

Oracle Confirms Its Road Map and Vision for Insurance

Kimberly Harris-Ferrante

Although Oracle has long dabbled in insurance, it lacked an industry vision or complete product portfolio. Acquisitions and development of this vision will help Oracle meet customer needs and be more competitive.

Event

On 23 September 2008, Oracle launched Oracle Insurance, a new business unit, and Oracle Application Integration Architecture (AIA) Foundation Pack for Insurance targeted at claims. In the announcement, Oracle highlighted its plan for its vision to create a more cohesive set of insurance applications with prebuilt integration and continued investment to fill product gaps and enhance existing solutions.

Analysis

Oracle has finally launched its insurance business and promoted its vision on how it will serve insurers and integrate its products. This is critical for Oracle to execute its focus for prebuilt integration across systems and remain open — and to keep best-of-breed product quality in its acquired applications through continual investment and enhancements, and not be merely a "collector" of applications.

Oracle's ultimate goal is to offer end-to-end solutions for insurers. It plans a rollout through 2009 of new releases of its current insurance systems (AdminServer for life policy and new business, Skywire, and Oracle claims). The road map beyond will focus on expanding globally and integrating solutions for distribution management, policy life cycle management, claims management, straight-through processing for life insurance and health insurance claims. Oracle must fill capability gaps, such as property and casualty (P&C) policy administration, in which it will invest to build out P&C capabilities in AdminServer and integrate with the InsBridge rating engine acquired from Skywire Software. Oracle also must strengthen billing and insurance business intelligence by leveraging Skywire's Thazar solution.

With these various products in hand and its new unit and vision formed, Oracle faces key challenges:

- Offering prebuilt integration for all Oracle products. Although the AIA pack will enable P&C insurers to speed up application integration for claims processes between Siebel CRM Claims and Oracle's PeopleSoft Enterprise or Oracle E-Business Suite Financials, more is needed. Oracle must also keep solutions open to ease integration with non-Oracle and surrounding applications.
- Organizing a sales model and sales force to market these offerings in a simple manner that is easy to understand.
- Expanding globally, add country-specific functions and establish sales channels that understand the insurance business.
- Growing domain knowledge in P&C policy processing and health claims.

Oracle finally has brought insurance to the top view, acquired needed domain experts and separated the solutions to be run by a dedicated business unit that has direct input to Oracle's president — all indicators that Oracle has at last moved aggressively to effectively compete in the insurance solutions market.

RECOMMENDATIONS

- **Oracle customers and prospects:** We expect Oracle will surmount its challenges given the commitment and funding support for this new business, and similar success in other industries (such as banking). In the short term, expect product enhancements and continue investment in AIA. However, fulfilling an end-to-end product suite will likely take 12 months or more.

RECOMMENDED READING

- "The Insurance Megavendor: New Hopes for Insurance Software" — To reduce costs, insurers seek to buy software for insurance core processes from megavendors, which offer many systems that share a common technology foundation and are preintegrated. **By Kimberly Harris-Ferrante**
- "MarketScope for North American Life Insurance Policy Administration Vendors" — Oracle's acquisition of AdminServer will strengthen the company by making funding available to fill product gaps and make the solution suitable for international markets. **By Kimberly Harris-Ferrante**

(You may need to sign in or be a Gartner client to access the documents referenced in this First Take.)

REGIONAL HEADQUARTERS

Corporate Headquarters

56 Top Gallant Road
Stamford, CT 06902-7700
U.S.A.
+1 203 964 0096

European Headquarters

Tamesis
The Glanty
Egham
Surrey, TW20 9AW
UNITED KINGDOM
+44 1784 431611

Asia/Pacific Headquarters

Gartner Australasia Pty. Ltd.
Level 9, 141 Walker Street
North Sydney
New South Wales 2060
AUSTRALIA
+61 2 9459 4600

Japan Headquarters

Gartner Japan Ltd.
Aobadai Hills, 6F
7-7, Aobadai, 4-chome
Meguro-ku, Tokyo 153-0042
JAPAN
+81 3 3481 3670

Latin America Headquarters

Gartner do Brazil
Av. das Nações Unidas, 12551
9º andar—World Trade Center
04578-903—São Paulo SP
BRAZIL
+55 11 3443 1509