

By Gates Ouimette

Whether dealing with enterprise resource planning or business-process applications, insurers have many choices when selecting systems.

Best of Breed or Super Suite?

While business decisions continue to be made around the pros and cons of enterprise application suites vs. best-of-breed applications, the importance of these types of decisions increases regularly. Most recently, while the Microsoft-SAP merger didn't happen, it appears at press time that an Oracle acquisition of Peoplesoft has gathered steam.

On both sides of the equation, for existing Oracle or existing Peoplesoft application users, investments have been made in core applications. Add-on modules for additional line-of-business or corporate functionality may now have additional associated risks. Questions arise, including: Which vendors' application modules will survive? Is there overlap? If an investment is made, how long will there be support or enhancements?

All enterprise insurance companies have different business requirements, unique application portfolios to support them and multiple initiatives at varying stages of decision/implementation. Not all companies use Oracle or Peoplesoft applications and the concept of best-of-breed vs. super-suite is by no means limited to these two vendors.

As implied by its name, an enterprise software best-of-breed approach defines a lowest common denominator into which multiple vendors' software will be integrated. Typically, this will be a central data repository. Software purchases are based on adherence to that lowest denominator and are made based upon price/performance on a specific piece of functionality, regardless of the software vendor.

A super-suite approach has enabled software industry giants such as Oracle, PeopleSoft, SAP and Microsoft to grow and prosper. Within this approach, individual application module functionality remains the key decision driver but is coupled with a preference for ease of doing business and ongoing support/maintenance with one vendor.

Regardless of the outcome of software industry acquisitions/mergers, the choices available to insurers will continue to be dynamic. Applicable to many applications, the choice of super suite vs. best of breed is one way to manage risk and/or improve application functionality.

Two schools of thought around this type of choice are evident in the insurance industry. Insurers are using both approaches, with some favoring best-of-breed and others favoring a super-suite approach. For one insurer, an enterprise resource planning leader is being used by its financials department, providing them an easier way to define/manage/track business processes and data flows crucial for Sarbanes-Oxley compliance.

Separately, the insurer's human resource department is using a data-repository-centric approach, despite the

strength of their enterprise resource planning vendor in the human-resource management systems space. Using an enterprise database as the epicenter of its human-resource application portfolio, human resource-specific applications are then required to use that data repository, where a focus on data cleansing and data mapping has been centralized. Within the department, the focus can be on best-of-breed at the application level. They don't need to concern themselves with whose application they are using, as long as the application itself can tie back into their enterprise data repository.

The choice of super suite vs. best of breed is one way to manage risk and/or improve application functionality.

While in a super-suite approach, a benefit is dealing with one software vendor and leaving the application integration to that vendor, how would one integrate applications in a best-of-breed scenario? With data centralized, the focus then becomes integration at a higher level within the set of applications. Web services, via a service-oriented architecture, can become the "integration glue."

One example being played out today is the success of application companies such as Salesforce.com in increasingly large organizations. Salesforce.com's success within enterprise financial services firms is less the promise of their own super-suite and more their embracing of service-oriented architectures and supporting Web services standards. Salesforce.com's investment in service-oriented architecture and Web services is key.

Any software company focused on offering a best-of-breed application can lever the use of service-oriented architecture and Web services. Insurance industry application vendors are moving aggressively in that direction. With the continuing emergence of service-oriented architecture and Web services, insurers now have increased flexibility in their application decision criteria. While super-suite solutions definitely have merit, some of the risk

of using best-of-breed solutions is diminishing. In the area of super-suite vs. best-of-breed applications, technology continues to evolve in support of dynamic business requirements. **BR**



Gates Ouimette, a Best's Review columnist, is an account executive with USI. He can be reached at insight@bestreview.com.

When you need to know

BEST'S REVIEW

what's going on in the insurance industry...

Subscribe to *Best's Review*®—now available in two convenient formats!

Recognized for excellence by the American Society of Business Publication Editors, *Best's Review* is the insurance industry's magazine of record. When you subscribe to *Best's Review*, you'll get 12 months of in-depth coverage of the topics that affect you most:

Industry Strategies

What's behind the trends that are shaping the insurance industry, and where they are headed.

Technology

A detailed look at what technology can—and can't—do for insurers.

Property/Casualty

Pressing Property/Casualty industry concerns, such as catastrophe risk, terrorism-related issues and more.

Life/Health

Hot topics for Life/Health insurers, from annuities to viaticals.

Subscribers also receive access to three years' worth of archived articles at www.bestreview.com. To subscribe, go to www.bestreview.com or call Customer Service at (908) 439-2200, ext. 5742.

Best's Review is now also available online at NewsStand.com. Enjoy the look and feel of *Best's Review* in its original format, delivered as a PDF to your computer screen. To subscribe to *Best's Review* online, go to www.newsstand.com.

When you need the insurance industry to know what's going on with you...

Advertise in *Best's Review*

Your ad in *Best's Review* will be seen by nearly 47,700* subscribers—and thousands more pass-along readers—ultimately reaching more than 124,000 insurance professionals.

More important, research shows that 74% of our insurance company subscribers are vice presidents or higher.** That means our readers have the power to make purchasing decisions about your company's products and services!

To reserve your space or get more information:

Visit www.bestreview.com/media, e-mail advertising_sales@ambest.com or call Customer Service at (908) 439-2200, ext. 5399.

*Average qualified circulation, June–December 2002.

**Statistic from Harvey Research Surveys to Home Office Executives, Risk Managers and Agent/Brokers, 1998–2000.

Promote your company with a reprint

Articles or studies featuring your company can spread the word about your role in the industry. Reprints or electronic versions of *Best's Review* articles and reports can serve many valuable purposes:

- Use them as marketing materials.
- Post them on your company Web site.
- Hand them out at trade shows.
- Use them as an informational tool for employees or clients.

Also available: Reprints of articles from *BestWeek*® and *BestWire*® and reprints of Statistical Studies and Special Reports.

For more information about Reprint Services, call (908) 439-2200, ext. 5557, send an e-mail to article_reprints@ambest.com or visit www.ambest.com/sales/reprints.



The Insurance Information Source

A.M. Best Company • Ambest Road • Oldwick, NJ 08858 • www.bestreview.com