
EXTRACT FROM

*Business Process Management
Solution Vendors for Insurers
2007*

This authorized reprint contains material excerpted from a recent Celent report profiling and evaluating 11 different Business Process Management Solutions. The report was not sponsored by Adeptia. This reprint was prepared specifically for Adeptia, but the analysis presented has not been changed in any way from that presented in the full report. For more information on the full report, please contact Celent at www.celent.com, insurance@celent.com, or 617-262-3120.

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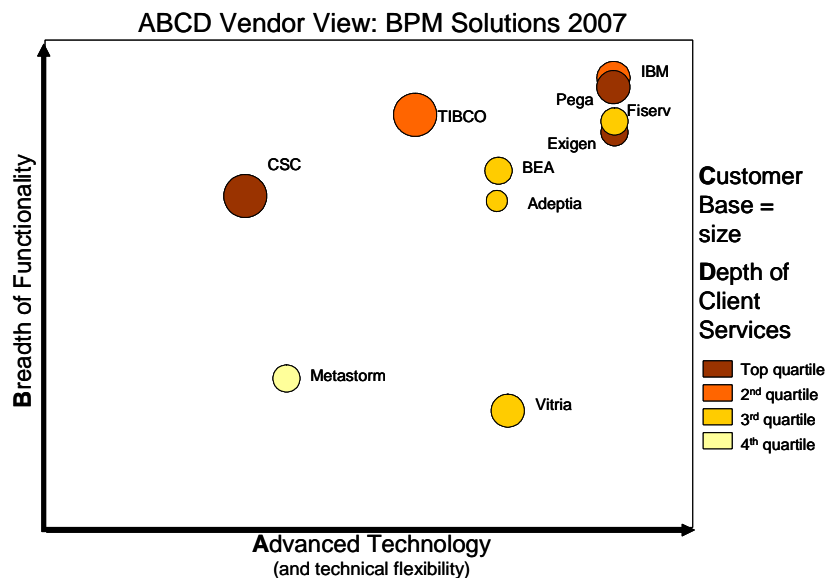
EXECUTIVE SUMMARY

This report is Celent's second look at business process management (BPM) solutions for insurers. The first report, *Business Process Management Vendor Evaluations*, February 2004, profiled seven solutions. This report profiles 11 vendors.

In addition to more solutions, the past three years has seen a substantial amount of convergence among these solutions. Nearly all of them offer all six BPM elements, as well as significant levels of both staff workflow functionality and system integration capability. And as service oriented architecture (SOA) has become a landmark in most insurers' technology roadmaps, all the profiled BPM vendors have made a major commitment to SOA.

This report features Celent's ABCD Vendor View tool. The ABCD Vendor View presents a comparative view of the vendor marketplace that visually represents four elements: **A**dvanced technology and technical flexibility, **B**readth of functionality, **C**ustomer base, and **D**epth of client services.

Figure 1: ABCD Vendor View for BPM Vendors 2007



Source: Celent

Each of the 11 BPM solutions profiled in this report has its own strengths. Sometimes these strengths derive from a particular solution's origins as a workflow, imaging/content, or integration solution. In other cases, their strengths may be from a large installed base, an attractive first year cost, or a significant set of insurance-specific templates or frameworks.

Before choosing a BPM solution, an insurer should clearly identify where and how it will get value from that solution, for example extending the life of core legacy systems or creating uniform processes across business and operating units.

BPM vendors, facing a much more crowded market, can differentiate themselves through their SOA functionality, ease of use, analytics, or insurance frameworks.

INTRODUCTION

This report is Celent's second look at business process management (BPM) solutions for insurers. The first report, *Business Process Management Vendor Evaluations*, February 2004 profiled seven solutions. A lot has changed in three years.

There are more BPM vendors targeting the insurance industry—this report profiles 11 vendors. This expanded coverage list is partially the result of new entries, but more the effect of vendors seeing insurance as a process-rich, people-intensive industry, with relentless pressure on expenses. This is good news for insurers as more vendors push each other to provide more features and functions and compete to offer better value propositions.

The solutions themselves have (mostly) converged in terms of offering a complete set of BPM elements, and their ability to handle interactions among persons and systems. Celent has identified six elements in a complete BPM solution: process design and development environment; process repository and management; process execution engine; execution history; monitoring and management; and analytics, modeling, and optimization.

Three years ago, some vendors did not offer a complete lineup; today they all do. Similarly three years ago, some solutions fit primarily on either the people/workflow side or on the system integration side of the BPM world. Today, essentially all solutions have credible functionality on both sides.

Service-oriented architecture (SOA) has become an important landmark on BPM vendors' technology roadmap. In a way this is no surprise because BPM solutions, by definition, orchestrate processes and integrate systems. But in the past three years SOA has moved from a "wouldn't it be nice" vision to a specific set of methods and standards that are actually moving into the mainstream of insurer IT development efforts.

Lastly, several BPM vendors have been acquired by some very important technology infrastructure vendors, such as BEA, TIBCO, and IBM. Essentially these are mutually beneficial marriages (or perhaps adoptions) of people/workflow solutions and integration/middleware solutions. This is also a good thing for insurers looking for a BPM platform.

What is much the same are the benefits that BPM solutions provide: achieving efficiency and consistency, monitoring and improving how work gets done, enforcing and documenting compliance, and reacting with agility to internally or externally mandated changes. And most fundamentally, BPM solutions are a bridge from the heterogeneous, hard coded IT world of today to the integrated, completely configurable world of tomorrow. And since "tomorrow" has a bad habit of constantly receding, BPM solutions will be here for quite a while.

CELENT'S ABCD VENDOR VIEW

Celent has developed a framework for evaluating vendors called the Celent ABCD Vendor View. This is a standard representation of a vendor marketplace designed to show at a glance the relative positions of each vendor in four categories: **A**dvanced technology, **B**readth of functionality, **C**ustomer base (i.e., relative number of customers), and **D**epth of client services. The Celent ABCD Vendor View shows relative positions of each solution evaluated and does not reflect an abstract evaluation. 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 defines each category slightly differently. In this report, the factors used to evaluate each vendor are listed in Table 1.

Table 1: ABCD Factors

Category	Factors Include
Advanced technology (and technical flexibility)	<ul style="list-style-type: none"> • Code base, including modernity of language and consistency of architecture • Number of different platforms and databases supported • Written using either the J2EE or the .NET framework. • Ability to interoperate in J2EE and .NET frameworks • Date of the most recent major release
Breadth of functionality	<ul style="list-style-type: none"> • Functionality across all six BPM elements • Availability and extent of prebuilt insurance frameworks or templates • Use of BPMN, XPD, and BPEL
Customer base	<ul style="list-style-type: none"> • Number of US/Canadian insurance customers currently deployed and in implementation
Depth of client services	<ul style="list-style-type: none"> • Number of staff providing professional services or support for insurance industry projects in 2006

Source: Celent analysis

The ABCD Vendor View in this report uses Celent estimates for customer base for: Exigen, IBM, Metastorm, and Pegasystems. It also uses Celent estimates for depth of professional services for IBM.

READING THE ABCD VENDOR VIEW

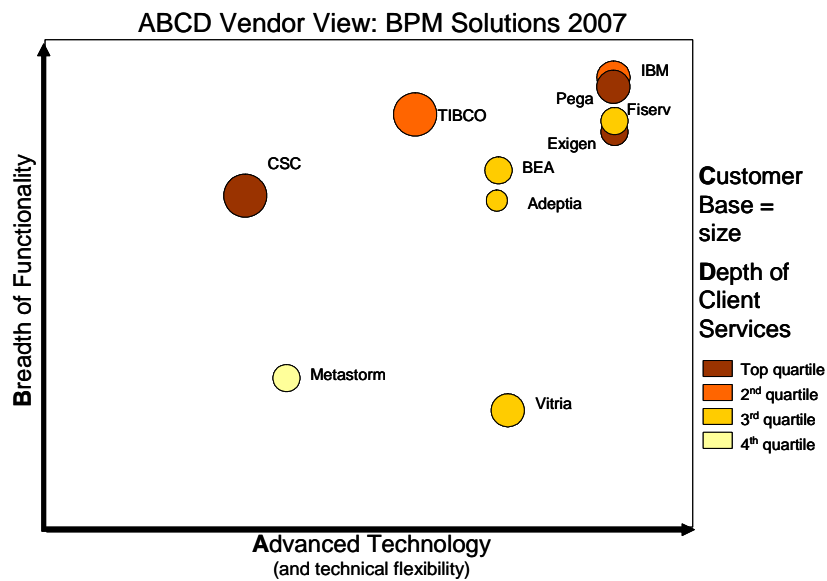
The ABCD Vendor View is intended to provide an easy to understand view of a complex vendor marketplace. Unlike a simple “four-quadrant” map, solutions in the upper right are

not necessarily the best solutions—in an area as complex and idiosyncratic as BPM solutions, there is no one “best” for all cases. Insurers should consider which factors in breadth, technology, experience, and client service are most important to them and use the profiles and comparative tables in this report to generate their own short lists.

The ABCD Vendor View positions each solution in a single X/Y scale, with the horizontal axis displaying the relative level of advanced technology and technical flexibility, and the vertical axis displaying the relative breadth of functionality.

The size of the system’s customer base is represented by the size of the bubble, while depth of client services is given a quartile ranking represented by color density. For both size of client base and depth of client services, vendors are assigned to a quartile (approximately the top 25%, next 25%, etc.).

Figure 2: ABCD Vendor View for BPM Solutions 2007



Source: Celent

ABOUT THE PROFILES

Each of the profiles presents information about the vendor and the BPM solution, the number of customers and references from a few customers contacted by Celent, functionality, usability and security, professional services and support, technology, and costs and implementation resources, and concludes with Celent's general evaluation. All vendors, excepting IBM, provided at least one reference that responded to Celent's inquiries.

The profiles also include four tables providing: brief descriptions of each solution's BPM elements; how it handles person and system interactions; platform, database, and code base technology; and integration and technology.

Concerning fees, Celent asked vendors to provide first year and subsequent year price and cost information for two hypothetical insurance holding companies:

- Insurance Holding Company A, with one P/C company, one L/H company, and three small noninsurance companies, writing business in six states, with a total combined premium of US\$300 million, with five concurrent and 20 total users
- Insurance Holding Company B, with four P/C companies, three L/H companies, and six small noninsurance companies, writing business in 32 states with a total combined premium of US\$2.1 billion, with 15 concurrent and 60 total users

The information included first year license and all other implementation costs (representing work by the insurer, vendor, or third party staff) as well as subsequent year support costs paid to the vendor.

When discussing insurance customers of the various solutions, the profiles use the terms small, medium, large, and very large insurers. Small insurers (Celent Tier 5) have under US\$100 million in annual premium; medium (Celent Tiers 3 and 4) have US\$100 million to US\$1 billion; large (Celent Tier 2) have US\$1 billion to \$5 billion; and very large (Celent Tier 1) have over US\$5 billion in annual premium.

ADEPTIA BUSINESS PROCESS MANAGEMENT SERVER

COMPANY AND PRODUCT BACKGROUND

Adeptia is a privately held firm, founded in 2000, based in Chicago, with 60 employees. In addition to insurance, Adeptia serves the automobile and finance industries and several others.

The Adeptia Business Process Management Server (BPMS) was first released in 2003. The most recent major upgrade was version 4.0 in 2005—the current release, version 4.5, was issued in December 2006. About 60% of Adeptia's clients are using version 4.5.

BPMS has a significant number of insurance-specific process and service templates. Service templates include: new business underwriting, agency downloads, TPA claims, and accounting for commissions and direct bill. Service templates include: ACORD AL3 and XML schemas,

Adeptia BPMS' differentiators include an emphasis on the integration aspects of BPM, powerful ways to access and transform data, availability of insurance-specific process templates and adapters, and rapid code-free implementation and generation of processes.

CUSTOMER BASE AND REFERENCES

There are two insurers (one small and one midsize) currently using Adeptia BPMS. There are a number of large well known noninsurance firms also using Adeptia BPMS, including GM, PepsiCo, and AT&T (SBC).

Adeptia's BPM tool received two excellent references: one from a property/casualty insurer which has been using the system for one to three years, and another from a manufacturing client which has used the system for more than three years. Clients gave high marks to all features, particularly the development environment, process design, and rules engine. One client described how the solution “created highly efficient business processes, thus decreasing expenses and creating a more customer service oriented workflow.” The other praised the “excellent foundation for integration solutions.” References suggested only minor changes to the system, including a need for better documentation and more service staff in the US.

FUNCTIONALITY

Adeptia BPMS has all six elements of a complete BPM solution. Its design environment is completely browser-based. Process design includes a drag and drop design tool for the

business user creating process templates. Developers then take process templates and build service tasks. Analytics and optimization are available in design, in runtime, and post-execution. The execution engine supports decision nodes, subprocesses, exception handling, forks, joins, and loops.

Adeptia BPMS supports all three person:system interaction pairs. Interactions tasks performed by separate users (person:person) can be linked to create a process flow. Adeptia BPMS process flows are a set of activities and tasks which can include person:system interactions. For system:system interactions Adeptia BPMS supports automated access, processing, and sending of data among applications and databases.

USABILITY AND SECURITY

Every day users and managers use a browser interface to work with Adeptia BPMS. Every day users have a task manager tool to manage their work. Managers can assign and reassign tasks among everyday users. They can also draw on a number of reports and real time dashboards to monitor workflow and performance. System administrators can configure Adeptia BPMS' properties and performance at any time. A system monitoring utility provides a current view of such information as the number of processes running and waiting, peak usage, and status of each process.

For security Adeptia BPMS offers role-based authority and privileges. Services and process flows can be assigned permissions as well. For data security, there is encryption/decryption for transmission and receipt.

PROFESSIONAL SERVICES AND SUPPORT

Adeptia has 16 professional services and support staff, of whom 70% worked on insurance projects last year. The staff averages five years experience. Adeptia also works with a few small and midsize consultants and systems integrators with insurance expertise, including Bespoke Management and Tech Services, and Key Management Group.

TECHNOLOGY

Adeptia BPMS is written completely in Java, using the J2EE framework. It can also call .NET applications directly and work with .NET Web services. Its preferred operating system is Windows, and it has been certified to run on Linux, Sun Solaris, and HP-UX. It will also run on z/OS and OS/400.

Oracle and SQL Server are the preferred databases, and there is a broad set of additional database options, including DB2, Sybase, and MySQL.

For SOA, Adeptia BPMS processes can be published as services, and Adeptia BPMS can call other services through the Web services Client Service. Adeptia BPMS also includes a number of prebuilt services such as human workflow, integration adapters, and events/triggers.

In addition to SOA, Adeptia BPMS has a metadata dictionary and a data mapper. It supports flat files, XML, EDI, ACORD AL3, and HL7. It has data transport adapters for HTTP, FTP, Email, JMS, and JCA. There are also adapters for several policy administration and rating systems, and for an IVANS transfer manager.

C O S T S A N D I M P L E M E N T A T I O N

First year license cost and implementation costs for a midsize insurer would be in the range of US\$150,000 to US\$600,000. The same costs for a large insurer would range from US\$200,000 to US\$1 million. Continuing support costs are 10% of the initial license fee. The license is available on both a perpetual basis and for a three year term. Pricing is a function of the number of components and named users, or on a flat fee basis.

Implementation can be fast. If an insurer starts with well defined business and technical requirements and process rules, it can take as little as four weeks for requirements and rules definitions, four to six week for implementation, and two to three weeks for deployment for a moderately complex first process. An implementation team will typically have about six and a half people: a part-time project leader, a technical lead, a business analyst, two developers and two testers.

S U M M A R Y

Adeptia BPMS is a relatively recent entrant in the BPM arena. Having begun with a number of implementations with Fortune 100 firms outside the insurance industry, Adeptia is making a major push into insurance. Its strengths include a full set of BPM elements, J2EE and 100% Java code, an attractive pricing structure, and rapid implementation, and an extensive set of insurance process templates. Some insurers may want to wait for Adeptia to grow a larger footprint, but others will be attracted by its cost/value proposition.

Table 2: Adeptia Business Process Management Server BPM Elements

Element	Element Name / Vendor Description
Development Environment	Adeptia BPMS offers a web-based collaborative development environment for developers and business analysts. All the run-time code is automatically generated.
Process Design	BPMS includes a graphical Process Designer that is used for the design of business processes and specification of business rules. Developers can take these process templates and directly implement them for execution by creating and populating each service task in the process flow.
Modeling	Process Designer component enables a user to visually model, create, update, and maintain electronic workflow processes that automate and enhance existing business systems and processes. Simulation capability is also offered to help business analysts perform cost-based and time-based estimates on modeled process flows.
Analytics and Optimization	BPMS offers process analytics and optimization during design time (simulation), run-time (in-flight process monitoring) and post-execution (logs and reports).
Process Repository and Management	BPMS includes a repository for processes and also for services that make up the processes. Typical repository management capabilities are provided, as well as information such as revision history, dependencies, owner, created by, and modified date.
Execution Engine	BPMS includes an orchestration engine for automated process execution. It supports decision nodes, sub-processes, exception handling, forks and joins and loops.
Monitoring and Management	A system monitoring screen is included that offers a graphical, consolidated view of server resources, users logged in, and all the processes that are running.
Business Rules Engine	BPMS includes a rules engine. A rule sets repository is available.
Content Management	BPMS includes document storage and management support that allows users to upload and download documents (in any format) during the workflow steps.

Source: Vendor response to RFI

Table 3: Adeptia Business Process Management Server People System Interactions

Element	Availability / Vendor Description
Person to Person	BPMS supports complete human workflow processes. A number of distinct workflow tasks can be chained together in the Process Designer to create a process flow.
Person to System	BPMS was designed to allow business users to interact with automated process flows.

Source: Vendor response to RFI

Table 3: Adeptia Business Process Management Server People System Interactions

Element	Availability / Vendor Description
System to System	BPMS supports fully automated flows that involve direct interaction with multiple systems to access, receive, process and send data to various databases and applications or external partners.
<i>Source: Vendor response to RFI</i>	

Table 4: Adeptia Business Process Management Server Technology Used

Technology	Usage
Platform(s)	The preferred operating system is Windows. Additional options: Linux, Sun Solaris and HP-UX, z/OS, and OS/400.
Database(s)	Preferred options: Oracle and SQL Server. Additional options: DB2, Sybase, and MySQL
Code Base	Java 100%
<i>Source: Vendor response to RFI</i>	

Table 5: Adeptia Business Process Management Server Integration and Connectivity

Method	Availability / Vendor Description
SOA / Web services	Processes can be published as services, and BPMS can call other services through the WS Client Service.
BPEL	Utilizes BPEL as a standard to compose Web services. Any process flow defined in BPEL can be imported and executed in the BPM Server.
XPDL	Supports XPDL by providing an ability to import and export XPDL models.
BPMN	BPMN is fully supported in the Process Designer.
Other Integration and Connection Methods	BPMS has a metadata dictionary and a data mapper. It supports flat files, XML, EDI, ACORD AL3, HL7. It has data transport adapters for HTTP, FTP, Email, JMS, and JCA.
<i>Source: Vendor response to RFI</i>	