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

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

**MAJESCO**

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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 PLAYERS

This section presents comparative data and profiles for the individual vendors that participated in the Aite Matrix evaluation. This is by no means an exhaustive list of vendors, and firms looking to undergo a vendor selection process should conduct initial due diligence prior to assembling a list of vendors appropriate for their own unique needs. Table A presents basic vendor information for the participating solutions.

**Table A: Evaluated Vendors**

| Firm | Headquarters | Year founded | Number of employees | Target clients |
| --- | --- | --- | --- | --- |
| **Beyontec** | Irving, Texas | 2008 | 300 | Tier-4 (under US$1 billion in annual written premiums) P&C carriers |
| **BriteCore** | Springfield, Missouri | 2009 | 203 | Any P&C carrier needing a nimble platform for a specific line of business, small carriers that want a cloud-native core platform, and carriers that require an API-driven platform |
| **DRC** | Honolulu | 1971 | 133 | Any managing general agency (MGA), insurance carrier, or reinsurer with a particular focus on smaller carriers (Tier 3 and Tier 4) |
| **DXC Technology** | Tyson's Corner, Virginia | 1969 (officially became DXC in 2017) | Over 300 | Any P&C insurance carrier |
| **EIS Group** | San Francisco | 2008 | Over 1,000 | Any P&C carrier with a dedicated mission to delivering a digitally focused experience |
| **Guidewire Software (Insurance Suite—PolicyCenter)** | Foster City, California | 2001 | Over 2,300 | Any P&C insurance carrier, but InsuranceSuite—Policy Center is really designed for carriers with at least US$100 million in annual direct written premium (DWP); however, carriers with as little as US$25 million of DWP and greenfield initiatives can benefit as well and are also targets |

| Firm | Headquarters | Year founded | Number of employees | Target clients |
|------|--------------|--------------|---------------------|----------------|
| **Instanda** | London (with North American headquarters in Hartford) | 2012 | 105 | Carriers, MGAs, and program administrators writing specialty and nonadmitted lines |
| **Insurance Systems Inc.** | Toronto | 1997 | 55 | P&C carriers ranging from US$5 million to US$350 million in annual written premiums that are looking to install the end-to-end suite |
| **Insuresoft** | Tuscaloosa, Alabama | 2004 (technically began as a division within Applied Systems in 1993) | 200 | Any P&C insurance carrier, but Insuresoft tends to target carriers with under US$500 million in annual written premiums |
| **Insurity** | Hartford, Connecticut | 1985 | 800 | Global insurance carriers, national and regional insurance carriers, large MGAs and brokers, workers' compensation insurers and state funds, startups and insurtech companies, and self-insured groups |
| **Majesco** | Morristown, New Jersey | 1982 (as Mastek, became Majesco in 2005) | 2,400 | Carriers, MGAs, and brokers across all tiers, including startups and greenfield initiatives |
| **OneShield** | Marlborough, Massachusetts | 1999 | 310 | Traditional P&C insurers that require back-end strength to support the regulation and complexity of the insurance business while seamlessly integrating with new technology front ends |
| **Sapiens** | Bethlehem, Pennsylvania (U.S.); Tel Aviv, Israel (global) | 1982 | 2,500 | Any P&C carrier with focus on Tier-1 and Tier-2 institutions |
| **Socotra** | San Francisco | 2014 | 40 | Any P&C carrier |

*Source: Vendors*

# THE MARKET

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

**Table B: The Market**

| Market trends | Market implications |
|---|---|
| **Increased focus on policyholder engagement and experience** | Carriers have to determine whether current core systems need to be replaced or upgraded to better engage policyholders and deliver an improved experience. |
| **Growing acceptance of insurance ecosystem** | 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. |
| **Influx of new data** | Carrier functions such as underwriting and claims processing are becoming more data-driven than ever. |
| **Rise of the cloud** | The cloud allows carriers to increase their data pools, in some instances, without having to maintain the data. |
| **Increased analytics** | 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*

# KEY STATISTICS

This section provides information and analysis on key market statistics as well as projected IT spending related to the vendor market.

## ANNUAL REVENUE ESTIMATES ANALYSIS

Every vendor in this survey generated at least US$10 million in annual revenue, with nearly half (43%) generating at least US$50 million in annual revenue. This indicates that the market for core systems is strong (Figure 1).

**Figure 1: Annual Revenue Estimates Breakdown**

**Annual Revenue Estimates Breakdown
(N=14 vendors)**



More than US$50 million 43%

US$10 million to US$50 million 57%
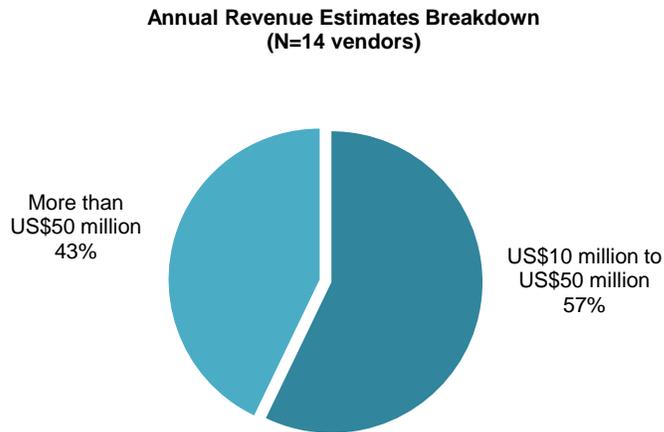
*Note: No vendor reported annual revenue estimates below US$10 million.*

*Source: Vendors*

## PROFITABILITY ANALYSIS

Most vendors in this space (79%) were profitable. The few vendors that were not profitable all undertook significant investments in their product in the face of strong cash flow. Aite Group expects that those vendors will be profitable within the next year or so, and that this is not an indication of a weak market (Figure 2).

**Figure 2: Vendor Profitability**

**Profitability Breakdown (Last Three Years)**
**(N=14 vendors)**



Negative
21%

Positive
79%
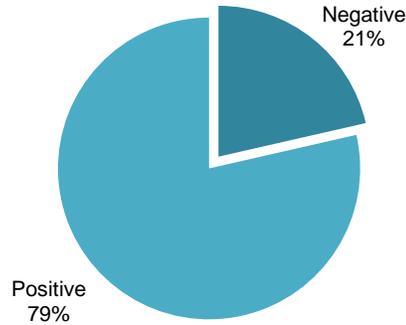
*Note: No vendor is at break-even.*

*Source: Vendors*

# GROWTH RATE ANALYSIS

Most vendors reported strong growth rates of at least 10%. This is largely in line with what Aite Group saw in 2019, but it does diverge a bit from what was seen in 2018, when no vendor reported a growth rate below 15%. Of course, one should not read too much into growth rate, especially for some of the larger vendors for which it is not easy to maintain high growth rates given the size of their base. Aite Group believes that these growth rates reflect a strong and growing market, even if more vendors are reporting lower growth rates than in previous years (Figure 3).

**Figure 3: Growth Rate Breakdown**

**Growth Rate Breakdown (Last Three Years)**
**(N=14 vendors)**

Less than 10%
14%

10% to 15%
14%

Greater than 15%
72%
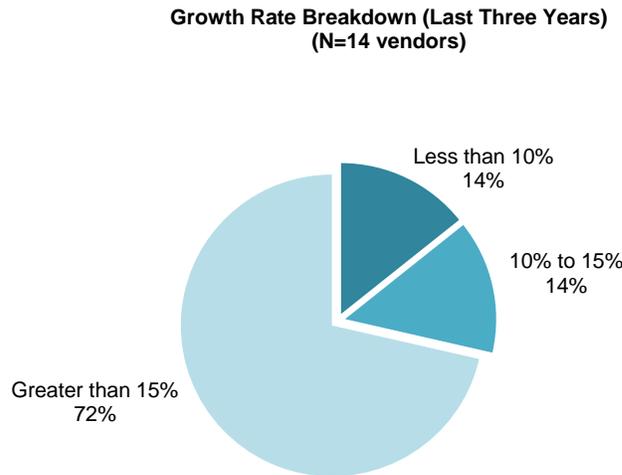
*Source: Vendors*

# R&D INVESTMENT ANALYSIS

A healthy number of vendors, 93%, invest at least 10% of their revenue into R&D, which is largely in line with what Aite Group has seen in previous years. This metric suggests that vendors recognize the need to evolve and bring their carrier clients the most robust core system possible (Figure 4).

**Figure 4: Percentage of Revenue Invested in R&D**

**Percentage of Revenue Invested in R&D**
**(N=14 vendors)**

10% or less
7%

More than 15%
50%

10% to 15%
43%
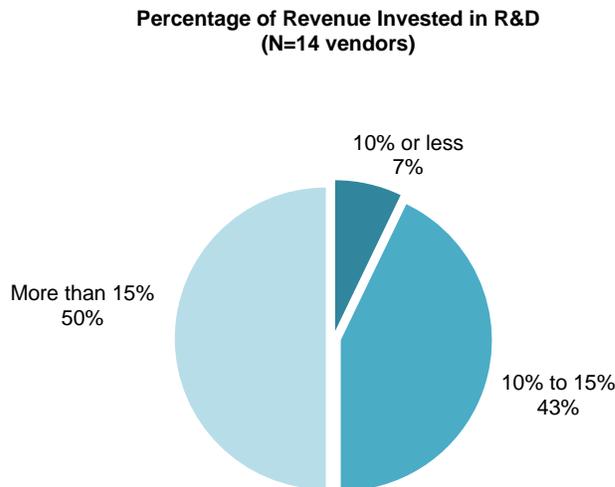
*Source: Vendors*

## CLIENT BREAKDOWN BY TYPE

The client distribution by tier largely reflects the P&C market, with larger concentrations of carrier clients in Tier 3 and Tier 4. This is largely unchanged from previous reports (Figure 5).

**Figure 5: Client Breakdown by Type**

**Client Breakdown by Type
(N=1067 identified clients)**

Tier 1 (Greater than US$10 billion annual written premium)
4%

Tier 2 (US$5 billion to US$10 billion annual written premium)
3%

Tier 3 (US$1 billion to US$4.99 billion annual written premium)
16%

Tier 4 (Under US$1 billion annual written premium)
77%
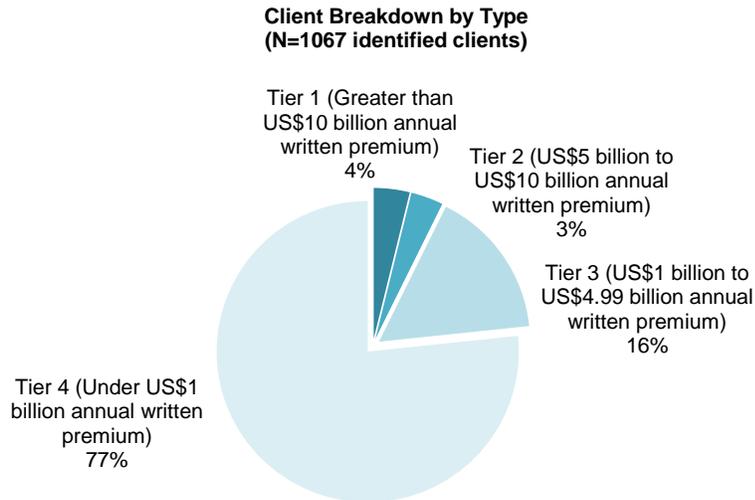
*Source: Vendors*

## CLIENT BREAKDOWN BY REGION

The vendors participating in this report have the overwhelming majority of their collective clients in the United States, but this year has the lowest percentage of U.S. clients in three years. To be certain, this does not reflect a weakening U.S. market but instead reflects a growing focus overseas, particularly in Europe and the Asia-Pacific region. Both regions have seen big jumps in their representation in this metric, but this jump is partially explained by the inclusion of vendors with a stronger overseas focus than in previous years. Still, the growth is yet another indicator of the strength of the core system market (Figure 6).

**Figure 6: Client Breakdown by Region**

**Client Breakdown by Region
(N=1355 identified clients)**
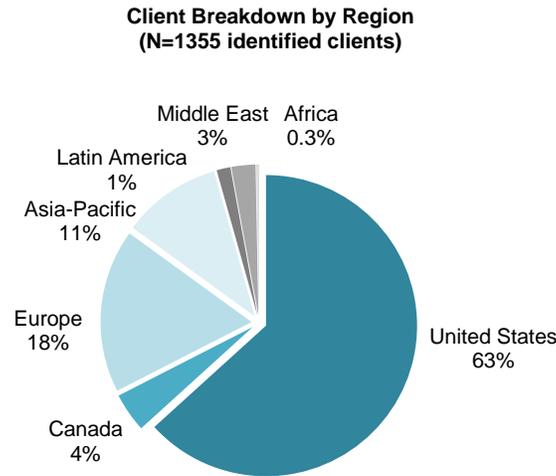


*Source: Vendors*

# ANNUAL CLIENT RETENTION RATE

Every vendor participating in this study reported a client retention rate of at least 75% for each core system platform evaluated in this report (Figure 7).

**Figure 7: Client Retention Rate**

**Client Retention Rate (Last Three Years)
(N=14 vendors)**
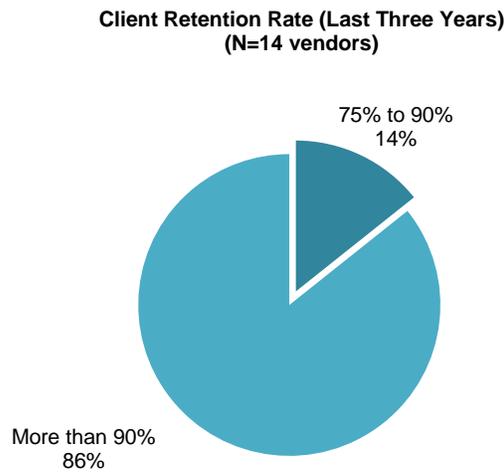


*Note: No vendor reported a retention rate below 75%.*

*Source: Vendors*

## NEW CLIENT WINS

Another indicator of the strength of the core systems market is that 57% of vendors reported winning an average of least six new clients each year for the past three years (Figure 8).

**Figure 8: Average Net New Clients Per Year (Last Three Years)**

**New Client Wins (Last Three Years)**
**(n=13 vendors)**



More than 15
14%

5 or less
43%

6 to 15
43%
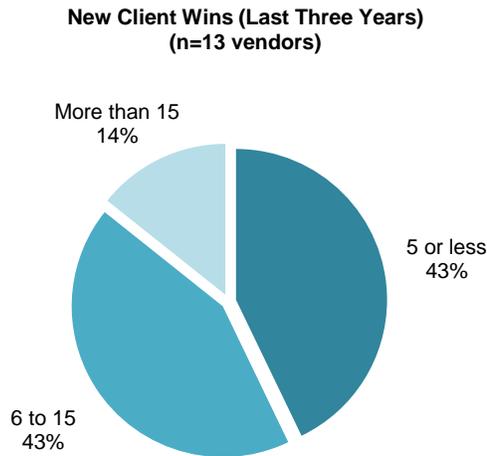
*Source: Vendors*

## DEPLOYMENT OPTIONS ANALYSIS

Not all deployment options are offered by each vendor. Some vendors offer all four options, whereas some offer only one option. The bottom line is the number of vendors offering on-site options is the same as those offering cloud options. While there is increasing comfort with cloud deployment from carriers (as well as an increasing preference by vendors to deploy via the cloud), on-site (on-premises) deployments are still popular enough among carriers that they are offered (Figure 9).

**Figure 9: Deployment Options**
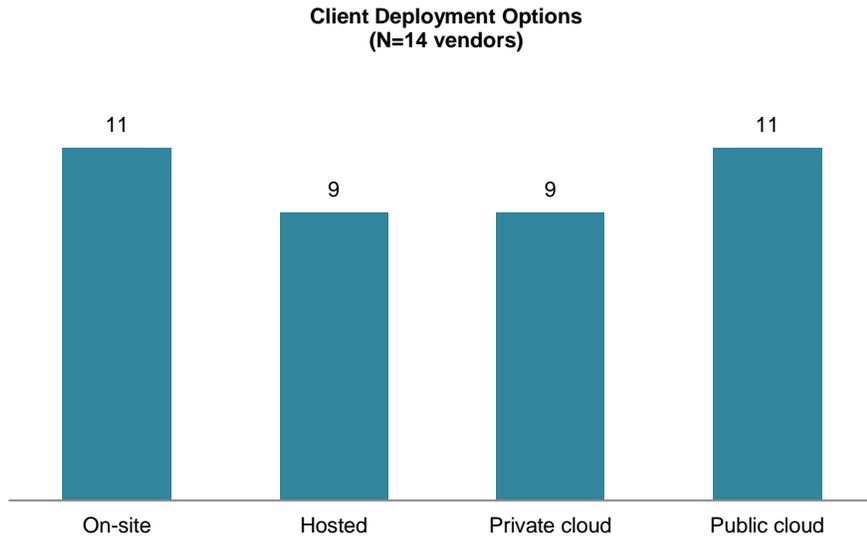
**Client Deployment Options
(N=14 vendors)**

# 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 10 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 10: Aite Matrix Components Analysis by Heat Map**

| Vendors | Vendor stability | Client strength | Client service | Product features |
|---|---|---|---|---|
|  | 81% | 83% | 83% | 87% |
|  | 79% | 91% | 93% | 90% |
|  | 85% | 87% | 84% | 82% |
|  | 81% | 87% | 91% | 90% |
|  | 91% | 87% | 93% | 96% |
|  | 93% | 99% | 93% | 96% |
|  | 87% | 87% | 91% | 76% |
|  | 81% | 78% | 85% | 61% |
|  | 84% | 91% | 85% | 92% |
|  | 94% | 94% | 84% | 92% |
| **Majesco** | 93% | 93% | 90% | 92% |
|  | 88% | 91% | 83% | 77% |
|  | 86% | 91% | 88% | 92% |
|  | 81% | 87% | 100% | 94% |

Legend:

BEST IN CLASS

91% - 100%

81% - 90%

65% - 80%

INCUMBENT/ EMERGING

<65%
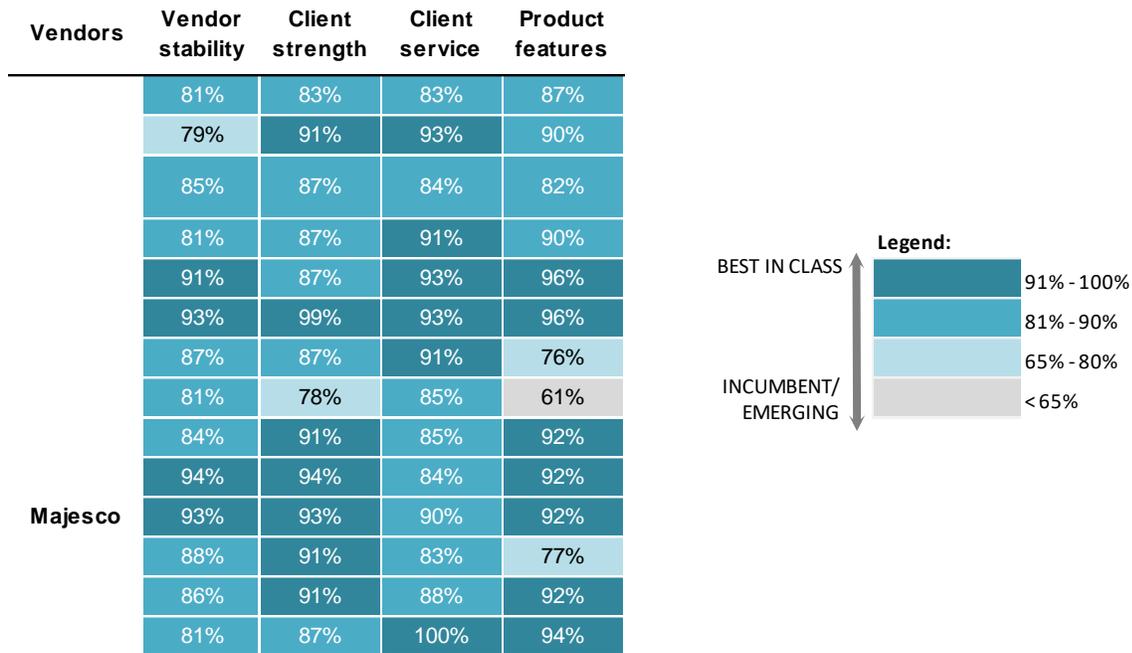
*Source: Vendors, Aite Group*

### 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**

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

**Figure 11: 2020 Aite Matrix**
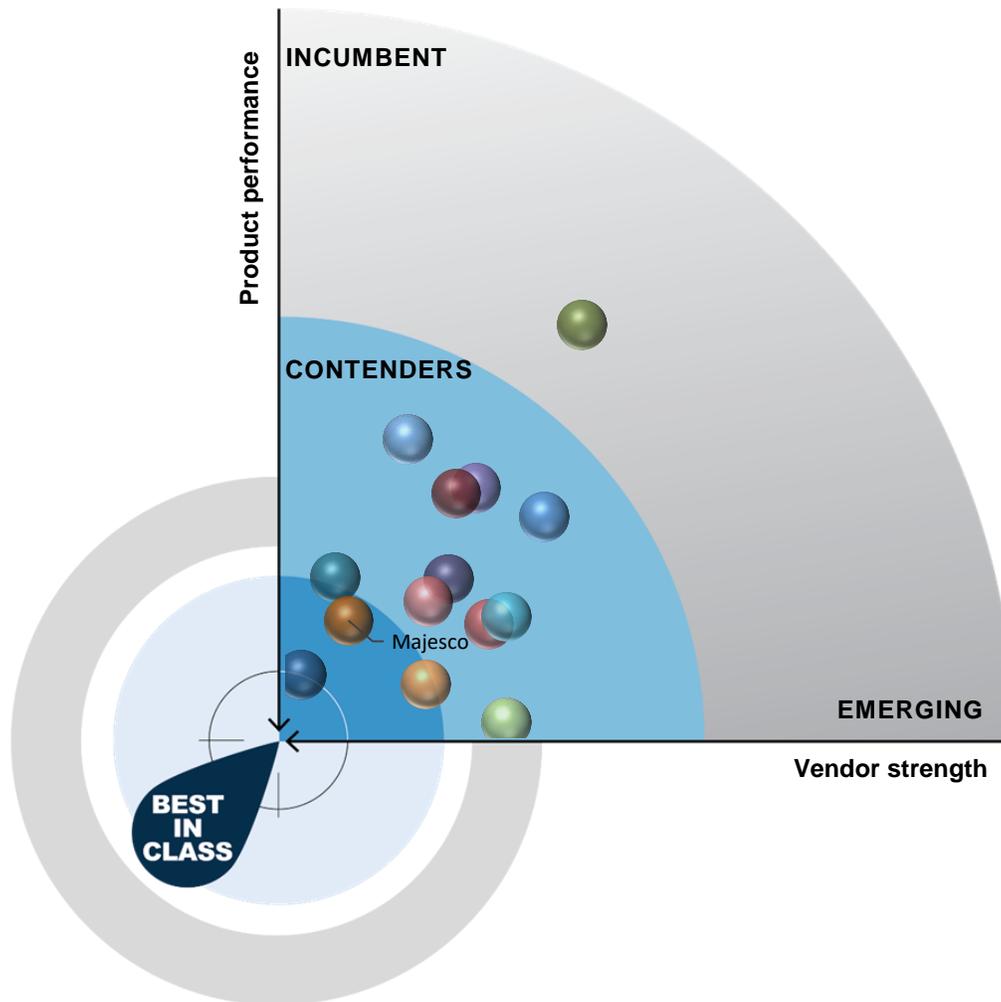


*Source: Vendors, Aite Group*

### BEST-IN-CLASS VENDOR: MAJESCO

Majesco has constructed a solid data integration function for Majesco Policy for P&C. While it was not the leader in any one category, it did achieve best-in-class scores in three of them: vendor stability, client strength, and product features. The platform can accommodate and integrate a wide range of data for carriers across most functions without having to make any customizations. Majesco offers clients full "out-of-the-box" data integration support for all of the key insurance functions except for reinsurance, which can be supported through customization.

# BEST IN CLASS: MAJESCO

Majesco is a core systems provider that is focused on providing its carrier clients with the robust technology and broad content required to succeed. Most of these clients are based in the United States.

## AITE GROUP'S TAKE

Majesco has constructed a solid data integration function for Majesco Policy for P&C. The platform can accommodate a wide range of data and integrate it for carriers across most functions without having to make any customizations. Further, Majesco has worked diligently on its APIs and API gateway, both of which received a consensus satisfied score from clients. Majesco clearly delivered on a promise made a few years ago to enrich its digital capabilities, and there is no reason to believe that it will stop trying to deliver on those promises. Carriers looking for an innovative data experience with their core system would do well to choose Majesco.

## BASIC FIRM AND PRODUCT INFORMATION

- **Headquarters:** Morristown, New Jersey

- **Founded:** 1982 (as Mastek), became Majesco in 2005

- **Number of employees:** 2,400

- **Ownership:** Privately held (acquired by private equity firm Thoma Bravo)

- **Key products and services:** Majesco Policy for P&C

- **Target customer base:** Carriers, reinsurers, MGAs, and brokers across all tiers, including startups and greenfields

- **Number of clients:** 136

- **Average client retention rate:** More than 90%

- **Global footprint:** 131 clients in the United States, one client in Canada, one client in Europe, one client in the Asia-Pacific, and two clients in Latin America

- **Implementation options:** On premises, hosted, or cloud

- **Pricing structure:** Pricing is based on carrier's DWP, volume of business, lines of business, and geography, among other factors. Subscription pricing includes license, hosting, maintenance, and support fees.

## TOP STRATEGIC PRODUCT INITIATIVES OVER LAST THREE YEARS

- Customer panoramic view: A panoramic view of customers' portfolios through their entire life cycle with drill-down capabilities as an effective underwriting and customer service tool

- Open API and API gateway: Over 800 OAS3.0 compliant APIs covering all major P&C functions available over an enterprise gateway servicing all APIs with enterprise monitoring and servicing feature for Majesco Cloud Insurer customers

- Submission and risk clearance: Streamlined submission and risk clearance pre-integrated with Majesco Policy for P&C

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

- Integration Product Designer: Allows product managers to design insurance products with a top-down approach, and can export a product definition that can be consumed by back-office solutions or any other third-party front-end portal applications

- Self-serve bureau (ISO and NCCI) circular adoptions and rate changes across all lines of business and states

- Digital Experience Builder: Builds tailor-made, wizard-based, no-code digital journeys for Majesco Policy's lines-of-business products through automation

### KEY FEATURES AND FUNCTIONALITY

- Majesco provides full support for the following components with its core system: rating engine, document generation, billing, and claims. Majesco can provide CRM and reinsurance capabilities with customization.

- Majesco Policy for P&C's front end uses documented APIs, 90% of which are considered open APIs.

- Third-party data integration is fully supported for rating engine, document generation, billing, and claims. Majesco can support reinsurance with customization. Majesco fully supports open documentation for third-party data integration for all of these components but reinsurance, which can be supported with customization.

- Both business stakeholders and IT staff are able to adjust workflow and rules based upon imported ETPD if needed.

- Microservices are supported with both one-per-integration and platform/hub approaches.

- It uses web services, ACORD, certified ACORD, APIs, and RESTful APIs to integrate ETPD.

- It can extract, import, and synthesize standard data, photos, social media posts (partial support or customized), telematics data (partial support or customized), structured data, geolocational data, geospatial data, weather data (partial support or customized), flood zone data, hazard data, and personal financial data. All of this (even when only partial support is offered) can 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, Majesco's clients felt mostly neutral about key functionalities. One area in which Majesco did shine was openness of APIs, which scored a four (satisfied; Table C).

**Table C: Majesco's Client Feedback Summary**

| Feature or function | Average score |
|---|---|
| Openness of APIs | 4.0 |
| Choice of ETPD file format for importation | 3.5 |
| Ability to use ETPD for policyholder communication | 3.0 |
| Ease of ETPD importation | 3.5 |
| Ability to use ETPD to route workflow | 3.0 |
| Ability to use ETPD to communicate through omnichannel | 3.0 |
| Breadth of ETPD that core system can import | 3.5 |
| Ability to use ETPD to deliver quality insights | 3.0 |
| Overall quality of AI/ML features | 3.5 |
| Ability to prefill based on ETPD | 3.5 |

*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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