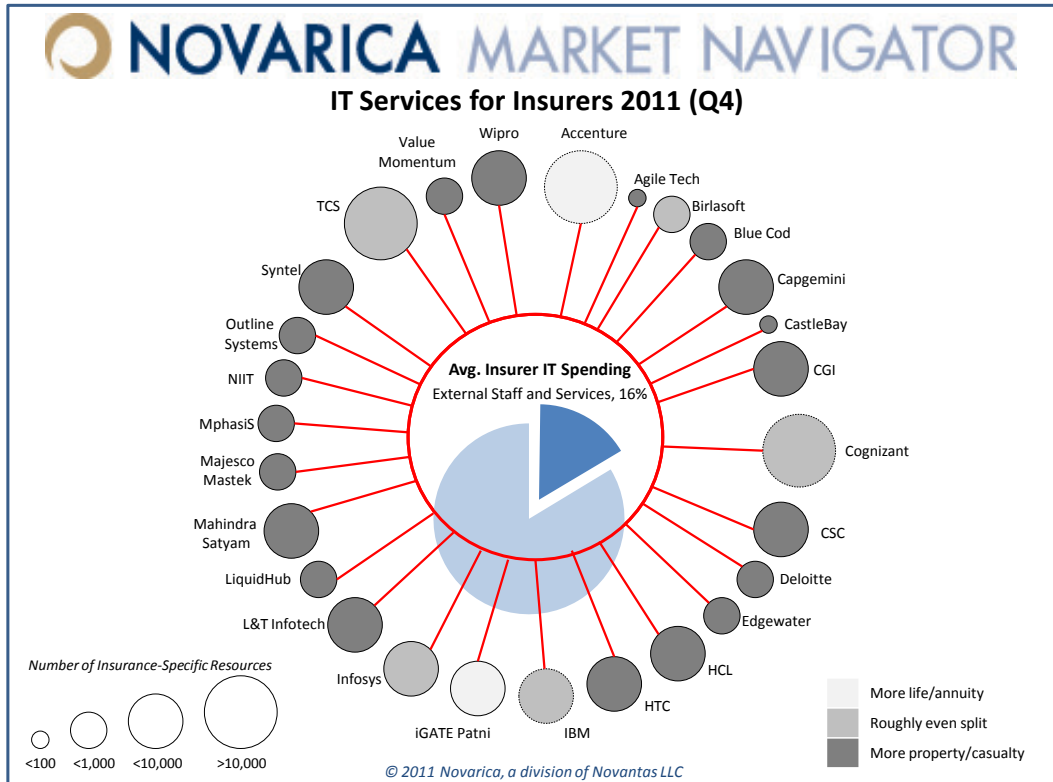




## NOVARICA MARKET NAVIGATOR™ Insurer IT Services Providers 2011 (Q4)

October 2011

Authorized Excerpt



### SUMMARY

This is an authorized excerpt from a recent Novarica report that provides an overview of some of the major IT services providers to North American insurers with a focus on their experience levels in key functional areas. The information in this report was collected directly from the solution providers using a proprietary Novarica RFI. The full report contains a brief profile of each vendor solution, including a chart detailing the provider's experience levels in specific functions.

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### AUTHORS

Matthew Josefowicz  
Partner and Managing Director  
mj@novarica.com

Lis Maguda  
Analyst  
emaguda@novarica.com

## INTRODUCTION

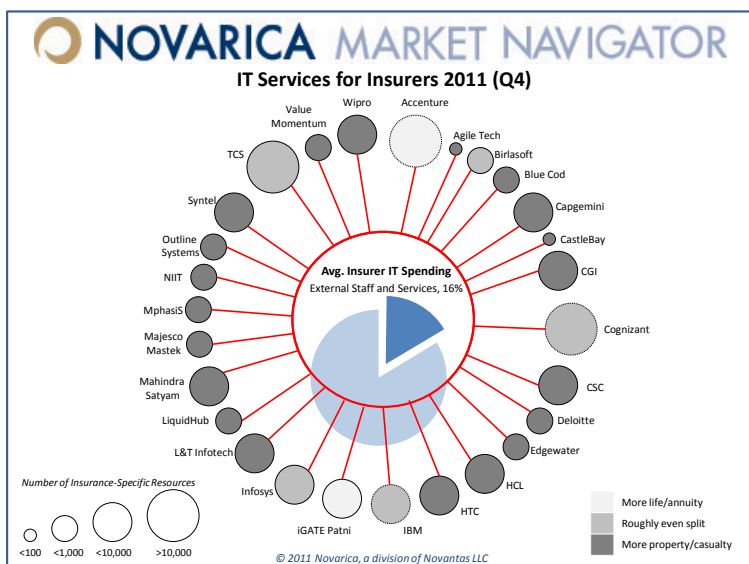
This is an authorized excerpt from a recent Novarica report designed to provide an overview of the current solution provider marketplace for IT services for insurers, and to assist insurers in drawing up their shortlists of potential providers based on vendor market position and offering details.

### About this Report

*Novarica Market Navigator™* reports do not provide subjective analysis or render judgment on each vendor's solution. They are based on factual responses to an RFI distributed by Novarica, and subsequent conversations with the vendors to validate and confirm responses. The RFI covers details of organization, number of trained resources onshore and offshore, and experience levels on specific types of projects and with specific software packages.

### About the Novarica Market Navigator Graphic

The Novarica Market Navigator graphic is designed to show the major participants in a marketplace in a single image. Novarica benchmarking research shows that insurers spend an average of 16% of their IT budgets on external staff and services, and the



graphic used in this report puts that estimate at the center, with 29 providers of external staff and services arranged clockwise in alphabetical order around this figure.

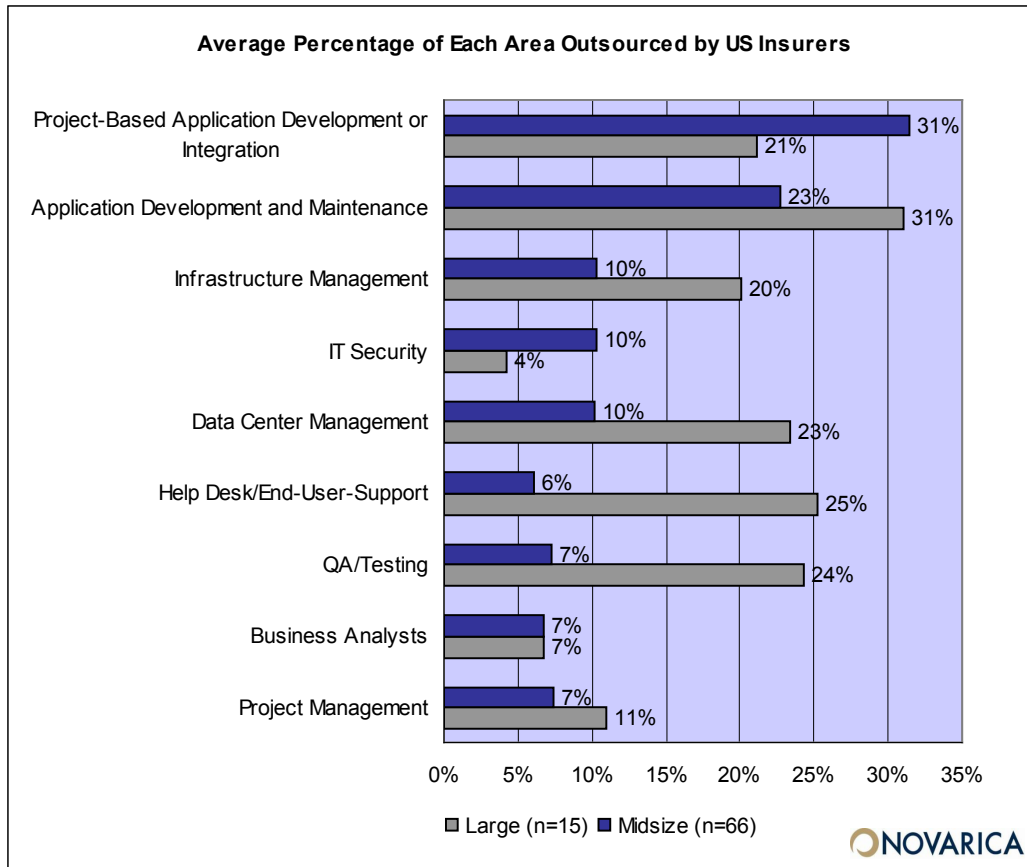
The sizes of the bubble in the graphic illustrate the number of resources (combined onshore and offshore) in the solution provider's insurance practice. In

some cases (Accenture and IBM), resource levels are estimated by Novarica rather than self-reported by the vendor. The color of the bubble shows whether the provider has more experience in property/casualty or life/annuity -- note that most of the providers have experience across both sectors.

### Related Research

- [IT Outsourcing by US Insurers: Current State and Plans for the Future](#)
- [Insurer Outsourcing Decision Framework](#)
- [Insurer Outsourcing Governance Framework](#)

## IT OUTSOURCING OVERVIEW



IT outsourcing or the use of external service partners has become a well-established element of most insurers' IT organizations. Novarica benchmarking research has found that insurers spend an average of 16% of their total IT budgets on external staff and services.

Large insurers (those with annual premiums over US\$1 billion) are significantly more advanced in their use of external IT services than midsize insurers. As the survey data above illustrates, large insurers are embracing external IT services beyond project work and traditional application development and maintenance, with the majority using at least some external IT services in every area except IT security, data center management, and business analysts.

Midsize insurers have much more limited experience with external IT services, concentrated primarily on project-based work, i.e. consulting. Midsize insurers are more cautious about planned expansions as well, but are primarily motivated by access to additional skilled resources and improved project delivery times and business agility rather than primarily by anticipated cost savings.

## BLUE COD TECHNOLOGIES

Blue Cod Technologies, Inc. (Blue Cod) is a private provider of business process outsourcing headquartered in Marlborough, MA with more than 200 employees. It has major service centers in Marlborough, MA and Tampa, FL. Approximately 250 onshore staff provide IT services to North American insurers, including 10 relationship managers with an average of over 20 years in the industry. Blue Cod has no offshore staff.

Blue Cod has ongoing application development and maintenance (ADM) relationships with more than 50 North American P/C carriers, including 10 with annual premium over \$1B. In the past 5 years, the company has also had approximately 250 technology and development engagements with North American P/C carriers, 50 of which were with carriers with annual premium over \$1B. Blue Cod does not provide IT services to L/H/A carriers. Publicly announced clients include Connecticut FAIR Plan, Armed Forces Insurance, and Narragansett Bay.

In the past 5 years, Blue Cod has had direct experience in policy administration, claims, billing, agent and policyholder e-business, business intelligence, integration, IT infrastructure, process management, IT management planning, remote infrastructure management, infrastructure services, and technology consulting.

Blue Cod has formal relationships with Vertafore, e2Value, AgencyPort, NaviSite, Prelude Software, Yodil, and Thunderhead. The company also has experience with and the rating bureau MSO, Inc.

Key differentiators cited by the company include its focus on the P/C market as well as its onshore staff, rapid delivery, and low cost. Blue Cod highlights its virtualized work distribution, which allows for cost control and focused regional hiring. Its customizable offerings include turnkey specialized programs that bundle services for common insurance processes such as CEA process, FAIR Plan process, assigned auto, and coastal homeowner. Blue Cod notes that its proprietary platform is designed to address regulatory issues.

Blue Cod offers all IT services surveyed by Novarica for P/C carriers only. See the chart on the following page for details.

## Blue Cod Client Experience: North American Insurers, last 5 years

	Size	P/C Insurers	L/A Insurers
General App Development and Maintenance	Over \$1B	More than 5 clients	Not Offered
	Under \$1B	More than 5 clients	Not Offered
Agent e-Business	Over \$1B	At least 1 client	Not Offered
	Under \$1B	More than 5 clients	Not Offered
Policyholder e-Business	Over \$1B	At least 1 client	Not Offered
	Under \$1B	At least 1 client	Not Offered
New Business Systems	Over \$1B	More than 5 clients	Not Offered
	Under \$1B	More than 5 clients	Not Offered
Policy Administration Systems	Over \$1B	More than 5 clients	Not Offered
	Under \$1B	More than 5 clients	Not Offered
Claims Systems	Over \$1B	More than 5 clients	Not Offered
	Under \$1B	More than 5 clients	Not Offered
Billing Systems	Over \$1B	More than 5 clients	Not Offered
	Under \$1B	More than 5 clients	Not Offered
Financial Systems	Over \$1B	More than 5 clients	Not Offered
	Under \$1B	More than 5 clients	Not Offered
IT Security	Over \$1B	At least 1 client	Not Offered
	Under \$1B	More than 5 clients	Not Offered
Workflow/BPM	Over \$1B	More than 5 clients	Not Offered
	Under \$1B	More than 5 clients	Not Offered
Testing	Over \$1B	More than 5 clients	Not Offered
	Under \$1B	More than 5 clients	Not Offered
Business Intelligence	Over \$1B	At least 1 client	Not Offered
	Under \$1B	More than 5 clients	Not Offered
Business Continuity Systems/Planning	Over \$1B	Offered, but no current clients	Not Offered
	Under \$1B	At least 1 client	Not Offered
IT Architecture Planning	Over \$1B	Offered, but no current clients	Not Offered
	Under \$1B	More than 5 clients	Not Offered

Source: Vendor response to Novarica RFI

## CONCLUSIONS

Insurers have a broad range of IT services providers to choose from. Novarica advises insurers to carefully evaluate staff experience and skills, as well as resource depth and specific expertise in key insurance areas when evaluating new partners. Insurers should also carefully evaluate project management methodologies and service-level agreements of new partners, and should speak extensively with reference accounts.

## ABOUT NOVARICA

Novarica provides information, insights, and perspective on markets, operations, and technology to financial services and insurance executives. The company delivers its service through published research, retained advisory services, and project-based consulting. Novarica's research includes market and trend analyses, best practices research, case studies, and independent analyses of insurance software vendors. Novarica draws its knowledge from the personal experience of its principals, the ongoing information gathering initiatives of dedicated research staff, and regular communication with insurer executives through informal networks and through the Novarica Insurance Technology Research Council. More information is available at [www.novarica.com](http://www.novarica.com).

## About the Authors



**Matthew Josefowicz** is a partner and the managing director at Novarica. He is a well-known and oft-quoted expert on insurance technology, operations, and e-business issues. He has presented his research and thought-leadership at numerous industry conferences and has worked directly with many US and international insurer CIOs to advise them on IT strategy and solution selection. He is also the creator of the Novarica ACE Rankings™ and the lead moderator of the Novarica Insurance Technology Research Council. Prior to launching the insurance practice at Novarica, he founded the global insurance group at analyst firm Celent and led it for more than six years. His other experience includes hedge fund D. E. Shaw & Co., LP. He holds a B.A. *magna cum laude* from Brown University. He can be reached directly at [mj@novarica.com](mailto:mj@novarica.com).

**Lis Maguda** is an analyst in Novarica's insurance practice. She holds a B.A. *cum laude* from Harvard University. She can be reached directly at [emaguda@novarica.com](mailto:emaguda@novarica.com).