

RAVE Awards Demonstrate Customer Value

The RAVE Awards were designed by *Tech Decisions* and Novarica to recognize those solutions that are delivering exemplary value to their customers as measured by those customers themselves.

The RAVE Awards are unlike any other award in the insurance technology space. Rather than being chosen by a board of experts or an open online poll, the winners and honorable mention solutions are those that received the highest aggregate rankings from a group of current clients using Novarica's Average Customer Experience (ACE) Ranking methodology (see p. A9).

As the basis for the RAVE Awards, the ACE Ranking methodology reflects current customer enthusiasm for each winner and honorable mention recipient, rather than marketing hype or third-party opinion. It reflects the single most important source of information that insurers turn to when selecting a solution: each other.

The RAVE Awards are not by any means

a comprehensive review of the entire marketplace. More than 1,000 insurer executives (each response validated) have participated in the ACE Rankings since they were launched, and over 75 solutions have been rated by at least three of their clients, the minimum required to gain an ACE Ranking Score.

In this second annual RAVE Awards, we're recognizing solutions in 10 categories:

- Billing
- Business Intelligence
- Claims
- Agent Portals and Connectivity
- Illustrations
- Claims Systems
- Policy Administration Systems
- Document Management
- Financials
- IT Service

The goal of the RAVE Awards is not to establish definitively the "best" solution in each class. There is no such thing as a best solution for all potential clients. The right fit of

staff, organization, functionality, and technology is going to vary widely, and what's best for one company will not be best for another.

But the RAVE Awards do recognize solutions whose current customers are enthusiastic about the value these solutions have brought to their organizations. And since the creation of business value is the first and foremost goal of any technology investment, we congratulate the RAVE Award winners and honorable mention recipients on their outstanding achievements!



Matthew Josefowicz

—Matthew Josefowicz

Partner and Managing Director, Novarica
Lead Researcher, Novarica ACE Rankings

What Does It Take to Be a RAVE Winner?

Although the insurance industry has a long history of building its own technology solutions, the pendulum has been firmly paused on the "buy" side of the "buy vs. build" spectrum for the last few years across most core application areas. Insurers are looking for proven solutions built by expert software development organizations that benefit from both the best practices created by serving a broad range of like customers as well as the support and R&D that external vendors can provide. Like the insurance carrier marketplace that it serves, the insurance technology vendor marketplace is large and diverse with more than 100 significant independent software vendors and portfolio players offering enterprise and stand-alone software products across multiple areas of insurance core systems.

One of the most important inputs in evaluating technology products is current client experience. While technology and feature/functions are important, the critical

question is how the product contributes to creating business value, and the best source of that information is current clients.

The Novarica ACE Ranking Survey asks insurer executives to rank their degree of agreement or disagreement with 35 statements

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across the following five categories that relate to the delivery of business value: staff, organization, functionality, technology, and overall customer satisfaction. Of those questions (which are listed online at <http://www.novarica.com/acerankings>), we've found the differences in responses to the following questions are most pronounced between those solutions that have the highest overall customer satis-

faction and those with the lowest.

"Vendor invests aggressively in improving technical performance through new releases and fixes." (Technology) This was the area with the largest spread between the high-satisfaction and low-satisfaction groups. It is something that is difficult to evaluate during a selection process and must be carefully researched through references and detailed questions into client experience. Continuous improvement is supposed to be one of the major advantages of a vended solution over an internally developed one.

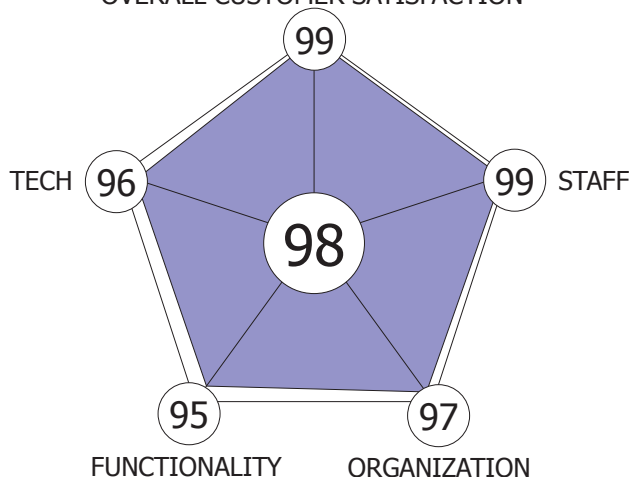
"I have great faith in vendor's senior management and overall vision." (Organization) We see this as correlative rather than predictive. We hope insurers in the low-satisfaction group are reporting a loss of the faith they presumably had at the time of product selection, rather than a purchase of software from a team in which they had no faith at that time.

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ILLUSTRATIONS

NOVARICA ACERANKING™

OVERALL CUSTOMER SATISFACTION



INSURANCE TECHNOLOGIES: FORESIGHT (2011)

What Does It Take to Be a RAVE Winner?

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“Product is an elegant solution to our business problem, and product is well liked by business users.” (Functionality) These also may be correlative, but there may be an element of caution here, too. Products that are selected without sufficient business involvement and “personal investment” are much more likely to result in failure.

“Vendor provides effective training and documentation to my business and technical staff.” (Organization) This is a universal weak point for vendors. Even the high-satisfaction group ranked this area lowest among all 35 questions. Yet effective training is critical for creating business value.

“Product is easy to integrate into our overall infrastructure.” (Functionality) This is another area that can be overlooked during selection. Insurers may focus too much on a solution’s capabilities or technology and not understand how difficult it will be to integrate it into their environment.

“Vendor aligns its business interests with mine, and vendor has my business success as a top priority.” (Organization) This is another area that’s difficult to evaluate in advance without detailed reference checking and understanding of the vendor organization, corporate structure, and even compensation schemes.

Insurers should carefully consider their potential vendors’ track records in getting clients live.

“Product has significantly enhanced productivity.” (Functionality) In addition to being a symptom of a subpar product, this also may be a symptom of poor upfront analysis and expectation-setting. Insurers should carefully understand and model the impact they expect new systems to have on productivity and then iterate those models

based on experiences in pilot programs.

“Product uses technology that fits our long-term technology vision.” (Technology) Many of the solutions that received low rankings in this area were older, mainframe-based solutions. Insurers actively are looking for solutions that fit these long-term visions.

Insurers that are evaluating new solutions should be careful to look beyond feature/function mixes and technology stacks and carefully consider their potential vendors’ track records in getting clients live, delivering measurable business results, and enhancing their products to keep them current.

In the open comments section of the ACE Ranking Survey, customers tend to focus on responsiveness and relationship even more than specifics of the solution. This is an important reflection of the fact these are not simple product purchases—insurance IT applications typically involve a long relationship with the vendor. As many CIOs have put it, “It’s almost like getting married.” !