CELENT

XCELENT Awards 2013

ASIA-PACIFIC INSURANCE DISTRIBUTION MANAGEMENT SYSTEMS

GROWTH THROUGH SUPERIOR PRODUCER SERVICE

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This authorized reprint contains an excerpt from a Celent report profiling and evaluating 11 different distribution management systems. The full report is 77 pages long. The report was not sponsored by Herald Logic in any way. This reprint was prepared specifically for Herald Logic, but the analysis has not been changed. For more information on the full report, please contact Celent at www.celent.com, info@celent.com.

OLIVER WYMAN

CONTENTS

EXECUTIVE SUMMARY

Insurers are increasingly using producer service excellence as a tactic to retain and grow business. The activity level is high in the distribution management automation space among both insurers and vendors. From January 2011 to January 2013, 26 insurers licensed one of the new systems profiled in our report.

This report helps insurers refine their distribution management system strategies and, where appropriate, establish a list of vendors for evaluation. Six distribution management systems are fully profiled. All are used in Asia-Pacific for at least one line of business in life, annuities, health, or property and casualty insurance. Five limited profiles are included for market entrants, systems that did not meet the criteria for a full profile, or (in one case) a vendor that chose not to be included in the full profiles.

This report also names the winners of the XCelent Awards.

INTRODUCTION

Insurers are increasingly using producer service excellence as a way to retain and grow business. Expanded 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 that fits their needs. This review helps insurers refine their distribution management system strategies and, where appropriate, create a list of appropriate vendors for evaluation.

This report includes full profiles for six Asia-Pacific distribution management systems that met the inclusion criteria described in the Report Methodology section. Five limited profiles are provided for market entrants, for systems that did not satisfy all the inclusion criteria, and, in one case, a vendor that chose to not be included in the full profiles.

This review also 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: Advanced technology, Breadth of functionality, Customer base, and Depth of client services. Insurers should consider which factors are most important to them, and review the detailed profiles in this report with these in mind.

In evaluating alternative systems, Celent urges insurers to develop a clear understanding of their needs in these key areas:

- Level of insurer control in maintaining the system: How important is it to be self-sufficient in making updates to the application, and how much does the insurer want to rely on the chosen vendor for services? Support models vary between suppliers, from complete independence after implementation to significant dependence on vendor resources for modifications.

- Level of IT control in maintaining the system: How important is it to transfer system maintenance from a technical (IT) area to business users / business analysts? Systems also vary regarding their design and the utilities provided to allow nontechnical personnel to build and modify commission plans, change screen layouts, and even set up automated data exchange between systems. Before evaluating alternatives, insurers should determine the extent to which they want updates performed outside of a technical systems area.

- Enterprise or division scope: Will the system be used for multiple lines of business across the enterprise, or will it be applied to divisional and/or targeted, monoline organizations? If multichannel/multiline support is needed, applications must be carefully vetted regarding their ability to effectively handle this requirement effectively with acceptable performance.

- Level of agent self-service: To what degree will the agent/producer force be involved with the system? The degree of self-service varies between applications, with some allowing only basic demographic viewing or updating, others handling simple transactions such as problem reporting and routing, and some enabling more advanced transaction processing for producers such as creation of custom, ad hoc reports.

- Use of BPO services: Insurers are encouraged to determine if selected activities involved with distribution management can be outsourced. For example, the administration of licensing, first-level call center support for agents, and onboarding assistance are candidate processes for placement with a vendor.

- Number/depth of prebuilt components: Vendors vary in the number and sophistication of insurance-specific frameworks that are delivered with the base

system. Examples include common commission plan structures/calculations, basic workflows for onboarding, and simple escalation logic for the routing of problem tickets. The availability of prebuilt components accelerates the implementation process and can be a source of best practice. Insurers should discover how many such utilities are offered by each vendor and evaluate the functional depth of the activities with the highest priority.

DISTRIBUTION MANAGEMENT SYSTEMS: DEFINITION AND FUNCTIONALITY

Distribution processes involve disparate administrative functions that are focused on operational issues such as configuring compensation plans, administering payment and reconciliation, registering and licensing producers and tracking education requirements. A conceptual view of what Celent calls "producer lifecycle management" is depicted in Figure 1.

Figure 1: Producer Management Lifecycle
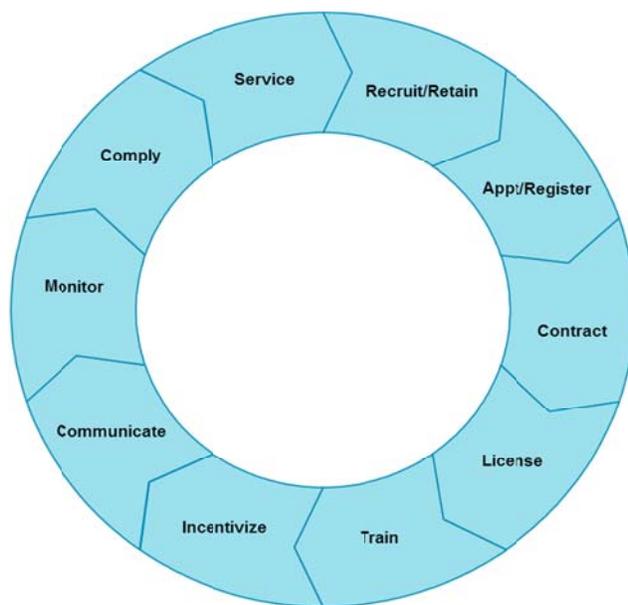
Source: Celent

To a producer, all of these tasks are part of maintaining and growing a relationship with an insurer. When service issues arise, agents are not interested in knowing that different people handle different parts of the process using systems that do not "speak" to one another. They would like their commission or licensing or contracting problem resolved immediately with as little time investment as possible.

However, in a typical insurance environment, multiple departments perform separate tasks in the cycle. Coordination of activity and integration of information is minimal. This is especially problematic since producer management involves a substantial volume of transactions and data from multiple sources. Typical processes and automation were designed for an environment that has long since passed—one that was much more stable and predictable.

These conditions result in multiple issues including poor service, a lack of insight into producer performance, unreliable data, and high support costs. It is critical to increase production within existing agents (to keep them happy), necessary to expand into new producers (to bring them onboard quickly and with minimal hassle), and essential to monitor performance of all sales activities (to know who is doing what and take action appropriately).

Many insurers are also expanding into additional distribution channels, such as bancassurance, direct marketing, and online channels.

Celent believes there is an opportunity for insurance companies to gain market share through the execution of a strategic approach to producer lifecycle management. Carriers can gain competitive advantage in their distribution efforts if they bring together and consolidate these various processes to create an integrated approach that delivers higher quality service, more reliable information, and lower costs.

Accomplishing this goal will require process optimization and integrated automation, both of which are highly dependent on technology. However, in the past, system solutions have also been fractured. Separate vendor applications were required to accomplish all the tasks across the lifecyle because no offering "did it all."

In this report, Celent reviews distribution management systems as a single set of activities that includes what has historically been labeled enterprise incentive management (EIM) and licensing and compliance systems. Applications are evaluated based on their ability to address the full lifecycle of a company-producer relationship.

DEFINITION

This broad approach to distribution management results in the following components being in scope for review (see Table 1).

Table 1: Distribution Management System: Components

COMPONENT	MAJOR TASKS
Compensation Management	Commission calculations, commission hierarchy, plan management
Customer Relationship Management (CRM)	Coordination of customer data and communication
Document Management	Creation and maintenance of commission statements and correspondence with distribution resources; may extend to correspondence with end customers as well
Producer Appointment Management (licensing, hierarchy management, renewal, termination)	Appointment, hierarchy management, renewal, termination activities
Producer Licensing and Licensing Compliance Management	Producer licensing, renewal, and termination; including interface with states for reporting and for updating of compliance requirements
Producer Onboarding Management	Workflow and task automation to speed process of establishing a new agent
Producer Portal	Agent self-service inquiry and, in some systems, transaction support
Producer Recruitment Management	Agent self-service inquiry and, in some systems, transaction support
Registration Management for Producers of Variable Products	Interface with regulators to ease administration of agents selling variable products
Sales Performance Reporting and Management	Tracking, reporting and predicting past, present, and future producer performance

Source: Celent

REPORT METHODOLOGY

CRITERIA FOR INCLUSION

Celent's objective has been to include in this report as many as possible of the leading distribution management systems being used or actively sold to Asia-Pacific insurers. The report contains two types of profiles: full and limited. The topics covered in both types of profiles are broadly similar; however, full profiles are written with more detail and include comments from reference insurers. Additionally, vendors with a full profile are included in the Celent ABCD Vendor View; limited profile vendors are not.

The criteria to be included as a full profile are:

- At least two Asia-Pacific life/annuities, health, or property & casualty insurance customers in production.
- Participation by at least two reference customers.

These criteria were designed to maximize the number of systems that can be reasonably expected to remain available (and viable) based on vendor size and strength, maturity of product and client base, and other important factors.

One exception is for C2L BIZ Solutions. Its SymbioSys - Distribution Management System was developed in 2011 and 2012. In a short period it already has one client in production and two more clients in implementation. We included this solution in the full profile section.

The limited profile section includes five vendors that did not meet the criteria for a full evaluation but did provide significant information about their offerings. In one case, a vendor chose not be included as a full profile. When initiating a solution search, insurers are encouraged to contact these suppliers and receive an update on their current activities in Asia-Pacific.

EVALUATION PROCESS

Celent sent a detailed RFI to a broad set of distribution management system vendors. After receiving completed RFIs, each full profile vendor provided a briefing concentrating on usability and functionality for everyday users, and rules, tools, and connectivity for IT or administrative users.

Celent also asked at least two references provided by each vendor to complete an online survey in order to obtain their view of the system's business and technology value.

Both the RFIs and the reference surveys provided quantitative and qualitative data. Vendors had an opportunity to review their profiles for factual accuracy but did not influence the overall evaluation or the placement in the ABCD Vendor View. 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 RFI, vendor briefing and demo, and reference surveys has been included in each profile. 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 and consulting clients.

CELENT'S ABCD VENDOR VIEW

Celent's framework for evaluating vendors is 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: Advanced technology, Breadth of functionality, Customer base, and Depth of client services.

The Celent ABCD Vendor View shows 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 in Table 2.

Table 2: Factors Used in the Distribution Management System ABCD

Advanced Technology (and flexible technology)	• Usability for both business and system administration users
	• Code base, including modernity of language and consistency of architecture
	• Range of databases, operating systems, application servers, and integration methods supported
	• Ability to modify system using visual tools rather than through code
	• Method of extending data model (tools only, mix, coding only)
	• Extent of business user involvement in making changes
	• Reference comments regarding technologies and flexibility
Breadth of Functionality	• Components as well as functions and features provided in base offering
	• Functions and features provided through configuration by a nontechnical business user
	• Power and ease of use of rules, workflow, and product configuration capabilities
	• Supported and in production lines of business
	• Reference comments regarding functionality
Customer Base	• Number of Asia-Pacific clients on current or previous version
	• Number of Asia-Pacific clients on last upgraded versions
	• Number of new Asia-Pacific clients since January 2011
	• Number of Tier 1/Tier 2 Asia-Pacific clients
Depth of Customer Service	• Size and experience of professional services and support team
	• Reference comments on implementation experience
	• Reference comments regarding quality of on-going support
	• Flexibility in pricing models

Source: Celent

THE XCELENT AWARDS

Within this framework, the top performers in each of the ABCD dimensions are recognized with 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 leading Depth of Service score

Celent advises insurers to look at complete solution profiles at the next part of this report to better understand each solution. We suggest that insurers consider their specific needs and evaluate each vendor against those needs. Although they are very successful in one or more of the criteria, the XCelent Award winners may not be the best match for an insurer's specific business goals and solution requirements.

ABOUT THE PROFILES

Each of the profiles presents information about the vendor and solution, professional services and support capabilities, customer base and reference customer feedback, functionality and lines of business deployed, usability, product configuration, and workflow abilities, technology, implementations, cost, and some summary comments.

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

- Insurance Company A, a single licensed insurance company with eight lines of business, producing annual premium of US$250 million;
- Insurance Holding Company B, with four sub companies, writing in five countries with annual premium of US$2.5 billion.

When discussing insurance customers of the various solutions, the profiles use the terms very small, small, medium, large, and very large insurers. Very small insurers (Tier 5) have under 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.

Each profile includes a table of available components which lists the vendor's breakdown of its system into component parts. The profiles also include a list of in production and supported lines of business and the number of clients using the system for those products. Additionally, the profiles include tables detailing functional capabilities and the vendor's estimate of the use of these features in existing implementations.

XCELENT Functionality 2013

HERALD LOGIC: INTELLIRADAR CHANNEL MANAGEMENT SYSTEM

COMPANY AND PRODUCT BACKGROUND

Herald Logic is a privately owned software solution provider that offers a solution for insurers, banks, and the retail financial services industry.

Table 3: Herald Logic Snapshot

COMPANY INFORMATION	
Company Size	22 employees, 20 of who provide professional services / client support for the agency management solution, with an average of more than 6 years of industry experience.
Headquarters Location	Mumbai, India
DISTRIBUTION MANAGEMENT SYSTEM	
System Name	Herald Logic IntelliRADAR Channel Management System
Launch Date	2008
Last Major Release	Version 3.x in 2012 1. Unified hierarchy platform 2. Unified platform for Life and Non-Life 3. Integrated payout and accounting 4. Widget based visual dashboards
Target Market	Life Insurance and Annuities, General (P&C) Insurance, Health insurance, Retail Financial services
SaaS Offering	No current client used a SaaS model, but Herald Logic offers a "managed services" option, on premise or hosted in a private cloud
CUSTOMER BASE	
Asia-Pacific Clients	4 in production: 4 in India
New Asia-Pacific Clients Since January 1, 2011	1
Clients Outside Asia-Pacific	N/A
Marquee Clients	IndiaFirst Life Insurance, Royal Sundaram Alliance, Kotak Old Mutual Life Insurance

Source: Vendor RFI

LINES OF BUSINESS

Herald Logic IntelliRADAR Channel Management System is designed for all lines of business.

Table 4: Herald Logic IntelliRADAR Channel Management System: Lines of Business

LINE	STATUS	NUMBER OF ASIA-PACIFIC CUSTOMERS
NON-LIFE, COMMERCIAL LINES	In production	1
NON-LIFE, PERSONAL LINES	In production	1
SPECIALTY	In production	1
LIFE	In production	3
ANNUITY	In production	3
HEALTH	In production	1

Source: Vendor RFI

FUNCTIONALITY

The components of Herald Logic IntelliRADAR Channel Management System is a modular solution, include onboarding management module, hierarchy management module, commission management module, producer incentive management module, contest management module, and some optional modules such as channel self-service, target and performance management, hierarchy incentive management, and CRM. All modules can be licensed and installed as stand-alone components. Its support for components surveyed for by Celent is listed in Table 5.

Table 5: Herald Logic IntelliRADAR Channel Management System: Components

COMPONENT	STATUS
Compensation Management (commission calculations, commission hierarchy, plan management)	Can be licensed/installed as stand-alone component (without Distribution Management solution) (Commission module)
Customer Relationship Management (CRM)	Can be licensed/installed as stand-alone component (without Distribution Management solution) (CRM module)
Document Management	Not available
Producer Appointment Management (licensing, hierarchy management, renewal, termination)	Can be licensed/installed as stand-alone component (without Distribution Management solution) (Hierarchy module)
Producer Licensing and Licensing Compliance Management	Can be licensed/installed as stand-alone component (without Distribution Management solution) (On-boarding module)
Producer Onboarding Management	Can be licensed/installed as stand-alone component (without Distribution Management solution) (On-boarding module)
Producer Portal	Available ONLY bundled with Distribution Management (no additional cost) (Agent Self Service module)

Producer Recruitment Management	Can be licensed/installed as stand-alone component (without Distribution Management solution) (On-boarding module)
Registration Management for Producers of Variable Products	Can be licensed/installed as stand-alone component (without Distribution Management solution) (On-boarding module)
Sales Performance Reporting and Management	Available ONLY bundled with Distribution Management (no additional cost) (Targets & Performance Management module)
Others: Producer Incentives module	Can be licensed/installed as stand-alone component (without Distribution Management solution)
Others: Hierarchy Incentives module	Available ONLY bundled with Distribution Management (no additional cost)
Others: Contest module	Can be licensed/installed as stand-alone component (without Distribution Management solution)

Source: Vendor RFI

The base product includes many commission and hierarchy management functions surveyed for by Celent.

Table 6: Herald Logic IntelliRADAR Channel Management System: Commission and Hierarchy Management

FEATURE	STATUS	USE AMONG EXISTING CLIENTS
Unlimited-tier commission management	Delivered as part of base system	●●●
Ability to consolidate commissions from multiple lines / multiple companies in a single processing instance	Delivered as part of base system	●●●
Set up, calculate, pay and report company sponsored bonuses for agents, managers, and field staff (i.e., bonuses based on production, persistency, and other sales incentive programs for various members of the hierarchy)	Delivered as part of base system	●●●
Payment hold/release	Delivered as part of base system	●●●
Payment schedules that can be personalized for individual agents by insurer staff	Delivered as part of base system	●●●
Administration of payments/recoveries other than commission	Delivered as part of base system	●●●
User-defined rules managing recoupment, garnishments, and chargebacks	Delivered as part of base system	●●●
Producer finance history (adjustments, advances, recoupments, payment details)	Delivered as part of base system	●●●
Prebuilt interfaces to common financial packages (ex: Oracle's PeopleSoft Enterprise General Ledger, etc.)	Available through configuration by a nontechnical business user	●●●

Unlimited levels of hierarchies	Delivered as part of base system	••
Ability to track relationships beyond basic hierarchical relationships	Delivered as part of base system	••
Territory / office hierarchy management	Delivered as part of base system	•••
Ability to consolidate multiple operating companies, multiple channels, and multiple divisions into a single entity	Delivered as part of base system	•••
Ability to consolidate and map multiple IDs into one	Delivered as part of base system	••
Single allocation of portfolio on transfers	Available through scripting	•••
Bulk allocation of portfolio on transfers	Delivered as part of base system	•••
Automated portfolio transfers	Available through scripting	
User-defined rules management of orphan portfolio assignments	Available through scripting	

Herald Logic IntelliRADAR Channel Management System supports multiple distribution channels. It can manage its own as well as partner hierarchies and their linkages. Users are able to configure channel branches and sales units, and map managers to partners or branches, map agent to units under the branch. Channel hierarchy tree view is available for the head office of channel support and sales team.

The system supports unlimited levels of hierarchies, as well as parallel hierarchy, skip level reporting. The system supports agent movements, such as promotion, demotion, transfer, and termination, with effective dates.

The system manages end-to-end base commission and override commission. Flexible commission rates can be set up and maintained by the insurer. In regard to producer and hierarchy incentive program, the system enables business users to easily define and maintain business rules.

The system enables setting and monitoring of performance targets at each level of hierarchy. Multiple financial and operational variables can be set up as targets. Target vs. performance reports can be generated periodically.

Many functions of contracts and licensing management as well as recruiting and onboarding management are in the base package.

Table 7: Herald Logic IntelliRADAR Channel Management System: Producer Management

FEATURE	STATUS	USE AMONG EXISTING CLIENTS
Recruiting administration	Delivered as part of base system	••
Automated interface to leading job boards (Monster, etc.)	Available through programmers (e.g., adding/modifying the solution's code base)	

Prebuilt workflow and rules for administration of onboarding	Delivered as part of base system	●●
Electronic signature support for agents/onboarding	Available through programmers (e.g., adding/modifying the solution's code base)	
Contract administration	Delivered as part of base system	●●
User-defined producer authority rules management (lines of business allowed, suspension, no new business, etc.)	Delivered as part of base system	●●●
Automated licensing renewal	Delivered as part of base system	●●
Automated background investigation (ordering and results)	Available through programmers (e.g., adding/modifying the solution's code base)	
Administration of awards, honors, contests and recognition programs	Delivered as part of base system	●●●
Administration of training requirements for producers	Delivered as part of base system	●●
Producer examination tracking	Delivered as part of base system	●●
Tracking of errors and omissions coverage	Delivered as part of base system	●●
Agent self-service portal (commission inquiry, contest standings, production metrics)	Delivered as part of base system	●●
Agent dispute tracking and management	Delivered as part of base system	●
Lead management	Delivered as part of base system	●

Source: Vendor RFI
Key: ● = 0–33%; ●● = 34–66%; ●●● = 67–100%

Prebuilt integrations are accomplished through various methods. Usage as reported by Herald Logic among existing clients is high.

Table 8: Herald Logic IntelliRADAR Channel Management System: Prebuilt Integration

FEATURE	STATUS	USE AMONG EXISTING CLIENTS
Prebuilt interface(s) with social networks	Not available	
Electronic Funds Transfer (EFT) with external entities for fee processing	Available through scripting	●●●
Real time interface with country's producer/agent database	Available through programmers (e.g., adding/modifying the solution's code base)	
Prebuilt interface(s) to export and import agent demographic data, appointment and termination information using third party vendors	Delivered as part of base system	●●●

Automated updating of system to ensure compliance with regulations regarding license, appointment and registration rules	Available through configuration by a nontechnical business user	●●
Number of countries interfaced with for producer management (appointments, terminations, licensing, onboarding, general maintenance)	0-5	●●●

Source: Vendor RFI
Key: ●= 0–33%; ●● = 34–66%; ●●● = 67–100%

Business rules management is available as a base offering. Workflow statuses and steps can be configured. For example, business status and role-based approval workflow can be set up. The approval workflow process can be changed, and business statuses and roles can be introduced or removed by the administrative user of the system. Letter templates can be mapped to various steps of the approval process for communication.

Table 9: Herald Logic IntelliRADAR Channel Management System: Business Rules and Workflow

FEATURE	STATUS	USE AMONG EXISTING CLIENTS
Workflow Management (a visual tool set to design, execute, and monitor workflows—without changing core code)	Available through configuration by a nontechnical business user	●●●
Workflow Management graphic design environment, with automated code generation	Not available	
Workflow rules repository that is searchable and version-controlled	Not available	
Automated workflow alerts (bottlenecks, past due tasks, etc.)	Available through configuration by a nontechnical business user	●●●
Manager-level reports/audit/inquiry capability by staff person	Delivered as part of base system	●●●
Manager-level reports/audit/inquiry capability by work group	Delivered as part of base system	●●●
Business Rules Management (design and execute, externalized from core code). If an external package, please indicate vendor in comments.	Delivered as part of base system	●●●
Business rules repository that is searchable and version-controlled	Delivered as part of base system	●●●
Prebuilt library of compensation rules components	Delivered as part of base system	●●●

Source: Vendor RFI
Key: ● = 0–33%; ●● = 34–66%; ●●● = 67–100%

USABILITY, ANALYTICS, AND DOCUMENT MANAGEMENT

The menu is listed in the left side of the screen of business users (such as agents, sales managers, etc.), and can be extended to the second and third tier menu. The working area in which information is displayed is on the right side of the screen. There are

hyperlinks to click for detailed information. Alerts of tasks are shown on the top of the screen after login.

The level of maintenance performed in business areas in reference accounts is not high. The client Celent surveyed reported that users create and maintain 75% of hierarchy management. On average over 35% of commission rates and rules and special incentive plan and 25% of the total work effort for create and change workflow rules are accomplished by non-IT staff.

The solution has built-in ad hoc querying and interactive reporting framework. It provides integrated role-based visual dashboards and reporting.

Table 10: Herald Logic IntelliRADAR Channel Management System: Analytics and Document Management

FEATURE	STATUS	USE AMONG EXISTING CLIENTS
Business intelligence and analytics	Delivered as part of base system	●●●
Management reporting dashboard	Delivered as part of base system	●
Management and financial reporting data store	Delivered as part of base system	●●●
End user performed modeling (what-if analysis) on compensation components, compensation programs, and hierarchies	Not available	
User-defined ad hoc reporting	Delivered as part of base system	●●●
Electronic document management (insurer can customize paperwork for onboarding, licensing forms, etc.)	Available through configuration by a nontechnical business user	●●
Forms and correspondence library with basic document management functionality	Delivered as part of base system	●
Electronic document management (insurer can customize commission statements)	Available through scripting	●●●
Support of ACORD producer forms	Available through programmers (e.g., adding/modifying the solution's code base)	

Source: Vendor RFI
Key: ● = 0–33%; ●● = 34–66%; ●●● = 67–100%

Support for mobile transactions is in the roadmap.

The data model is proprietary, but Herald Logic will publish it to client on deployment. Herald Logic has a set of tools that allow technical staff to extend the data model and the SQL database schema.

Herald Logic IntelliRADAR Channel Management System does not support multicurrency, but the system can be easily extended to support this requirement. Herald Logic IntelliRADAR Channel Management System does not support multi-language, and it does not support double byte character set.

TECHNOLOGY

Technology options for Herald Logic IntelliRADAR Channel Management System are listed in Table 11.

Table 11: Herald Logic IntelliRADAR Channel Management System Options

CODE BASE	
Features/functions/screens for everyday business users	100% Java
Configuration and Development	100% Java
OPERATING SYSTEMS	
Preferred Options	Preferred option AND in production: Windows
Additional Options	Additional option NOT in production: Unix
INTERFACES	
Internal Business User	100% browser-based (HTML)
	100% browser-based (HTML with Ajax/Web 2.0): For dashboards
Configuration and Development	100% browser-based (HTML): for configuration, including incentive/compensation rules
	100% browser-based (HTML with Ajax/Web 2.0)
DATABASES	
Preferred Option	Oracle (Only option)
Additional Options	N/A

Source: Vendor RFI

For the largest deployment, Herald Logic IntelliRADAR Channel Management System is used by more than 30,000 named users, with new business premium billed annually US$200 million to $250 million.

IMPLEMENTATION AND COSTS

A typical implementation of Herald Logic IntelliRADAR Channel Management System involves a team of four to five people. A typical split among Herald Logic employees, the insurer's employees, and other professional services contractors is 60:20:20. The average time from project initiation to get the first line of insurance in live use is between one and three months, with subsequent lines taking another one to three months. Herald Logic typically works with third parties for implementations. In more recent engagements the firm has worked with SunGard, TCS, and Polaris.

The main cost in the first year comes from the software license, which accounts for 50% of total cost. The remainder is split between initial installation and customization (20%), annual maintenance (20%), and training (10%). Herald Logic offers perpetual license, term-based license, and SaaS model, with no specific preference. It will be tailored as per client's need. In specific cases, shared risk pricing model is provided, such as volume based pricing, active producer list-based pricing, etc. The license fee can be based on number of functional components/modules, number of lines of business, number of

concurrent users, number of total or named users, policy volume, premium volume, or a flat fee.

Client references include both a life/annuity/ health insurer and a non-life insurer. Parameterized and highly flexible system to manage hierarchies, flexible engine to support channel management, especially pay-outs and loyalty programs, were identified as specific strengths of the solution. Excellent Insurance domain knowledge, good quality of technical staff and business analysts, highly methodical approach to implement the system and provide support, responsive vendor, and overall cost of ownership are identified as specific strengths of the vendor and its staff. Reference feedback on implementation was high across the board. A reference client points out that they are overall extremely satisfied with the implementation of the system and the solution.

Figure 2: Herald Logic IntelliRADAR Channel Management System: Software Implementation Rating

Customer average rating of vendor implementation capabilities (1= very poor; 5= excellent)
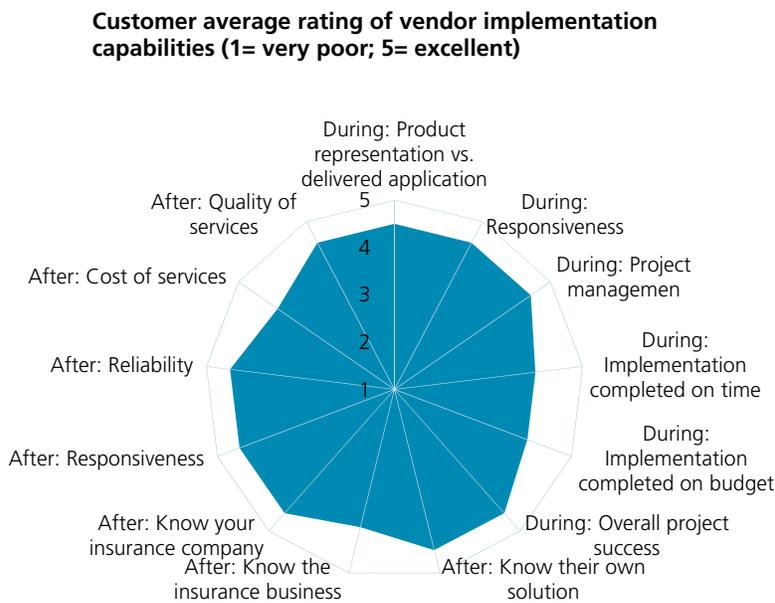
Source: Reference client feedback form

For a typical single licensed insurance company with eight lines of business, producing annual premium of US$250 million, the total cost including license, implementation, and maintenance would be in the range of US$600,000 and $1 million, with license fees costing around US$300,000 to $500,000. For a typical insurance holding company with four subcompanies, writing in five countries with annual premium of US$2.5 billion, a larger fee between US$2 million and $6 million would be charged in the first year, with license fees costing between US$1 million and $3 million. Assuming the first year is focused on implementation of ISF Agency Management, the year two cost of maintenance is typically 20% to 25% of the license fee.

SUMMARY

Herald Logic IntelliRADAR Channel Management System is a focused product that supports acquiring, monitoring, and rewarding multiple distribution channels. Its modular architecture enables flexible and quick time to launch, lowered project risk, and lowered total cost of ownership. The system is parameterized to empower business users with

some level of flexibility and reduce IT intervention. Its modern technology and proven client base across life and non-life and support for multiple channels make it a good candidate for investigation by insurers that do not require support of double byte character set or multiple languages.

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

SUPPORT FOR FINANCIAL INSTITUTIONS

Typical projects we support related to distribution management include:

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

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

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

SUPPORT FOR VENDORS

We provide services that help you refine your product and service offerings. Examples include:

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

RELATED CELENT RESEARCH

Property and Casualty Insurance E-Business in Asia
November 2012

Life Insurance E-Business in Asia
September 2012

Deal Trends in Property and Casualty Policy Administration Solutions: 2012 Asia-Pacific Edition
July 2012

2012 Asia-Pacific Insurance CIO Survey: The Year Ahead
July 2012

North American Insurance Distribution Management Systems
June 2012

Deal Trends in Life, Pensions, and Annuities Policy Administration Solutions: 2012 Asia-Pacific Edition
May 2012

Asia-Pacific Life/Annuity Illustration Systems 2012
May 2012

Asia-Pacific Policy Administration Systems 2012: Life and Pension ABCD Vendor View
February 2012

Asia-Pacific Policy Administration Systems 2012: Property and Casualty ABCD Vendor View
January 2012

Celent Model Insurer Asia 2012
January 2012

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