker-focused model. However, a move to direct consumer sales or direct-to-employer sales, particularly through a direct model, generally leads to more simplified products that can be understood through information available on the Web. Both trends will likely grow.

Improved Customer Experience

The industry is enamored with improved customer services (CX), which is a very positive outcome. The fact that many insurers are just now building out portals for their customers and potentially online customer services transactions in 2020 says something about the industry. The challenge of improved customer service on a dated back office platform becomes quickly apparent. An aging COBOL-based system was never designed for a real time, 24-7 world of instant gratification. These limitations are a major driver in new back office implementations.

POLICY ADMINISTRATION SYSTEM DEFINITION

In one sense, the definition of a policy administration system (PAS) is the system of record for all policies that an insurance company has written. At this most basic level, a PAS is a repository of policy-level data related to plans of insurance, policy coverage amounts, benefits and riders, duration of the policy, and so forth. A permanent policy record is created at the time a policy is issued and includes the complete history of the policy through payout, termination, cancellation, and/or reinstatement.

In actual practice, an insurer uses a PAS, either by itself or with closely integrated specific point solutions, to execute a number of core processes, and relies on several types of supporting capabilities, as shown in Figure 2.

CORE SYSTEM CAPABILITIES

Figure 2 below reiterates the capabilities of a core system.

Figure 2: Group Policy Administration System Components and Functionality



Source: Celent

Core Processes

The foundational capabilities across most solutions are similar. Many of the core systems run the processes in the same way: they enroll and manage members, process premiums, adjudicate claims, and pay providers.

Benefits Administration (Product Design) is core to a PAS and includes the ability to design, configure, customize, and manage benefits products and plan structures. This feature allows for scenario building, tracking benefits accumulation, managing benefit adjustments and co-pays, and managing overall benefits by client or product.

Membership Management including Enrollment is the ability to create a policy in the system of record. This includes application processing, quoting, activation, and installation of members in the benefit plans. It also triggers ID card generation. Other

membership management features often include eligibility and renewal management. It also may allow the tracking and managing of groups, subgroups, subscribers, and individual members or managing member communications regarding eligibility and benefits.

Claims Processing may include auto-adjudication, pricing, and auditing. It provides the ability to configure claims processing rules, auto-adjudicate with rules to increase pass rates, apply business rules to stage and route claims to higher reviews, and apply pricing models to claims. Auto-adjudication or pricing tools can help expedite claims and reduce costs due to less human intervention.

Underwriting provides the ability to configure, manage, or track rating measures; auto-assign or manually assign risk assessments or rates based on key indicators collected in the application and quoting process; attach risk review criteria as needed; auto-generate an underwriting decision or allow for manual underwriting; generate automated approvals or declines to the case workflow based on the rating decision; and manage cover acceptances.

Premium Processing and Billing supports a broad set of billing methods, such as direct, payroll deduction, or list bill, as well as various present and payment options and configuration capabilities. It also tracks reconciliation, claim disbursements, and autopay or online payment options.

Supporting Capabilities

Supporting processes are shown in the surrounding, light blue section of Figure 2.

Policy Service includes service after the issuance of a policy and continues through the life of the policy, including changes of status for the insured, the objects of insurance, lapses or cancellations, etc. It includes all member contact and engagement management.

Employer Portal includes online functionality for the enrolling company. This is a critical supporting process for a PAS because the combination of the portal and the back-end systems is what drives an insurer's ability to handle functions such as inquiry and census management effectively.

Employee/Consumer Portal is a supporting capability aimed squarely at helping insurers deliver web-based functionality directly to consumers. Functions supported can be informational (e.g., policy value inquiry) or transactional (e.g., loan or surrender requests). Customers can perform tasks independently of customer service.

Workflow allows users to do more than simply store and edit data; workflow instead creates functional paths for users to follow. It also provides historical tracking and logs to use in metrics and work monitoring.

Provider Administration provides the ability to install, configure, and manage contracts with providers. It also includes fee schedules and payment mechanisms as well as record and credential tracking information.

Reporting and BI/Analytics provides business intelligence and data warehousing function. While many PAS provide basic reporting functionality, well-thought-out PAS facilitate the integration to third party reporting and analytic databases. A true BI/analytics tool allows the management of data marts, detailed ad hoc reporting, customized dashboards, and complex data analysis — not just for the PAS but for all an insurer's data.

Forms and Correspondence refers to document and content automation systems, which allow template-based generations of official policies, underwriting rejection letters, and any other documentation that needs to be stored or sent. Many policy admin systems have basic forms and correspondence functionality, though a third party system can handle document generation across the enterprise.

Technology, fueled by the way consumers like to receive information, continues to streamline the process. Celent expects to see even more use of mobile, video, social media, benefit portals, and interactive tools for benefits education and communication. Employees can digest information at their own pace, revisit areas that need clarification, and share options with family members. This will result in easier and timelier access to benefits and a more streamlined, efficient, and controllable process.

REPORT METHODOLOGY

CRITERIA FOR INCLUSION

Celent's objective is to include as many as possible of the leading group and voluntary policy administration systems being used or actively sold to insurers in North America in this report. Celent actively reviews vendor systems in the insurance software market and invites the vendors to participate in reports like these.

Celent's ABCD Vendor View analysis is used to highlight those vendors who have attained success selling their systems in a particular market, in this case North America. Even if a vendor is not included in the ABCD Vendor Views, Celent profiles all vendors who are new or emerging entrants to the market as well as those who are in the market but do not meet the criteria.

Here are the three key criteria to be included in Celent's ABCD analysis:

- At least three customers in production with the current version of the system.
- At least one new sale to one new customer within the last 24 months.
- Participation by at least three reference customers.

This report contains 16 profiles. Each of the profiles presents information about the vendor and solution; available professional services and support capabilities in the region; customer base; functionality and lines of business deployed; technology and partnerships; and implementations. The vendors included in Celent's ABCD Vendor View analysis have two additional sections: customer reference feedback and Celent's observations on the system.

Different vendors that did not meet the three criteria have failed to do so for a variety of reasons. Celent anticipates that some may meet the criteria in future reports.

It is important to note that the information available in this report is also available through Celent's online resources. Prior to relying on the information for a particular vendor, Celent suggests reviewing their online company and product profiles, which may be more current.

EVALUATION PROCESS

Celent sent an invitation to participate in this year's report to a broad set of PAS vendors. Each participating vendor completed an online RFI in Celent's VendorMatch/RFX platform. After Celent received completed RFIs from the vendors, each vendor was evaluated for meeting the criteria for inclusion in the ABCD Vendor View analysis.

Each vendor included in Celent's ABCD evaluation provided a briefing and demo for Celent focusing on product and rules configuration; usability and functionality for everyday users; external portals (if available); business intelligence and analytics; and the overall architecture of the system.

Celent also asked at least three references provided by each vendor in the ABCD Vendor View analysis to complete an online survey in order to obtain their view of the system's business and technology value. The RFIs, the demos/briefings, and the reference surveys provided quantitative and qualitative data that was used in the ABCD analysis of these vendors. This process is described in the next section.

Additionally, data from the RFIs received from every vendor is included in the system profiles presented in this report. All vendors had an opportunity to review their profiles for factual accuracy, but they could not influence the overall evaluation of the system or the vendor's placement in the ABCD Vendor View charts if the vendor was included in the evaluation.

Celent has retained final authority over the content of the published profiles. Some of the vendors profiled in this report are Celent clients, and some are not. No preference was given to Celent clients either for inclusion in the report or for the subsequent evaluation.

Not all data gathered from the detailed RFIs, vendor briefings and demos, and reference surveys/interviews has been included in the profiles. Rather, Celent has attempted to capture key points and values about each vendor at an appropriate level. Unpublished information remains in the Celent knowledge base and is available to Celent's subscription or consulting clients.

CELENT ABCD VENDOR VIEW

Celent’s framework for evaluating vendors is called the Celent ABCD Vendor View. This is a standard representation of a vendor marketplace designed to show at a glance the relative positions of each vendor in four categories: **A**dvanced Technology, **B**readth of Functionality, **C**ustomer Base, and **D**epth of Client Services. The Celent ABCD Vendor View shows relative positions of each solution evaluated. Each vendor solution is judged relative to the others in the group.

While this is a standard tool that Celent uses across vendor reports in many different areas, each report will define each category slightly differently. For this report, some of the factors used to evaluate each vendor are listed below.

Table 1: Examples of Possible Factors Used in Celent Policy Administration System ABCD

ABCD CATEGORIES	POSSIBLE FACTORS
Advanced Technology	Customer feedback on technology, integration and APIs, configurability and upgrades Code, databases, operating systems detail Integration Methods, services, and APIs Deployment options User interface (UI) modernity Mobile capabilities Internationalization and localization Change tooling Upgrade automation Application security
Breadth of Functionality	Customer feedback on features and functions Overall support of features: <ul style="list-style-type: none"> • Life insurance service, policy management, and workflow • New business and underwriting • Product management and calculations • Claims servicing and fraud • Billing, collections, and reconciliation • Reinsurance and reserves • Digital integrations and features • Distribution management • Documents and forms Product support and in production: <ul style="list-style-type: none"> • Protection products • Annuities • Health, disability, and LTC • Savings, pensions, and investments
Customer Base	Number of insurers running any release of the system New insurance clients in the last two years

ABCD CATEGORIES	POSSIBLE FACTORS
Depth of Customer Service	Client feedback on implementation and post-implementation services Types of training offered User conferences SLA scope Mechanism to obtain and track service tickets SLA features available

Source: Celent

THE XCELENT AWARDS

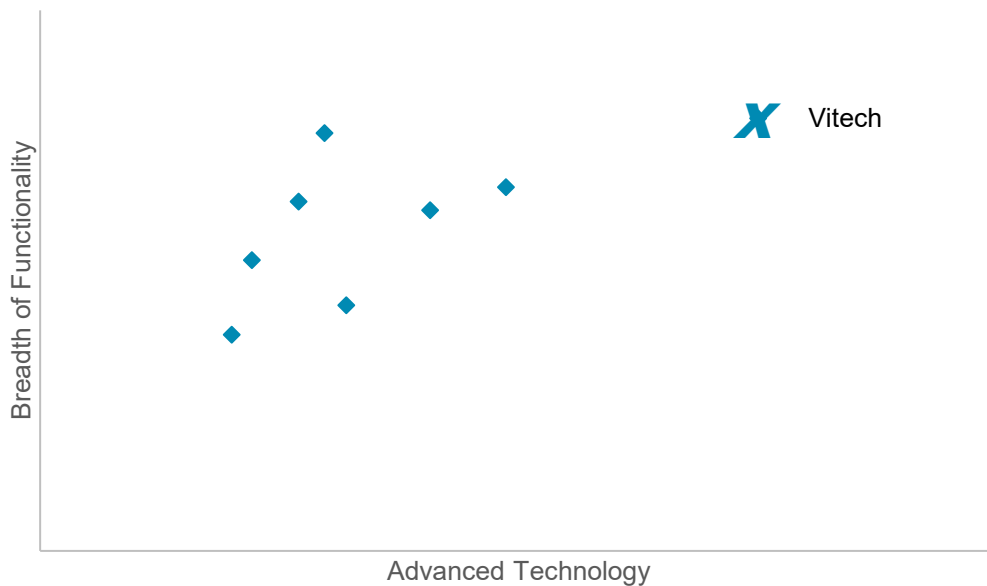
XCelent within this framework, the top performers in each of the ABCD dimensions receive a corresponding XCelent Award:

- 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 3 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 Advanced Technology winner is Vitech. The XCelent Breadth of Functionality award goes to Vitech.

Figure 3: 2020 XCelent Technology and XCelent Functionality



Source: Celent estimates

XCELENT CUSTOMER BASE AND XCELENT SERVICE

Figure 4 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 award is given to Management Data, Inc. and the XCelent Service award goes to Vitech.

Figure 4: 2020 XCelent Customer Base and XCelent Service



Source: Celent estimates

It is important that readers consider their company's specific requirements rather than just review the two charts. There are a number of fine systems in the market, from a variety of vendors, and the best choice for an individual company requires an in-depth analysis. This report is intended as a starting point, not an ending point.

VENDOR PROFILES

ABOUT THE PROFILES

Each of the profiles presents information about the vendor and solution; professional services and support capabilities; customer base; functionality and lines of business deployed; technology and partnerships; and implementations and cost.

Each profile includes a diagram outlining available end-to-end components and the features/functions availability within the systems. The profiles also include a list of in-production and supported lines of business and the number of clients currently using the system for those products. Additionally, the profiles include a table of Technology Options.

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

- Insurance Company A, a small insurer, with premium of US\$250 million.
- Insurance Holding Company B, with four operating companies, writing multiple lines of business in five or more states, with a total combined premium of \$2.1 billion.

When discussing insurance customers of the various solutions, the profiles may use the terms “very small,” “small,” “medium,” “large,” and “very large” insurers. Very small insurers (Tier 5) have less than US\$100 million in annual premium; small (Tier 4) have US\$100 million to \$499 million; medium (Tier 3) have US\$500 million to \$999 million; large (Tier 2) have US\$1 billion to \$4.9 billion; and very large (Tier 1) have US\$5 billion or more.

VITECH SYSTEMS GROUP: V3 SOFTWARE

COMPANY

Table 2: Company and Product Snapshot

COMPANY	
YEAR FOUNDED	1986
FINANCIAL STRUCTURE	Privately held
NUMBER OF EMPLOYEES	1,300
CORPORATE REVENUES (USD)	\$150–\$200 Million (FY 2019)
HEADQUARTERS LOCATION	New York City
PRODUCT	
SYSTEM NAME	V3 Software
VENDORMATCH LINK	https://www.celent.com/solutions/631891732
YEAR ORIGINALLY RELEASED / DEPLOYED	1986 / 1988
CURRENT RELEASE / DATE OF RELEASE	V10 / 2015, V3locity / 2018
UPGRADES	<p>Insurers can skip multiple versions, e.g., go directly from version 8.0 to version 10.7.</p> <p>Vendor support for prior versions: No person left behind. They support all versions.</p>
TARGET MARKET	Their current target market is tier one to tier four group/voluntary benefits companies, along with greenfield opportunities. In the medium to long term, they plan to expand to a global focus on tier one and tier two group/voluntary benefits companies.
GLOBAL INSTALLED BASE	Six insurance company clients for group/voluntary benefits. One insurance company client for group annuities.
NOTABLE CLIENTS	Prudential, Manulife, MetLife, Lincoln Financial
REVENUE FROM PRODUCT/SERVICE	\$150–\$200 million
R&D EXPENSE	R&D expense over the past two years has been \$20+ million per year attributed to this solution.
FTES PROVIDING PROFESSIONAL SERVICES FOR PRODUCT	800

FUTURE DEVELOPMENT PLANS	Plans for the product roadmap include: <ul style="list-style-type: none"> • Enhanced digital self-service for brokers • Product hub for rapid visual design and deployment of insurance products • Next-generation disability claims and absence management • More pre-packaged integrations • Real time event management for increased straight-through processing • Visual workflow designer • Visual query designer
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Source: Vendor RFX

CELENT OPINION

The V3 system is a feature-rich system supporting a broad range of Group and Voluntary products. The breadth of products is strong and includes areas such as 403B/401K and Major Medical products that other systems do not support. For example, the V3 system is in production supporting Group Annuities for Pension Risk Transfer (PRT) business. In addition, V3 supports related products, such as GICs and Stable value products.

The customer base is primarily well-known Tier 1 carriers. In addition, the same system is used by unions to support union-provided benefits, bring their total production system count above 40.

The user interface is attractive and functional. The configuration is flexible and most configuration can be done by a sophisticated business user. V3 also includes several portals, including an employer/employee portal that is quite functional. The usability is quite good and Vitech's ability to demonstrate the system is outstanding.

Vitech has partnered with other firms to offer V3 in a TPA model. V3 is also available both on-premise and in the cloud. Recent implementations have targeted production in the public cloud.

Customer feedback is quite good, with scores above 4 in all categories.

Overall, V3 is a top-tier system to be considered in most evaluations.

OVERALL FUNCTIONALITY

Figure 5: Key Functionality

Function	In Production with Clients	Supported but Not in Production with Clients	Not Supported
Service, Policy Management, and Workflow			
Customer Service Desktop	●		
Client-Centric View	●		
Employer Portal	●		
Employee Portal	●		
Workflow Management	●		
Role-Based Security/Authority	●		
SSO Roles-Based Security	●		
New Business and Underwriting			
Enrollment Portal	●		

Function	In Production with Clients	Supported but Not in Production with Clients	Not Supported
Underwriting Rules Separate from Rate Rules	●		
Product Management			
Product dictionary/repository of product rules	●		
Automated deployment to test, staging, and production after rules change	●		
Premium calculations			
Actuarial calculation engine	●		
Rating/premium algorithm definition and management separate from rate tables	●		
Claims			
Initial claim / first report of injury intake screen	●		
Automatic adjudication of claim - defined rules	●		
Automatic benefits calculation	●		
Automatic calculation of tax reductions and application of interest	●		
Automatically adjuster assignment	●		
Externalized Rating/Premium Rules	●		
Billing, Collections, and Reconciliation			
User-defined configurable bill plan rules configuration	●		
Multiple payment plans, methods, modes, and payment arrangements by plan	●		
COBRA billing support or other short-term insurance billing	●		
Real time adjustments of payments due / bill recalculation	●		
Reconciliation			
Underpayment/overpayment tracking, audit, and reconciliation	●		
Reinsurance			
Reinsurance management functionality within PAS	●		
Distribution Management			
Calculation and administration of commissions	●		
Digital Integrations and Features			
Integration with wearables (especially for health)		●	
Integration with robo advisors		●	
Integration with chat bots		●	

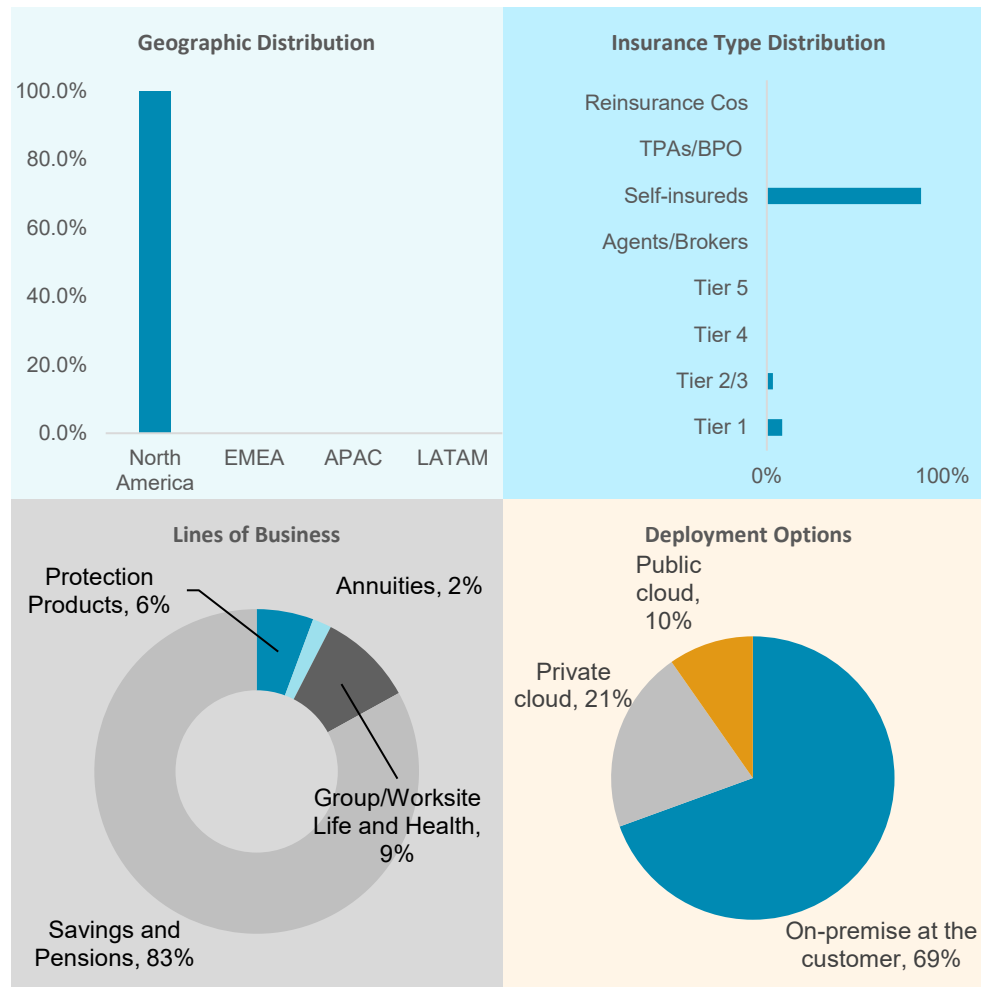
● = Available out of the box	● = Configurable through a scripting language/coding	● = Under development / On roadmap
● = Configurable using simple tools for business user	● = Available with integration to a third party solution	● = Could develop – would be considered customization
● = Configurable using simple tools for IT user	● = Available with integration to a separate module provided by this vendor	● = Not available / Not applicable

Source: Vendor RFX

CUSTOMER BASE

Vitech Systems Group Inc. has seven total customers, all in North America. They have had one new insurance client license the software since 2017. The majority of their client base is self-insured companies.

Figure 6: Vitech Systems Client Base by Geography; Line of Business, Institution Type, and Deployment Mode in North America



Source: Vendor RFX

CUSTOMER FEEDBACK

Three clients provided feedback on Vitech V3. The system is deployed on premise at the insurer for one client, and in the cloud for two: one public and one private. One insurer has used the system for more than five years, one for less than three, and one went in production last year. Lines of business in use include group/voluntary protection products (1 clients), group/voluntary health (2 clients), and pensions (1 client).

Best things about the vendor/system:

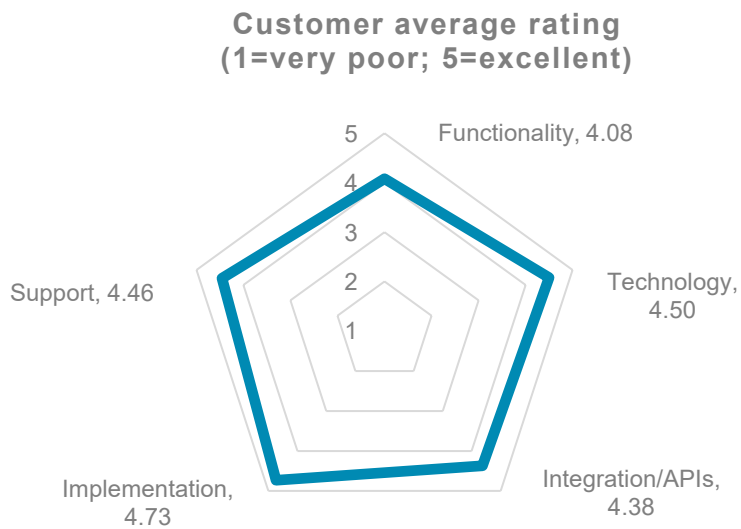
“Flexible, configurable system that provides all the functionality needed to support our group clients. Engaged staff that collaborates well and works across teams to solve problems. Strong implementation process that ensures adherence to timelines and budget.”

“Their focus on customer needs, engagement from senior management, project management, and managing to budget and schedules.”

“Knowledge of product, professional service, response time of urgent requests for assistance whether related to Vitech’s product or to assist us to develop a demonstration for one of our prospective clients.”

On the other hand, clients said that more out-of-the-box solutions would increase speed of delivery and require less configuration. And they suggested that Vitech revise their implementation methodology to a more agile or JAD approach and change their version control and code promotion process.

Figure 7: Customer Feedback



Source: Vendor RFX

LINES OF BUSINESS SUPPORTED

Table 3: Line of Business Support

GROUP LIFE / ANNUITIES / HEALTH LOBS	AVAILABILITY
Term Life	✓
Whole Life	⊖
Variable Life	⊖
Universal Life	⊖
Variable Universal Life	⊖
Indexed Universal Life	⊖

GROUP LIFE / ANNUITIES / HEALTH LOBS	AVAILABILITY
Unit Linked	⊖
Senior or Pre-need / Final Expense	⊖
Fixed Annuity	✓
Variable Annuity	✗
Indexed Annuities	✗
Enhanced/Impaired Annuities	✓
Short-Term Care	✓
Accidental Death or Dismemberment	✓
Critical Illness	✓
Long-Term Disability (LTD)	✓
Short-Term Disability (STD)	✓
Long-Term Care (LTC)	✓
Income Protection	✓
Dental	✓
Vision	✓
Medicare Advantage / Medicare Supplemental (US Only)	✗
Supplemental Health / Hospital Indemnity	✓
Credit	✓
Pension (Individual, Group Defined Contribution, etc.)	✓
Group Pension (Defined Benefit)	✓
Wrap	✗
Savings (Bonds, Mutual Funds, etc.)	✓

Legend: ✓ = Supported and in production; ⊖ = Supported but not in production; ✗ = Not supported

Source: Vendor RFX

TECHNOLOGY

Technology details for V3 Software are provided in the table below.

Table 4: Technology Options

TECHNOLOGY OPTION	RESPONSES
CODE BASE	Core technology: Java: 100%
OPERATING SYSTEMS	<p>The system is implemented in Java / JEE on Java - Tomcat, Java - JRun, Java - Other non-JEE servers, JEE - Boss, JEE - WebLogic, JEE - WebSphere, JEE – Other.</p> <p>JEE/Java version support: None</p> <p>.NET version support: None</p> <p>Available operating systems: Unix - Linux, Windows, Other</p>
SERVERS SUPPORTED	The system uses/supports Java servers Tomcat, JRun, other Java servers JEE servers Boss, WebLogic, WebSphere, other JEE servers.
DATABASES SUPPORTED	Oracle, PostgreSQL
INTEGRATION METHODS SUPPORTED	<p>Web services, XML, not through web services, HTML, HTTP, RESTful HTTP style services, JSON format, MQSeries, JMS or similar queue technology, Custom APIs, Flat files, Native messaging, Other integration methods</p> <p>Public API integrations: None</p> <p>The vendor does provide training for API integrations.</p>
MOBILITY	<p>The system uses responsive design and is tested on mobile devices.</p> <p>Apple iOS, Android, Windows, Mobile friendly HTML5 App</p> <p>UI and process flows have been designed to be device independent.</p>
CORE CODE MODIFICATION	<p>The exception to the rule.</p> <p>3% of total cost from core code/development modifications in recent implementations</p> <p>Recent core code modifications include: none.</p>
DEPLOYMENT MODELS	On-premise at the customer, Private cloud, Public cloud
HOSTING LOCATIONS	North America
HOSTING DETAILS	Number of instances: 25 clients hosted in the cloud, distributed among public and private cloud deployments. Maximum number of clients running on one instance: Single tenant for core, multi-tenant for digital/analytics.
PUBLIC CLOUD OPTIONS	Public Cloud Options Supported: Amazon AWS

Source: Vendor RFX

PARTNERSHIPS

Table 5: Partnerships

TYPE OF PARTNERSHIP	PARTNER VENDOR
SYSTEM INTEGRATORS	Accenture, E&Y, Cognizant, Infosys
FINTECH PARTNERS	None
ACCREDITATIONS AND CERTIFICATIONS	<p>Vitech is the recipient of the following awards:</p> <ul style="list-style-type: none"> • Leader in Gartner's Magic Quadrant for Life Insurance Policy Administration Systems, North America, 2017, 2018, 2019 • "Greatest Group Insurance Software," Aite consulting, 2016 • "Best in Class Usability," CEB/Tower, 2015

Source: Vendor RFX

IMPLEMENTATION, PRICING, AND SUPPORT

Table 6: Implementation and Support

FUNCTION	APPROACH
EMPLOYEES AVAILABLE / AVERAGE EXPERIENCE LEVEL (YEARS)	<p>Vitech Systems Group Inc. has 800 staff with 5 average years of experience providing professional services / client support for this solution.</p> <p>The average number of customers per professional services / client support staff is 9.</p>
LOCATIONS OF EMPLOYEES	<p>Vitech Systems Group Inc. has 550 employees in North America, with 650 in APAC/India.</p> <p>If implementation resources need to be sourced from different countries, the vendor uses blended rates.</p>
RESOURCE BREAKDOWN (VENDOR, CLIENT, SYSTEM INTEGRATOR)	<p>Typical implementation team size: 16 to 20</p> <p>Vendor: 50% Client: 25% SI: 25%. The SI percentage will grow in the future and the Vitech percentage will shrink.</p>
USE OF THIRD PARTIES	<p>They regularly work with third party system integrators.</p> <p>Conversion Options: They can use either option depending on the customer's needs.</p>
AVERAGE TIME TO IMPLEMENTATION	<p>Initial Implementation: 7 to 12 months</p> <p>2nd and subsequent LOBs: 4 to 6 months</p> <p>2nd and subsequent states/jurisdictions: 4 to 6 months</p>
PREFERRED IMPLEMENTATION APPROACH	Agile

Source: Vendor RFX

Table 7: Pricing Models

PRICING MODELS AVAILABLE:	Subscription-based license
FACTORS USED TO DETERMINE PRICING	<p>Users, number of policies, and groups</p> <p>Tiered-based factors: Functional components/modules</p>

Volume-based pricing: Base price + percentage of premium

Source: Vendor RFX

CONCLUSION

FOR INSURERS

There is no single best group policy administration solution for all insurers. This is our consistent view over many years of reports. As mentioned above, an insurer seeking a new group policy administration system should begin the process understanding their own business well enough to make informed decisions on their choice.

This report is not intended to provide an insurer with all the tools it needs to choose the “right” policy administration system; however, it can help an insurer take the first steps toward creating a long list and transforming that long list into a short list. This report, like all of our vendor reports, is a subset of information obtained in the research process. We highly recommend that insurers reach out to Celent to discuss the report and the vendors included rather than relying just on the report.

Refining your core systems strategy and making sound decisions about your vendor partners requires a thoughtful, disciplined journey. That journey probably requires custom RFIs, in-person meetings and demos, reference interviews, RFPs, and perhaps even a proof-of-concept evaluation. It is a difficult and time-consuming process, but one that most insurers undertake once a decade at most. Our hope is that this report has provided you with a foundation for that journey, and we are happy to discuss other ways that Celent can assist you in your deliberations.

FOR VENDORS

As a group, vendors continue to make significant investments in their core policy administration systems.

There is still room for competition between vendors. But increasing buyer sophistication and rising performance standards are lowering vendors' margin of error. Celent recommends that vendors differentiate themselves by doing the following:

- **Providing short-term tactical gains throughout a longer implementation.** Especially in a difficult economy, insurers are less willing to sign up for long-term projects that provide no value until 18 to 24 months have passed. Vendors that demonstrate an iterative implementation process with several ROI milestones will have an easier time getting budget approval.
- **Focusing on improving usability, for both new and experienced users and managers.** Usability drives productivity. Advanced functionality is of no value to a user who cannot navigate to it or master its use quickly.
- **Making overall implementation faster and less expensive.** Insurers are increasingly selecting vendors based on how long it takes and how much it costs to deploy all lines in all geographies.
- **Documenting their value propositions.** Quantitative and credible case studies of how the solution improved underwriting decisions or decreased time to market or improved agent and policyholder experience or reduced manual process and cycle times will influence buyer decisions.

Was this report useful to you? Please send any comments, questions, or suggestions for upcoming research topics to info@celent.com.

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 They gained while working on this report can help you streamline the creation, refinement, or execution of your strategies.

Support for Financial Institutions

Typical projects They support related to include:

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

Business practice evaluations. They spend time evaluating your business processes]. Based on our knowledge of the market, They identify potential process or technology constraints and provide clear insights that will help you implement industry best practices.

IT and business strategy creation. They collect perspectives from your executive team, your front line business and IT staff, and your customers. They then analyze your current position, institutional capabilities, and technology against your goals. If necessary, They help you reformulate your technology and business plans to address short-term and long-term needs.

Support for Vendors

They provide services that help you refine your product and service offerings.

Examples include:

Product and service strategy evaluation. They 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, They assess your marketing and sales materials—including your website and any collateral.

RELATED CELENT RESEARCH

Life Insurance Policy Administration Systems: Are Implementation Expectations Being Met?

April 2020

Life Insurance CIO Pressures and Priorities 2020: North American Edition

April 2020

COVID-19-Three Scenarios for Insurers

April 2020

Life Insurance PAS Acceleration Towards the Cloud

April 2020

North American Policy Administration Systems 2019: Life, Annuities, and Pension ABCD Vendor View

December 2019

Group and Voluntary Life Insurance Policy Administration Systems: 2018 North American Solution Spectrum

March 2018

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