

# SAP Suite for Insurance

## Transforming Enterprise Performance

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May 2013

### In the News

On April 3, 2013, SAP announced the acquisition of Camilion™ Solutions. The integration of the capabilities of these two companies creates a comprehensive offering for the insurance industry. SAP and Camilion have partnered together for almost two years on this offering. This acquisition has moved the relationship to the next level.

Headquartered in Walldorf, Germany, SAP is the market leader in enterprise application software. Founded in 1972, SAP has a rich history of innovation and growth, with a mission of helping companies of all sizes and industries run better. SAP delivers insurance solutions throughout the world. The corporation proudly counts more than 1,000 insurance companies as customers that rely on them to simplify claims management, streamline policy administration, and improve performance and customer service. SAP America, a subsidiary of SAP AG, oversees all business operations in North America from its headquarters in the Philadelphia area. SAP has had a presence in North America for some time, where they employ some 12,500 people.



***"The SAP Suite for Insurance provides the industry with a comprehensive, enterprise-wide solution that can give C-suite leaders the insight and power to transform operations and performance."***

***Karen Furtado, SMA Partner***

SAP offers a strong insurance suite, with robust integration to back-office systems, extensive audit trail capabilities, the ability to manage booking and system of record, world-class analytics, excellent support for companies that need to act globally, and a flexible technology base for in-memory, cloud, and mobility. SAP has made major investments in its HANA solution that include data base, applications, analytics, mobile, and cloud to support insurance finance and administration, operations, and sales and service. The SAP insurance platform, that includes policy, billing, claims, reinsurance, general ledger, and business intelligence, has had much success in many countries around the world. However, the policy administration offering has lacked the content and underwriting capabilities needed to compete in the US market. This weakness has been addressed with the acquisition of Camilion.

Camilion Solutions is a recognized provider of product development and management solutions for insurance and other financial services organizations. Founded in 2001, Camilion was a privately owned corporation with offices in Toronto and New York. Some of the world's largest financial services organizations are currently in

production with Camilion's Product Authority<sup>®</sup>, using it as a standalone enterprise product development and management solution, or as the innovative product agility platform on which Policy Authority<sup>™</sup>, a P&C policy administration system, is built.

Camilion, known for strength in data capture, underwriting, quote management, and product configuration, has lacked the ability to bring an enterprise solution that includes billing and claims to their customers. Camilion's innovative software solutions are helping insurers create enterprise product agility by allowing insurance organizations to develop the right product for the right customer at the right time. And, they are enabling key strategic initiatives such as product lifecycle management, dynamic product bundling and product rationalization. Camilion's integration of the ISO Electronic Rating Content (ERC) adds tremendous value by improving time to market and reducing the maintenance efforts associated with commercial lines rates and rules.

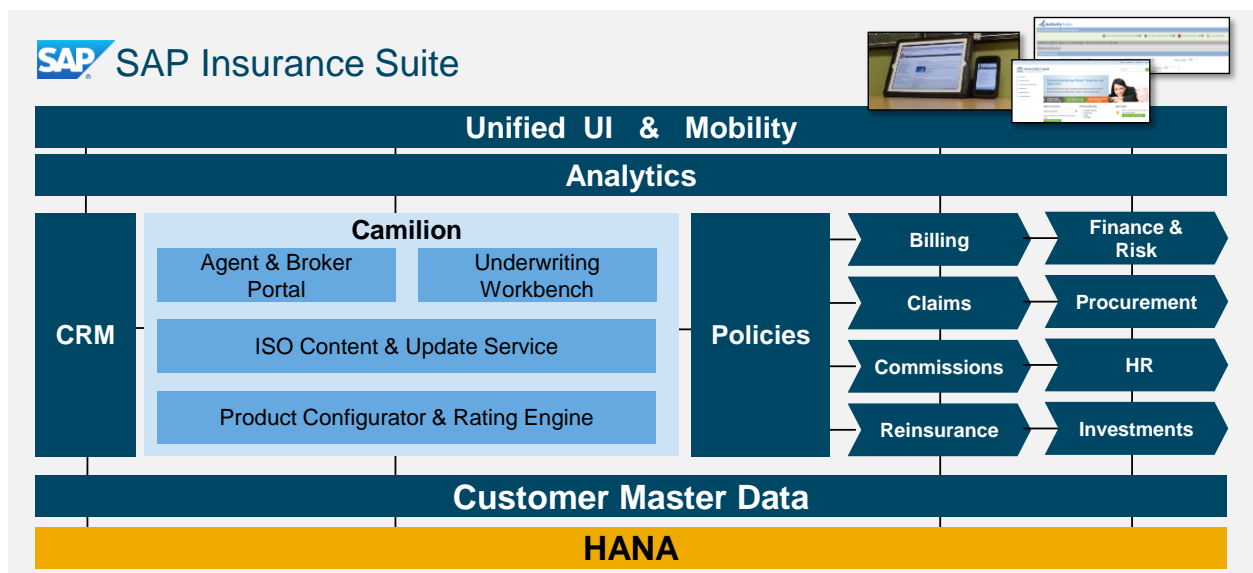
SAP's goal in initially partnering with and then acquiring Camilion is to provide North American insurers with a robust, integrated, yet modular insurance platform that empowers C-level insurance company leaders to transform operations and enterprise performance. This announcement is exciting because of what it offers to the North American insurance marketplace in terms of solution capabilities.

## Opportunity for Insurers

Insurance executives are looking for consolidated data and information to accelerate their decision processes and provide better insights into their books of business. In today's fast-paced, ever-changing environment, they need to be able to dynamically map the direction of the business to the strategies they've laid out, and quickly and easily adjust tactical plans to insure better performance. Some seek an enterprise-wide approach to solutions because of the flexibility it affords in managing legacy replacement requirements, thus allowing them to make the journey an evolution rather than a revolution. Others just find it easier and more effective to work with one solution provider than to manage multiple vendors.

The unification of SAP and Camilion strengths will bring new levels of capability and excellence to the insurance marketplace. Figure 1 depicts how the piece parts that are contributed by each partner are being joined together to create the "SAP for Insurance Suite" offering.

Figure 1. Functional View of SAP and Camilion Insurance Suite



Source: SAP

With the embedded integration of Camilion's product, SAP will be able to address the market with a new dedicated end-to-end suite product line. Camilion's Product Authority is already bringing new levels of automation and efficiency to the product development process, enabling organizations to get quality products to market faster. The power of obtaining ISO rates and rules through the ISO Electronic Rating content provides the content needed to accelerate an insurer's time to market. Built on a modern rules and tools-based technology platform, Policy Authority is known as one of the insurance industry's most product-agile P&C policy administration systems. SAP delivers the strength of the HANA analytics, integrated with the functionally rich core system capabilities of policy, rating, billing, and claims solutions.

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*The integrated yet modular SAP platform gives insurers the opportunity to pace implementation of new solution components and take an evolutionary approach to legacy replacement.*

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The modular approach gives insurers the ability to make changes in a planned manner while working toward an ultimate goal of implementing the full enterprise suite of SAP offerings. Those insurers that are currently using some elements of SAP's offerings will now be able to capitalize on this pre-integrated suite knowing there will be compatibility for all solutions in the suite. This enables a holistic view of data and information, and it affords seamless integration into a powerful data construct that can provide the insights that are needed for C-level executives to make the key business decisions that today's challenging environment demands.

## Watch Points

SAP has completed their Camilion certification process and has worked intensively with Camilion over the past year to integrate the technology and establish connectivity between the SAP and Camilion components of the suite. It appears that the hard part is done, but the full, successful integration of Camilion and SAP solution elements still needs to be proven. SAP will need to demonstrate strong integration capabilities that verify that the two solutions can work seamlessly and effectively together.

Many insurers have been working on their roadmaps, implementing changes in a planned approach. This offering will cause some to rethink their direction as it provides a new alternative for fulfilling their needs. The modular enterprise suite can be consumed one step at a time. The biggest change is that the end state will be different with a full, enterprise-wide suite solution.

In recent years, there has been strong market acceptance of core enterprise suites, including policy, billing, and claims. It may take some time for insurers to understand what is really possible – time for them to fully appreciate what the capabilities are and how they work. Then it is likely going to take time for insurers to form a strategy for how they might capitalize on an enterprise suite within their own organizations. For many, it will involve overcoming cultural and organizational barriers.

## SMA ViewPoint

The concept of an enterprise suite does not exist in the insurance solution arena today. On the surface, it appears that this acquisition provides major benefits to insurers looking for this level of integration – going beyond core to include all elements of the enterprise. SAP has traditionally had a challenging time breaking into the core system space in the United States. At the same time, Camilion has been shut out of a number of deals because they were not able to fulfill the burgeoning needs for an enterprise core system. Together, the

combined company is now able to deliver a strong solution – each compensating well for what the other was missing.

SAP is a very disciplined company. They have achieved significant success in both developing and acquiring assets that add value to many businesses. Their methodical commitment to providing a new, more sophisticated solution to the insurance market, one that encompasses all aspects of the business and insurance operations, will deliver opportunities that have never before been presented to the market. This comprehensive approach will give insurers new options. Those insurers that are looking for a way to more dynamically manage their business and want a single vendor relationship will likely find that this offering is able to help them reach their objectives more quickly. Companies interested in consolidating their enterprise services and desiring the advantages of a pre-integrated enterprise suite will want to evaluate this solution. With such rich integrated capabilities, C-level leaders can shift from concentrating on integration issues to focusing on results.



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