

INSURANCE NETWORKING NEWS • FINANCIAL INSIGHTS •

Insure
TOPTTECH
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InsureTopTech: The Voice of the Market

In a technology marketplace rife with change and consolidation, the leaders still lead, but some relatively new entrants are challenging the status quo.

By Barry Rabkin and Pat Speer

Too few technology firms supporting the insurance industry? Too many? From all the headlines we read in the trade and general press—**Oracle, ChoicePoint, IBM** and **ISO** acquisition activity chief among them—it seems that the technology industry that supports the insurance marketplace is consolidating down to a select few. But actually there are hundreds of existing or new technology firms of all sizes that strive to support the insurance industry in some way. The mission of these firms ranges from providing support for billing, quoting and rating, or analytics, claims management and other areas of the insurance value chains.

Headlines aside, we would be better served to consider

the technology industry structure as a curve with a large head at the front and a longer tail spreading out to the back. Not to be confused with our traditional use of the term “long tail,” this long tail refers to a unique economic model coined by *Wired* magazine’s editor-in-chief Chris Anderson. As such, it speaks to a relatively new view of the competitive marketplace. In our application, there are a decreasing number of firms at the front garnering a large percentage of the total insurance spend on technology. Equally telling is the seemingly ever-increasing number of smaller firms – whether new or existing – spread throughout the tail, each attempting to generate the revenue needed to survive and grow. Regardless of their position

2007 InsureTopTech Rankings

Place	Most Adds Value	Up-and-Coming	Keep the Business Operating	Keep Insurer Informed Through Analytics
1	Guidewire	Guidewire	Guidewire	Business Objects, Cognos*
2	Sircon	Hyland Software	CSC	IBM
3	Hyland Software	CSC	IBM	SAS

*Tied

on the curve, all of these technology firms are attempting to make a living by strengthening their position—and sometimes extending their position—to other parts of the

software in the more traditional ways insurers expect.

Messages From The Market

“The survey’s 500 insurance company respondents represent more of a chorus: single yet distinct voices unified in their call for high-quality systems and the technology providers that support and maintain them.”

insurance value chain in the insurance industry.

Given this wide spectrum of choices, *Insurance Networking News* and Financial Insights (an IDC Company) partnered to give insurers the opportunity to determine which technology firms provided the most value to their operations. The result of this partnership is a jointly produced, first annual InsureTopTech initiative.

Through a Web survey, we asked respondents from the insurance industry which solution providers they perceived as adding the most value across a range of nine categories. We asked insurers to name these top technology firms, rather than choose from a preordained list. After all the votes were cast and analyzed, we developed two sets of rankings. The first was for companies that received the most votes across all categories. The second set of rankings represents each of the solution areas and only includes those vendors mentioned within each category. (See “Methodology,” p. 9.)

Both the categories and the top three winners are shown in their respective charts. In the case of ties, we include each of the companies in the tie. **Guidewire** was the overall winner (for more information about this company’s success, please see p. 10). The firm received the most votes across all categories (which in itself made the firm the top-ranked choice among insurers) Of note: **Guidewire** also took first place in four of the other nine categories. Kudos to a relatively new technology company that took a white-board approach to develop its software as a service, yet retains the flexibility to deliver that

InsureTopTech’s rankings represent one of the voices of the insurance market. In fact, the survey’s 500 insurance company respondents represent more of a chorus: single yet distinct voices unified in their call for high-quality systems and the technology providers that support and maintain them.

- Core administration systems (**Guidewire**), enterprise content management (**Hyland Software**) and a full-spectrum player (**IBM**) are critical to insurers. The writers agree that, because insurance is such an information-intensive business, seeing a content/document management firm score in the top-three is significant: Carriers are beginning to realize how critical it is to be able to access and manage information flows across the enterprise;
- Oracle’s “fusion” effort still has a way to go because **PeopleSoft** received about the same number of votes as did **Oracle**. This indicates that the market still considers Oracle as a collection of companies rather than one firm;
- While there may be contenders and pretenders to the throne of analytics, insurance companies perceive the major players – **Cognos, Business Objects, IBM** and **SAS** – as adding value in this area;
- In what has become a critical area of concern for carriers—financial accounting and associated reporting requirements—the large, strong players continue to hold their own: Aside from **PeopleSoft/Oracle**, long-established giants such as **Fiserv** and **CSC** continue to meet the

(Continued on page 8)

Help Maintain Financials	Help Develop / Enhance Products	Help Provide Quality Customer Care	Optimize Workflow and BPM	Other: Middleware, SI, Infrastructure/Sourcing
Peoplesoft (Oracle)	Hyland Software	Guidewire	Hyland Software	IBM
Fiserv	Guidewire	Hyland Software	IBM, ImageRight*	HP
CSC	IBM	AT&T, Avaya, Sircon*	Ravello	Oracle, Dell*

Company	Most Adds Value	Up and Coming	Keep the Business Operating	Keep Insurer Informed Through Analytics	Help Maintain Financials	Help Develop/ Enhance Products	Help Provide Quality Customer Care	Optimize Workflow and BPM	Other: Middleware, SI, Infrastructure/ Sourcing
Accenture	•			•	•	•	•		•
ACORD			•						
AcroSoft	•	•	•	•		•		•	
Adaptik						•			
AdminServer	•	•	•						
Adobe	•	•							
ADP	•		•		•	•	•		•
Affiliated Computer Services, Inc. (ACS)						•	•		
AIM Technology (formerly Aimcall)				•					
AMS Services	•		•						
AON					•				
Applied Systems, Inc.	•								
AQS (Grey Mountain Partners)			•		•				
ArcVal (Actuarial Resources Corporation)					•	•			
Ardent DataStage (IBM)						•			
Aspect Software							•		
AT&T							•		
Audatex (Solera)	•		•	•					
Avaya			•				•	•	•
Beachhead Solutions	•								
Beacon			•	•	•				
Bell Canada							•		
Berbee Information Networks Corp. (CDW)			•						
Birlasoft		•							
Bisys Group, Inc.	•	•							
Bloomberg					•				
Borland Software Corporation			•					•	
Bottomline Technologies					•				
Bowne & Company					•				
Brovada Technologies		•							
Brulant				•					
BTS	•		•	•	•		•		
Business Objects	•			•	•			•	
BusinessWorks (Sage Software)					•				
CA	•			•	•	•			
Calligo (Whitehill Technologies)						•			
Camilion		•							
Cappgemini									•
Casewise								•	
Castek	•		•						•
Castle Bay Consulting				•					•
CCC Information Services	•								
Centrisinfo							•		
Ceridian		•							•
CGI	•		•	•		•			
Checkfree	•								
ChoicePoint	•	•	•	•			•		
Cisco	•		•				•		•
Citrix	•		•						
Clear Technology		•							
Coakley-Tech			•						
Cognizant	•	•	•				•		
Cognos				•	•				
Computek	•		•						
Contactual		•					•		
Covansys		•							
Cratchi-NET (Systeme Software)							•		
Crawford Company							•		
Crystal Reports (Business Objects)								•	

Company	Most Adds Value	Up and Coming	Keep the Business Operating	Keep Insurer Informed Through Analytics	Help Maintain Financials	Help Develop/ Enhance Products	Help Provide Quality Customer Care	Optimize Workflow and BPM	Other: Middleware, SI, Infrastructure/ Sourcing
CSC	•	•	•	•	•	•	•	•	•
CT Corporation			•						
Cvent	•								
Cyberquest		•							
Decision Research		•							
Dell	•		•						•
Deloitte Touche Tohmatsu					•				
Delphi	•		•		•				
Dialogue (Thomson)									
Docucorp (Skywire Software)	•					•		•	
Document Sciences		•							
Documentum (EMC)			•			•			
DST Output (DST Systems)	•								
DTI Global	•								
Duck Creek	•	•	•	•	•		•		
E2 Value						•			
Edgewater Technology	•								
EDS	•		•						
Electronic Storage Systems	•			•					
eLynx Ltd.		•							
EMC	•					•		•	•
Enlighten		•							
Epiphany (Infor Company)							•		
Equifax	•		•						
Ernst & Young					•				
ESRI				•					
Evault (Seagate)		•							
Exceed (CSC)			•						
ExStream	•	•				•			
FACsys (emFAST)	•								
Fair Isaac	•	•	•	•		•	•	•	•
Fat Wire						•			
FileNet (IBM)	•					•		•	
Fire Lake Solutions									•
First Notice Systems (Innovation Group)			•				•		
Fiserv	•		•		•	•		•	
FJA-US	•		•			•	•	•	
Forsythe Solutions Group									•
Fraternal Systems						•			
Freedom Insurance Division (Fiserv)	•		•						
Full Capture Solutions			•						
FYI Business Solutions						•			
G2X	•						•		
GE Centricity (General Electric)	•		•				•		
Genelco Software Solutions (IBM)	•		•		•				
Genesys (Alcatel Lucent)							•		
GenSource	•		•	•	•	•	•	•	
Global 360						•		•	
Great Plains Software (Microsoft)					•				
GT Software									•
Guidewire Software	•	•	•			•	•		
Hammer and Company								•	
Help Systems		•		•					
Hewlett-Packard (HP)	•								•
Hostbridge Technology					•	•	•	•	
Hudson-James	•		•	•		•	•	•	•
Hyland Software	•	•	•		•	•	•	•	•
Hyperion				•	•				
IBM	•		•	•	•	•	•	•	•

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iDeal Advanced Solutions	•		•				•		
Identix (L-1 Identity Solutions)	•								
IDS Scheer		•							
ImageRight (Advanced Solutions)	•	•	•	•	•	•	•		
ImageSoft			•						
Impact Tech	•								
Inetsoft Technologies Group	•								
Infinium (Information Technologies International)				•					
InFor				•					
InFormatica Corporation			•						
Injury Sciences	•								
Innovation Group	•	•	•			•	•		
Insurance Technologies Corporation	•								
InsureSoft	•		•	•			•		
Insureworks, LLC	•		•						
Insurity (ChoicePoint)	•	•	•		•				
Interactive Business Systems (IBS)								•	
Interactive Intelligence Inc.						•			
IPC Information Systems, LLC	•		•						
ISO Insurance Technology Solutions (ISO-ITS)	•	•	•	•	•	•	•	•	
Isonet (ISO)	•								
ITS Consulting (IMV Services Company)	•								
Jacada								•	
Kalido		•							
Kaplan Financial	•								
Keane	•		•						
Kettley	•								
Key Management Group								•	
Keymark						•	•		
KPMG International					•				
L&T Infotech (Larsen & Toubro Infotech Limited)	•	•	•	•					
L-1 Identity Solutions			•						
Lawson			•		•				
Legato (EMC)						•			
Lexmark	•								
Lotus (IBM)	•								
MapInfo Corporation (Pitney Bowes)				•					
Marshall Swift (MDA Company)		•							
MCI (Verizon)						•			
Metadata Medical (WVA Worker's Compensation)	•								
Mercury Interactive (Hewlett-Packard)								•	
Microfocus Cobol	•								
Microsoft	•	•	•	•	•	•		•	
Microstrategy			•	•					
MillBrook Inc.					•				
Mitchell International, Inc. (Aurora Capital Group)			•	•					
National Insurance Producer Registry (NIPR)	•		•	•			•		
NCCI Holdings, Inc.				•					
NetRate			•			•			
NILS Insource (Wolters Kluwer Financial Services)	•		•						
Nortel Networks						•			
Northwoods Software Development, Inc.		•							
Norvax	•	•	•						
Novinsoft	•					•			
N'Site Solutions		•							
NuGEN Technologies		•							
OASIS			•						
OneShield	•	•	•			•	•		
Onyx (Consona Corporation)	•	•	•	•	•	•	•	•	

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Oracle	•		•	•	•	•		•	•
Paperwise						•			
Patni Computer Systems									•
PCI Analytics (Wolters Kluwer Financial Services)	•			•					
PDB	•		•	•	•	•	•	•	•
Peachtree					•				
Pegasystems	•	•					•	•	•
Pentaho				•					
PeopleSoft (Oracle)			•	•	•				
Performance Plus Inc. (PPI)		•				•			
Picom Software Systems, Ltd.						•			
PlanetSoft							•		
Policy Management Systems (CSC)							•		
Price Waterhouse				•					
ProcessClaims (CCC Information Services)	•								
Proclarity (Microsoft)				•					
Procura			•						
Progress Software	•		•	•	•	•	•	•	•
Progress Sonic (PSC)		•							
ProMicro		•							
Purisma		•							
Q2 Learning		•							
Quality Planning Corporation (ISO)		•		•					
Quantum						•	•	•	•
Quicken (Intuit)					•				
Rackley (AMS Services)	•		•			•			
RamQuest Software, Inc.	•								
Ravello Solutions	•	•	•	•	•	•	•	•	•
Red Hat									•
Redwood		•							
RI3K		•							
Risk Management Solutions (DMG Information)						•			
Rural Computer Consultants	•		•		•				
Sage	•	•	•	•	•	•	•		
Salesforce.com		•		•		•			
SAP	•		•		•				
SAS Institute, Inc.				•	•				
SCIPS	•				•	•		•	
se2 (Security Benefit Corporation)	•	•	•			•	•	•	•
SeaPass									•
SEEC Inc.		•							
Seifert Companies									•
Set Write (Rackley Solutions)		•							
Siebel (Oracle)	•	•					•		
Sircon Corporation	•	•	•		•	•	•		
Skywire Software (Hall Financial Group)		•		•					
Softpro Data Consultants	•		•	•		•	•	•	•
SolCorp (EDS)	•								
Speedpay (First Data)							•		
SpeedyNet									•
SPSS				•					
Steelcard (ChoicePoint)		•							
Stellent (Oracle)						•			
STG (Systems Task Group International Ltd.)			•						
StrataCare	•	•	•	•	•	•	•	•	•
Stream 57		•							
Sun Microsystems	•		•		•				
SunGard	•	•	•		•				
Tata Consulting Services	•		•						

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TeaLeaf		•		•					
Telespectrum (TRG Customer Solutions)							•		
Televox (West Corporation)							•		
TheBrain Technologies						•	•		
Thunderhead	•		•			•		•	
Tibco Software	•							•	
Transunion			•						
Trinisys		•				•		•	
Tritech Financial Systems	•	•	•		•	•			
T-Systems (Deutsche Telecom)	•		•						
Unisys	•		•						
URS Corporation		•							
USSI (United Systems and Software, Inc.)			•		•	•			
Valley Oak Systems, Inc.			•				•	•	
Value Momentum	•								•
Vantage (Compuware)			•						
Vector Technology	•		•						
Verifications Inc					•				
Verint Systems, Inc.							•		
Vertical Alliance Technologies, Inc.	•	•							
Vignette		•							
Vitria Technology, Inc.								•	
WebMethods	•								•
Whitehill Technologies, Inc.	•	•	•			•			
Winchester Systems									•
Wipro Technologies									•
Xactimate (Xactware Solutions)		•							
Xactware Solutions, Inc. (ISO)	•	•	•	•					
Xign Corporation					•				
Zeacom	•		•			•	•	•	

(Continued from page 3)

- ever-challenging requirements of this constituency;
- Not surprising, insurers count on the strength of multi-layered service providers **CSC** and **IBM** to help carriers keep their businesses operating; nevertheless, **Guidewire's** product set ranked number one in this area;
 - Producers are important, and distribution management continues to present the usual and customary challenges. **Sircon**, until recently a relatively unknown player, appeared on the InsureTopTech radar screen: it garnered a surprising number of votes cast by respondents ostensibly looking for solutions to support their producer life-cycle management needs;
 - It's clear that insurers want to count on receiving quality care, and this requirement is not limited to core systems. Rather, it spans several vertical markets, as evidenced by the four diverse technology areas chosen by our respondents—from **Guidewire's** claims to **Hyland's** content management to network system powerhouse **AT&T** to telephony specialist **Avaya**.

Lessons Learned

The InsureTopTech program provided its sponsors with some valuable lessons, such as:

- Insurance professionals are juggling hundreds of companies in their solution provider portfolio of choices.
- Technology firms must differentiate themselves and continually prove their value to their insurance clients and prospects.
- Several relatively unknown technology providers are taking a calculated, methodical approach in their efforts to move up the tail to challenge the technology giants currently at the head of the insurance industry curve.
- A relatively new firm – **Guidewire** in this instance – can and did take the lead position in the minds of insurance company respondents. Whether the company can hold that position depends largely on the its go-to-market strategies and actions, those of its existing competitors, and those of still newer companies that may be on a fast track to bring their products to market and earn their spot at the head of the curve. ☀



The Methodology

The focus on technology providers is one of uncommon metrics.

By Barry Rabkin

This first-ever InsureTopTech initiative is designed as a “Voice of the Insurance Industry” market research effort. The intent of this ranking was to identify those companies that most add value to their firms in the North American insurance industry. Eligible firms are those that provide technology solutions to the insurance industry (hardware, software, and/or IT services). They may provide solutions specifically-designed for the insurance industry, i.e., policy administration, claims administration, or solutions sold across industries, i.e., analytics, systems integration. To that extent, qualifying the “best of the best” required uncommon metrics. Because insurance technology companies are typically reticent to provide top-line growth demographics such as revenue, licenses sold, or number insurance customers—information that would help us determine these metrics—the InsureTopTech initiative focused on end-user perceptions.

The results are based solely on the votes cast by members of the insurance industry in an online survey that ran from November 15, 2006 to January 31, 2007. Respondents were asked to identify two to three technology firms that are used by their insurance company in eight categories. One additional category was used to identify “up and coming firms” that may not be in use at their firm, but may be making a name for themselves in the industry, or have been perceived to have acquired a significant number of new customers within the last 12 months.

More than one individual from an insurance company was eligible to cast their votes but no one could vote more than once. From this data, two sets of rankings were developed. The first ranking includes those companies that received the most responses across all categories. The second ranking is by solution areas and only includes those vendors mentioned within each category.

Financial Insights and Insurance Industry News reached out to their subscriber and contact base to gather a broad base of respondents from across the North American insurance industry. Financial Insights, an IDC Company and *Insurance Networking News*, a SourceMedia Company, took several paths to reach as many insurance companies as possible. First, we released a general press release in November to the Business Wire to alert the entire insurance industry. Next, both firms sent out two waves of e-mails over the mid-November through early January 2007 time period. *Insurance Networking News* also provided messaging via weekly INN Update e-newsletters

as well as in its January 2006 editor’s column.

The surveys were delivered via e-mail blasts to the entire *Insurance Networking News* subscriber list and to a Financial Insight subscriber list. An InsureTopTech link also appeared on the *Insurance Networking News* and Financial Insights Web sites, and insurance companies were asked to respond only to those questions where they had sufficient knowledge of the vendors used by their firm.

All respondents were provided with anonymity. This

“Qualifying the
“best of the best” required
uncommon metrics.”

outreach effort garnered close to 500 responses (497) from insurance companies, which were collected and analyzed by Financial Insights.

We asked insurance respondents to only cast their vote for technology firms their company currently contracts with or has worked with in the past twelve months (other than for the “up and coming” category). The intent of this ranking was to identify those companies with the most market presence in the industry, not brand awareness, hence the requirement that the technology solution must be in place at the firm. The only exception to this requirement is for the up and coming category, where brand awareness is more of a key component of the selection criteria.

Financial Insights used security features to ensure the validity of the respondents and responses. Security elements included screening of respondents and duplicate response prevention, among others. Further, some responses were excluded that were deemed by Financial Insights to be invalid.

The InsureTopTech is a “voice of the insurance industry” market research effort rather than an initiative based on financial or other quantitative metrics such as revenue or market share. It is our goal to provide insurers—the users of these technology services—with the most thorough, accurate and insightful information possible. ✨

Barry Rabkin is a senior research analyst in the insurance practice at Financial Insights, an IDC company.



Guidewire Wins InsureTopTech 2007 Award

Speedy implementations, a Web-based approach, and rich intellectual capital have elevated this technology company to new heights.

By Daniel Joelson

Budding shortly after the dotcom bubble had just burst, Guidewire Software Inc. takes great pride in its early results. But relative to other firms of its era, its exuberance is warranted, and tied to a larger vision of becoming a global, world-class insurance technology provider.

And to hear Jeff Simpson (pictured above) tell it, the company clearly is on its way. As Guidewire's chairman and CEO, Simpson, with more than 35 years of experience, describes himself as a "jaded old software guy" who believes in Guidewire's ability to deliver on its promises.

So far, it has. The company has finished projects quickly: Within three months it completely automated the claims process for ICAT Boulder Claims so that it was prepared for the 2005 hurricane season. It has boosted clients' efficiencies and compliance efforts: Canal Insurance began saving 24 to 72 hours for new loss set up to first contact after working with Guidewire, while improving financial reporting accuracy due to the immediate posting of new losses. And it has helped insurers' productivity soar: Less than a year after implementing Guidewire's claims

product, Employers Direct Insurance Co. (EDIC) was processing 5,000 claims annually, up from 600 - 800 claims the previous year.

For many such reasons, insurers participating in the InsureTopTech awards program chose San Mateo, Calif.-based Guidewire the top technology provider for 2007. Guidewire received top honors for providing quality customer care, keeping the business operating, and adding most value, as well as being named the number one "up-and-coming" technology vendor. In a fifth category, for the vendor that most helps develop/enhance products, it finished second.

Founded in August 2001, this private company provides mission-critical systems for underwriting and policy administration, claims, and billing. According to Guidewire estimates, grabbing an approximate 60% market share last year, the company became the leader in claims in the United States. Further, it is now gunning to be the preeminent worldwide provider of core systems to property and casualty firms. ClaimCenter, which it first launched, supports all lines of personal, commercial

and workers' compensation insurance, and dominated the company's early expansion. It has since added to its arsenal BillingCenter, which handles the billing process for carriers, along with PolicyCenter, a product for personal and commercial line carriers. In June 2006, Agoura Hills, Calif.-based EDIC became Guidewire's first customer to select all three solutions from the company's suite.

Rapid Growth

Guidewire's success in winning over adherents is illustrated in part by its heady growth. Apart from expanding its product line and launching version 4.0 of ClaimCenter last November, it now has 37 customers, 17 of which have gone live with its systems. Its number of employees doubled between January 2006 and March 2007 to reach 300, and in the first six months of its current fiscal year (ending July 31, 2007) it exceeded all sales growth and financial measurements for its previous fiscal year.

Its growth, which has been entirely organic, also includes a major global push in recent years. It now has offices in Paris, London, Sydney and Toronto, and its customers range from Suncorp (of Australia) and Homeserve PLC (of the UK) to The Dominion of Canada General Insurance Company (of Toronto) and Donegal Insurance Group (of Marietta, Pa.). Further, in February it inked a deal with Moscow-based Rosgosstrakh (RGS), Russia's largest insurance company, with gross written premium of 44.1 billion Rubles (U.S.\$1.63 billion), marking the company's first client outside the anglophone world (ClaimCenter is now in Cyrillic). For Guidewire, the agreement means it has leaped "a hurdle that software companies have to go through to really be considered global and to be considered world class," says Jeffrey Simpson, Chairman and CEO of Guidewire.

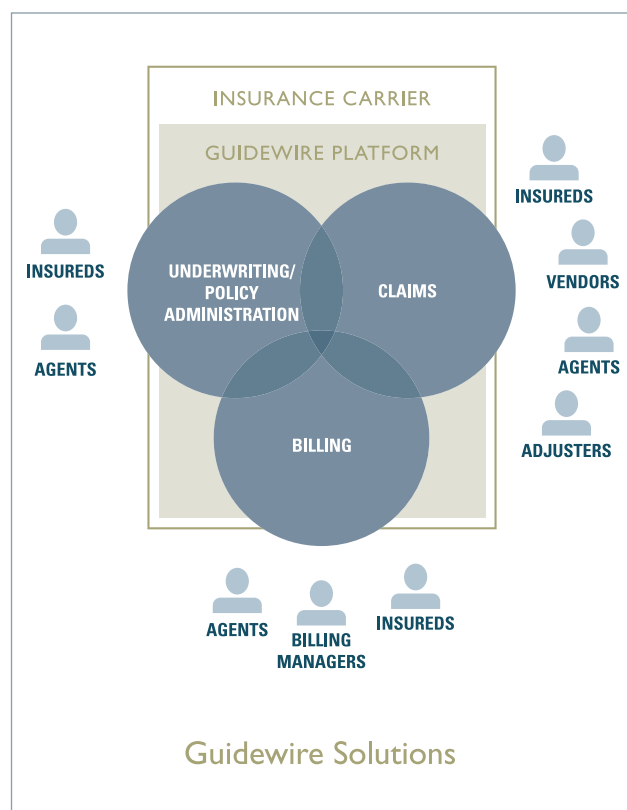
The company's competitive edge lies partly in the fact that its products are Web- and Java-based, for it built its platform entirely from scratch after the millennium. "Many software companies have been doing this an awfully long time—getting caught up in trying to always make sure that they reap every dime of investment out of what they already own and they probably hang on to the legacy much longer than they should and they let more nimble companies kind of come up underneath them," says Simpson.

Having fully Web-based systems has meant lower costs of maintenance and deployment for Guidewire's systems, while such systems are also easy to update and are resilient during disasters, says John Seybold, the company's chief technology officer. Guidewire has capitalized on many carriers' desire to replace their spaghetti of outdated

legacy systems, in part because they know the days are numbered of their staffers who understand such systems. Carriers "are very nervous about the long-term future of their legacy platforms," says Seybold. "They see the Java architecture—particularly with a service orientation—as a stable, predictable and quality platform that is going to serve them well for the next generation or two."

Customers are also embracing the company's strategy of configuring, rather than customizing, systems for them. That is, Guidewire says it gives insurers greater flexibility by allowing them to configure any of Guidewire's products to meet their needs. "Guidewire has a philosophy or policy where they don't allow insurance companies to go into the source code," says Donald Light, a senior analyst in the insurance group of Celent LLC, a Boston, Mass.-based research and consulting firm. "And because they don't do that, that puts a premium on the degree of the ability to configure the applications that they provide. And I think they have done a very good job in doing that." He adds that Guidewire also differentiates itself by using small implementation teams of only two to five highly-skilled staffers. In order to boost insurers' self-sufficiency, Guidewire aims to rapidly provide a "100% knowledge transfer," says Seybold.

Proven Under Fire





“They see the Java architecture—particularly with a service orientation—as a stable, predictable and quality platform that is going to serve them well for the next generation or two.”

John Seybold

Further, drawing upon its rich connections in the area, Guidewire was able to pluck up highly qualified people as Silicon Valley companies were being ravaged in 2001. This home has continued to be crucial for Guidewire, which does all of its software engineering there, rather than outsourcing. “We build right here in Silicon Valley, arguably the most expensive place in the world to build software,” rather than “save money by labor arbitrage,” explains Simpson.

Top technology workers are attracted to the company because of the creativity they are expected to deliver, while other features allure as well, such as a laid-back culture that has little hierarchy. (Seybold doesn’t have an office, but rather floats from seat to seat on the main floor when he senses something interesting.) Due to that, the company has had almost no turnover in five years, says Seybold.

Hyperfocus on P&C

While other companies are trying to tailor or customize products designed for other industries to somehow suit property and casualty firms, Guidewire has a single-minded focus on serving the property and casualty industry, according to Simpson. More than one quarter of its staffers come from the insurance industry, having worked as underwriters or in IT, for example.

Guidewire also has adopted a range of strategies to gain the trust of—and to better understand—insurance customers. Its open approach includes holding insurance forums featuring top industry experts, as well as hosting user group conferences that potential customers are invited to attend. “The average software vendor would never let a roomful of prospective customers in the same room with a group of customers,” says Simpson. “That would just be sort of marketing suicide.” In fact, Guidewire introduces prospective customers to current customers and then lets the two talk to one another directly, rather than attempting to serve as the middleman and somehow orchestrate or adulterate the companies’ conversation.

Guidewire also says it has “been really proven under fire,” as illustrated by its perfect 17 for 17 implementation rate with customers. With customers completing implementations on time and on budget, positive word-of-mouth has helped Guidewire garner additional customers. Laboriously testing products, Guidewire has built a strong track record of consistency. Since it began shipping software in 2002, the company has only had six Severity 1 bugs, and only one of these was caused by a Guidewire product (i.e., they were instead either hardware- or database-related).

The company’s good fortune also owes itself to the fact that it entered the market at a fortuitous moment. It began building its product suite at a time when architectural standards for Web-based applications were just coming into play. “We started building along the architectural lines that are generally considered to be the standards today, so we find ourselves today with the only set of Web-architected applications across the full suite,” says Simpson.

Guidewire has also encouraged dialogue via a blog (at <http://insurancetechnology.typepad.com>) that it sponsors featuring industry expert George Grieve. Grieve is CEO of CastleBay Consulting, an Austin, Tex.-based consulting firm that serves P&C companies and that is but one of a slew of companies—including BearingPoint, Capgemini, Deloitte Russia, and IBM—that Guidewire has partnered with to achieve greater results.

Challenges Ahead

Despite its InsureTopTech award, Guidewire faces significant challenges. Some are those that all companies encounter, including delivering on increasingly exacting customer demands and outshining the raft of other players in the market—including Fiserv, CSC, Accenture, CGI and Innovation Group—some of which have more experience. Most, however, do not offer the complete suite of products that Guidewire offers, says Simpson. In fact, he feels Guidewire's chief competition is insurance firms themselves, in that many may choose to build rather than buy.

Perhaps the company's biggest challenge is reaching lofty goals without suffering major growing pains. Guidewire is doing "what is really contrary to conventional wisdom in software," explains Brian Desmond, vice president of marketing for Guidewire. "Our vision is to be best of breed in each of the core areas—claims, policy underwriting and billing." Additionally, the company is actively looking to venture into areas such as reinsurance, fraud, and analytics, while also aiming to "really extend our footprint internationally," says Simpson.

"They have grown very rapidly over a short period of time, which is fundamentally a good thing," says Light. "But in terms of maintaining quality, maintaining focus, not having implementations that really don't work—these are all issues that are really important for them to

continue to execute well upon."

Not unaware of this concern, Guidewire only plans to take on new projects when it can perform successfully. "The customer wants to know: Gee, am I going to be the one you stub your toe on because you are just growing so fast or you are going to be unable to sustain the pace?" explains Simpson. "We want to grow smart, and not just grow for the sake of growth."*

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