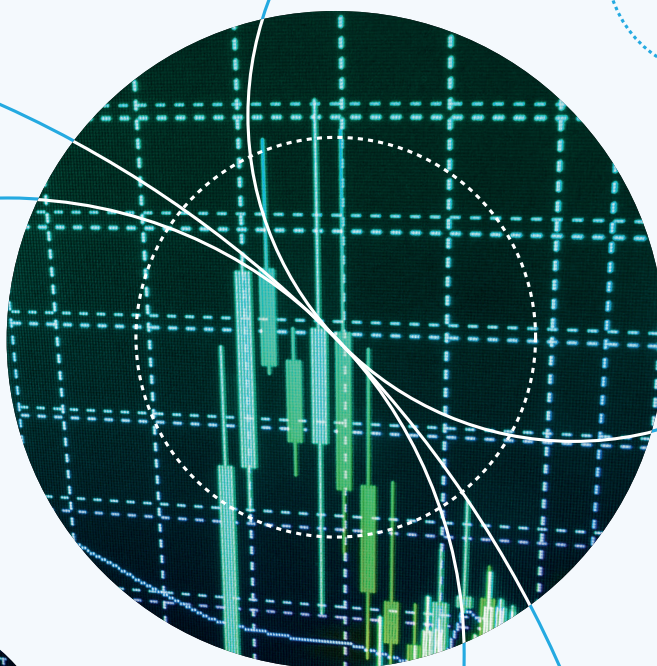
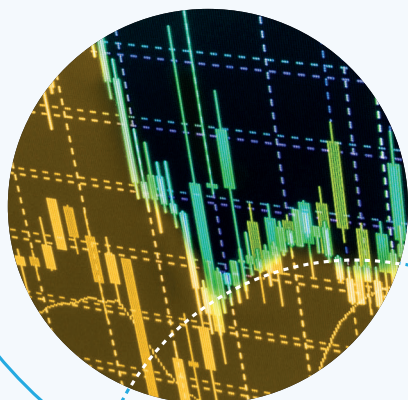


FIS: RiskTech Quadrant®

Insurance Risk Systems for IFRS 17/LDTI Compliance, 2020



Chartis Research is the leading provider of research and analysis on the global market for risk technology. It is part of Infopro Digital, which owns market-leading brands such as Risk and WatersTechnology. Chartis' goal is to support enterprises as they drive business performance through improved risk management, corporate governance and compliance, and to help clients make informed technology and business decisions by providing in-depth analysis and actionable advice on virtually all aspects of risk technology. Areas of expertise include:

- Credit risk.
- Operational risk and governance, risk and compliance (GRC).
- Market risk.
- Asset and liability management (ALM) and liquidity risk.
- Energy and commodity trading risk.
- Financial crime including trader surveillance, anti-fraud and anti-money laundering.
- Cyber risk management.
- Insurance risk.
- Regulatory requirements including Basel 2 and 3, Dodd-Frank, MiFID II and Solvency II.

Chartis is solely focused on risk and compliance technology, which gives it a significant advantage over generic market analysts.

The firm has brought together a leading team of analysts and advisors from the risk management and financial services industries. This team has hands-on experience of implementing and developing risk management systems and programs for Fortune 500 companies and leading consulting houses.

Visit www.chartis-research.com for more information.

Join our global online community at www.risktech-forum.com.

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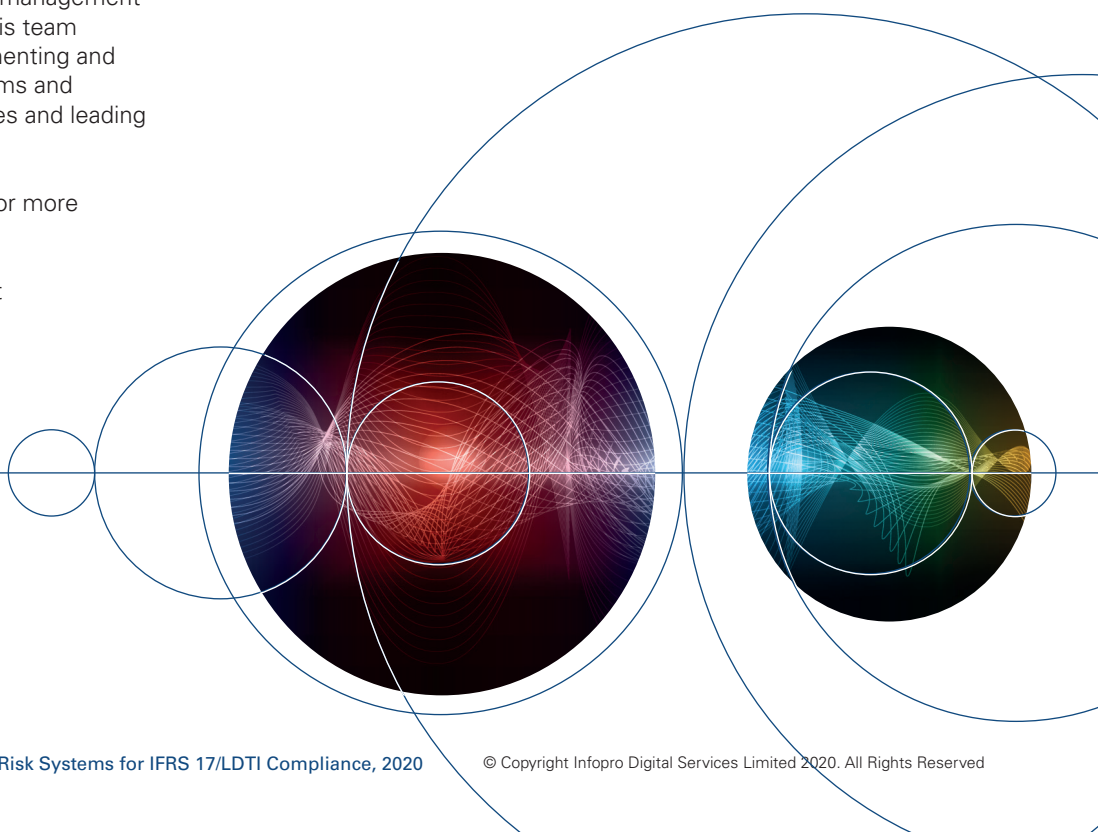


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1. In this research paper

This research paper is based on material originally published in the Chartis Research report *Insurance Risk Systems for IFRS 17 and LDTI Compliance, 2020: Market Update and Vendor Landscape*. It includes the following:

- RiskTech Quadrants® for IFRS¹ 17/LDTI² compliance:
 - Accounting systems solutions.
 - Data management and reporting solutions.
 - Actuarial modeling solutions.
- FIS' IFRS 17/LDTI solutions: capabilities and market position.
- RiskTech Quadrant® methodology.

¹ International Financial Reporting Standard.

² Generally Accepted Accounting Principles (GAAP) ASU 2018-12, Targeted Improvements to the Accounting for Long-Duration Contracts.

2. RiskTech Quadrants® for IFRS 17/LDTI compliance

Figures 1-3 illustrate Chartis' view of the vendor landscape for IFRS 17/LDTI compliance solutions:

- Accounting systems solutions.
- Data management and reporting solutions.
- Actuarial modeling solutions.

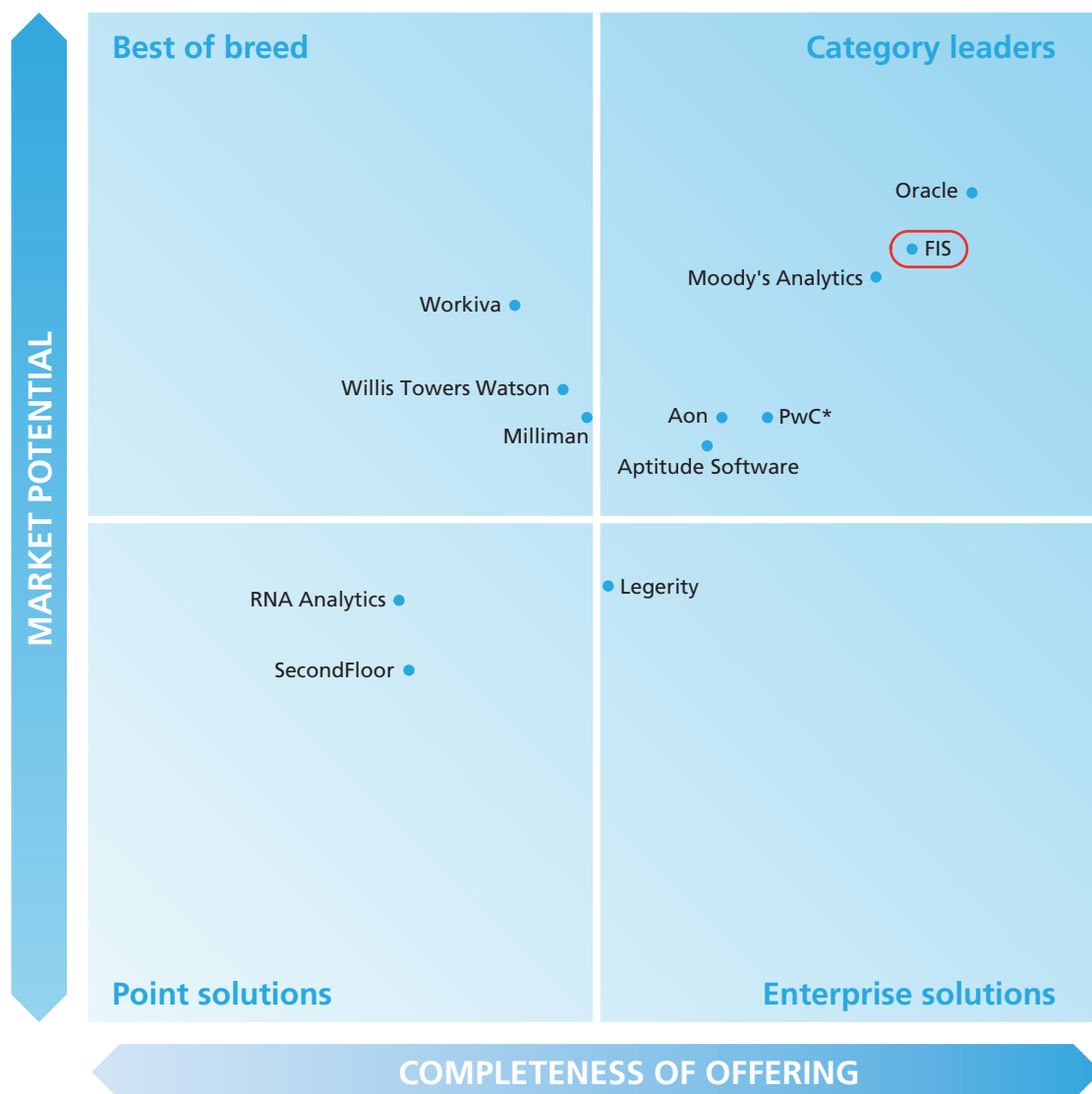
The RiskTech Quadrant® is a proprietary methodology developed specifically for the risk technology marketplace. It takes into account the product, technology and organizational capabilities of vendors. Appendix A sets out the generic methodology and criteria used for the RiskTech Quadrant®.

Figure 1: RiskTech Quadrant® for IFRS 17/LDTI compliance – accounting systems solutions, 2020 (highlighting FIS' position)



* PwC's specific solution is 'PwC's IFRS 17 In A Box'
Source: Chartis Research

Figure 2: RiskTech Quadrant® for IFRS 17/LDTI compliance – data management and reporting solutions, 2020 (highlighting FIS' position)



* PwC's specific solution is 'PwC's IFRS 17 In A Box'
Source: Chartis Research

Figure 3: RiskTech Quadrant® for IFRS 17/LDTI compliance – actuarial modeling solutions, 2020
(highlighting FIS' position)



Source: Chartis Research

3. FIS' IFRS 17/LDTI solutions: capabilities and market position

FIS: company summary

FIS is a leading provider of technology solutions for merchants, banks and capital markets firms globally. Its offerings cover software, services, consulting and outsourcing, and focus on areas including retail and institutional banking, payments, asset and wealth management, and risk and compliance.

Headquartered in Jacksonville, Florida, FIS is a Fortune 500 company and is a member of Standard & Poor's 500 Index.

Quadrant dynamics

Accounting systems

The accounting system quadrant features a range of vendors, including specialist accounting system providers and established vendors from the insurance actuarial modeling space. The quadrant is populated by a few key players, which is reflected in the lack of point and enterprise solutions.

Data management and reporting solutions

The data management and reporting quadrant contains the most vendors, and covers the widest distribution of capabilities. The vendor market for data management and reporting is well-established; generally, vendors are honing their offerings in response to market feedback.

Actuarial modeling solutions

The actuarial modeling quadrant is dominated by large historically established players that have expanded and adjusted their offerings to cover IFRS 17 and LDTI compliance. There are many category leaders in this space, which have serviced insurance actuarial modeling for some time. This is largely due to the preponderance of 'end-to-end' large established players in our current coverage.

FIS' IFRS 17/LDTI offerings

Accounting systems

FIS, with its competitive accounting solution for IFRS 17/LDTI compliance, appears as a category leader in this quadrant, based in part on a notably high market potential score. FIS' existing client base, and its growth strategy, give it a firm foundation on which to expand as an accounting systems provider. Its solution integrates Prophet journal/external entries, and generates financial reports and disclosures for IFRS 17/LDTI compliance. These calculations include measurement models and load opening, as well as expected balances from data repositories.

FIS scored well for its general ledger integration, its insurance contract qualification, and its IFRS 17-specific compliance functionality. Its general ledger functionality offers users considerable flexibility; they can deploy a custom IFRS 17 sub-ledger and integrate it with a general ledger, or use it independently. The dedicated sub-ledger acts as an important unifying tool between the finance and actuarial teams, enabling users to approach compliance from different perspectives in accessing financial results. The solution accommodates and integrates different methods of accounting, giving users flexibility in multi-GAAP reporting.

Data management and reporting solutions

FIS is a category leader in this quadrant, based on a comprehensive completeness of offering and a correspondingly high market potential. The vendor's solution scored especially well for its data model, data lineage and tagging, and data storage functionality.

The solution includes an insurance data repository that calibrates data according to a 'business matrix', which is especially valuable for categorizing data across an entire business. The FIS system can import and integrate data from Prophet or alternative systems, while the insurance data repository acts as a data warehouse that stores master versions of all reporting and reference data. The system also uses an underlying multi-model database that enables the rapid processing of varied and granular data, with significant scope for scalability.

Actuarial modeling solutions

In this quadrant FIS was again a category leader, achieving a notably high market potential score, due in part to its broad international market penetration. The vendor approaches the market for IFRS 17/LDTI actuarial modeling solutions with a legacy of successful product offerings in the insurance space. With its extensive Prophet actuarial modeling libraries, the solution has extensive coverage of the life, non-life and health markets.

FIS provides a single platform that can be used for IFRS 17/LDTI compliance, integrated with functionality that covers business planning and capital and reserving calculations. Prophet also provides insurance asset and liability management (ALM) functionality, which is a key associated process beyond IFRS 17/LDTI compliance. Prophet also scored highly for its valuation and pricing and its breadth of coverage. It covers a wide range of regional-specific demands and product types, while its actuarial libraries include various insurance services, as well as IFRS 17/LDTI reporting requirements.

4. Appendix A: RiskTech Quadrant® methodology

Chartis is a research and advisory firm that provides technology and business advice to the global risk management industry. Chartis provides independent market intelligence regarding market dynamics, regulatory trends, technology trends, best practices, competitive landscapes, market sizes, expenditure priorities, and mergers and acquisitions. Chartis' RiskTech Quadrant® reports are written by experienced analysts with hands-on experience of selecting, developing, and implementing risk management systems for a variety of international companies in a range of industries including banking, insurance, capital markets, energy, and the public sector.

Chartis' research clients include leading financial services firms and Fortune 500 companies, leading consulting firms, and risk technology vendors. The risk technology vendors that are evaluated in the RiskTech Quadrant® reports can be Chartis clients or firms with whom Chartis has no relationship. Chartis evaluates all risk technology vendors using consistent and objective criteria, regardless of whether or not they are a Chartis client.

Where possible, risk technology vendors are given the opportunity to correct factual errors prior to publication, but cannot influence Chartis' opinion. Risk technology vendors cannot purchase or influence positive exposure. Chartis adheres to the highest standards of governance, independence, and ethics.

Inclusion in the RiskTech Quadrant®

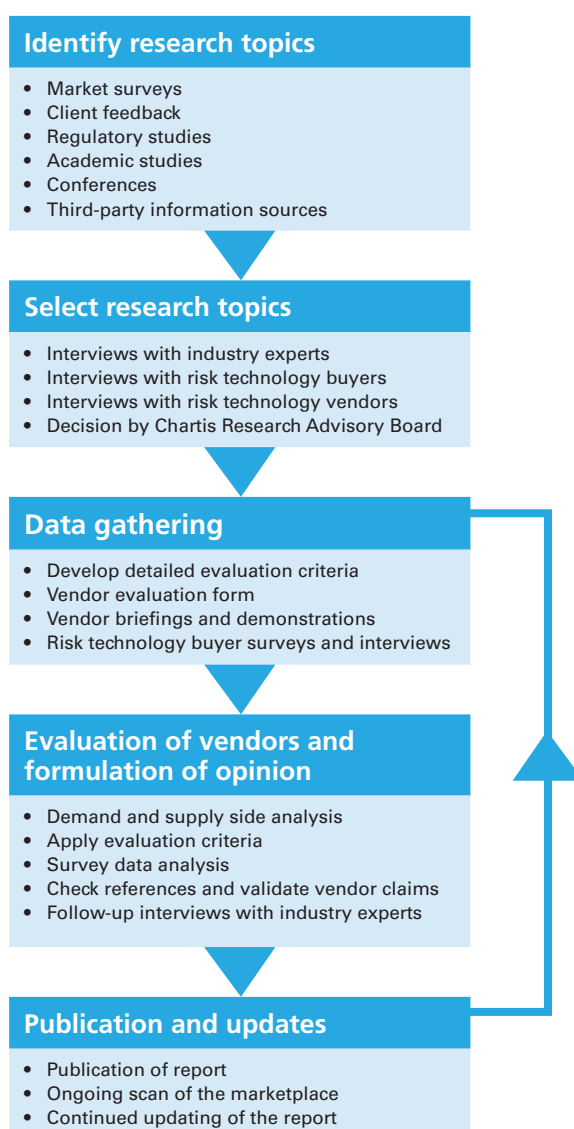
Chartis seeks to include risk technology vendors that have a significant presence in a given target market. The significance may be due to market penetration (e.g. large client-base) or innovative solutions. Chartis does not give preference to its own clients and does not request compensation for inclusion in a RiskTech Quadrant® report. Chartis utilizes detailed and domain-specific 'vendor evaluation forms' and briefing sessions to collect information about each vendor. If a vendor chooses not to respond to a Chartis vendor evaluation form, Chartis may still include the vendor in the report. Should this happen, Chartis will base its opinion on direct data collated from risk technology buyers and users, and from publicly available sources.

Research process

The findings and analyses in the RiskTech Quadrant® reports reflect our analysts' considered opinions, along with research into market trends, participants, expenditure patterns, and best

practices. The research lifecycle usually takes several months, and the analysis is validated through several phases of independent verification. Figure 4 below describes the research process.

Figure 4: RiskTech Quadrant® research process



Source: Chartis Research

Chartis typically uses a combination of sources to gather market intelligence. These include (but are not limited to):

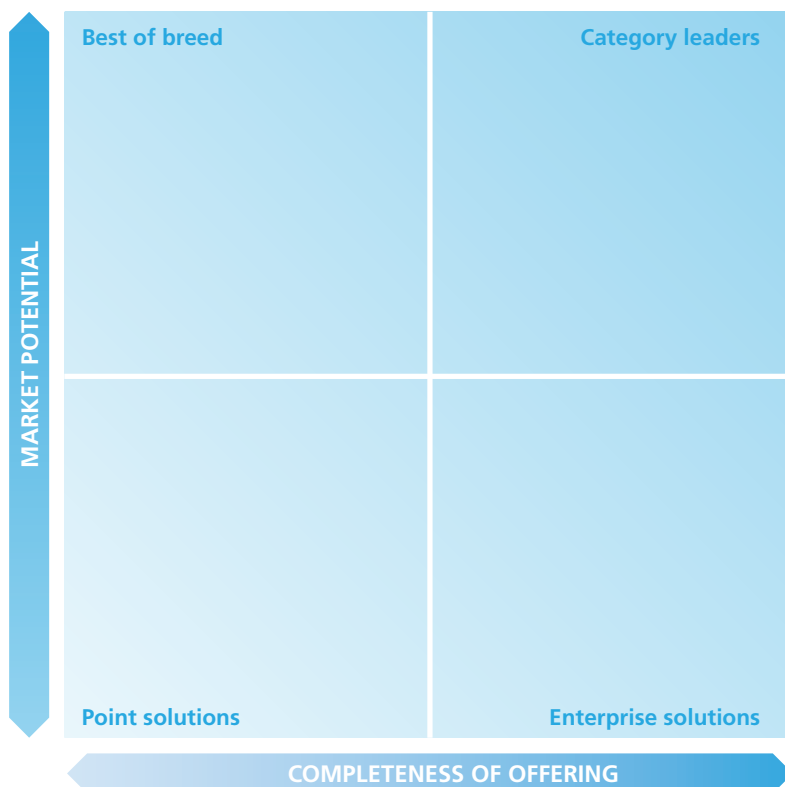
- **Chartis vendor evaluation forms.** A detailed set of questions covering functional and non-functional aspects of vendor solutions, as well as organizational and market factors. Chartis' vendor evaluation forms are based on practitioner level expertise and input from real-life risk technology projects, implementations, and requirements analysis.
- **Risk technology user surveys.** As part of its ongoing research cycle, Chartis systematically surveys risk technology users and buyers, eliciting feedback on various risk technology vendors, satisfaction levels, and preferences.
- **Interviews with subject matter experts.** Once a research domain has been selected, Chartis undertakes comprehensive interviews and briefing sessions with leading industry experts, academics, and consultants on the specific domain to provide deep insight into market trends, vendor solutions, and evaluation criteria.
- **Customer reference checks.** These are telephone and/or email checks with named customers of selected vendors to validate strengths and weaknesses, and to assess post-sales satisfaction levels.
- **Vendor briefing sessions.** These are face-to-face and/or web-based briefings and product demonstrations by risk technology vendors. During these sessions, Chartis experts ask in-depth, challenging questions to establish the real strengths and weaknesses of each vendor.
- **Other third-party sources.** In addition to the above, Chartis uses other third-party sources of information such as conferences, academic and regulatory studies, and collaboration with leading consulting firms and industry associations.

Evaluation criteria

The RiskTech Quadrant® (see Figure 5) evaluates vendors on two key dimensions:

1. Completeness of offering
2. Market potential

Figure 5: RiskTech Quadrant®



Source: Chartis Research

We develop specific evaluation criteria for each piece of quadrant research from a broad range of overarching criteria, outlined below. By using domain-specific criteria relevant to each individual risk, we can ensure transparency in our methodology, and allow readers to fully appreciate the rationale for our analysis.

Completeness of offering

- **Depth of functionality.** The level of sophistication and amount of detailed features in the software product (e.g. advanced risk models, detailed and flexible workflow, domain-specific content). Aspects assessed include: innovative functionality, practical relevance of features, user-friendliness, flexibility, and embedded intellectual property. High scores are given to those firms that achieve an appropriate balance between sophistication and user-friendliness. In addition, functionality linking risk to performance is given a positive score.
- **Breadth of functionality.** The spectrum of requirements covered as part of an enterprise risk management system. This will vary for

each subject area, but special attention will be given to functionality covering regulatory requirements, multiple risk classes, multiple asset classes, multiple business lines, and multiple user types (e.g. risk analyst, business manager, CRO, CFO, Compliance Officer). Functionality within risk management systems and integration between front-office (customer-facing) and middle/back office (compliance, supervisory, and governance) risk management systems are also considered.

- **Data management and technology infrastructure.** The ability of risk management systems to interact with other systems and handle large volumes of data is considered to be very important. Data quality is often cited as a critical success factor and ease of data access, data integration, data storage, and data movement capabilities are all important factors. Particular attention is given to the use of modern data management technologies, architectures, and delivery methods relevant to risk management (e.g. in-memory databases, complex event processing, component-based architectures, cloud technology, software-as-a-service). Performance, scalability, security, and data governance are also important factors.
- **Risk analytics.** The computational power of the core system, the ability to analyze large amounts of complex data in a timely manner (where relevant in real time), and the ability to improve analytical performance are all important factors. Particular attention is given to the difference between 'risk' analytics and standard 'business' analytics. Risk analysis requires such capabilities as non-linear calculations, predictive modeling, simulations, scenario analysis, etc.
- **Reporting and presentation layer.** The ability to present information in a timely manner, the quality and flexibility of reporting tools, and ease of use are important for all risk management systems. Particular attention is given to the ability to do ad-hoc 'on-the-fly' queries (e.g. what-if-analysis), as well as the range of 'out-of-the-box' risk reports and dashboards.

Market potential

- **Business model.** Includes implementation and support and innovation (product, business model and organizational). Important factors include size and quality of implementation team, approach to software implementation, and post-sales support and training. Particular attention is given to 'rapid' implementation methodologies and 'packaged' services offerings. Also evaluated are new ideas, functionality and technologies to solve specific risk management problems. Speed to market, positioning, and translation into incremental revenues are also important success factors in launching new products.
- **Market penetration.** Volume (i.e. number of customers) and value (i.e. average deal size) are considered important. Rates of growth relative to sector growth rates are also evaluated. Also covers brand awareness, reputation, and the ability to leverage current market position to expand horizontally (with new offerings) or vertically (into new sectors).
- **Financials.** Revenue growth, profitability, sustainability, and financial backing (e.g. the ratio of license to consulting revenues) are considered key to scalability of the business model for risk technology vendors.
- **Customer satisfaction.** Feedback from customers is evaluated, regarding after-sales support and service (e.g. training and ease of implementation), value for money (e.g. price to functionality ratio) and product updates (e.g. speed and process for keeping up to date with regulatory changes).
- **Growth strategy.** Recent performance is evaluated, including financial performance, new product releases, quantity and quality of contract wins, and market expansion moves. Also considered are the size and quality of the sales force, sales distribution channels, global presence, focus on risk management, messaging, and positioning. Finally, business insight and understanding, new thinking, formulation and execution of best practices, and intellectual rigor are considered important.

Quadrant descriptions

Point solutions

- Point solutions providers focus on a small number of component technology capabilities, meeting a critical need in the risk technology market by solving specific risk management problems with domain-specific software applications and technologies.
- They are often strong engines for innovation, as their deep focus on a relatively narrow area generates thought leadership and intellectual capital.
- By growing their enterprise functionality and utilizing integrated data management, analytics and BI capabilities, vendors in the point solutions category can expand their completeness of offering, market potential and market share.

Best-of-breed

- Best-of-breed providers have best-in-class point solutions and the ability to capture significant market share in their chosen markets.
- They are often distinguished by a growing client base, superior sales and marketing execution, and a clear strategy for sustainable, profitable growth. High performers also have a demonstrable track record of R&D investment, together with specific product or 'go-to-market' capabilities needed to deliver a competitive advantage.
- Focused functionality will often see best-of-breed providers packaged together as part of a comprehensive enterprise risk technology architecture, co-existing with other solutions.

Enterprise solutions

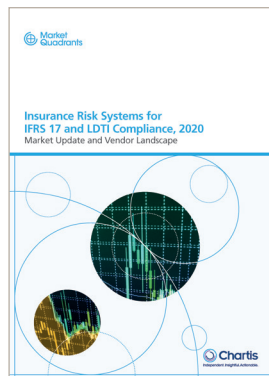
- Enterprise solutions providers typically offer risk management technology platforms, combining functionally-rich risk applications with comprehensive data management, analytics and BI.
- A key differentiator in this category is the openness and flexibility of the technology architecture and a 'toolkit' approach to risk analytics and reporting, which attracts larger clients.
- Enterprise solutions are typically supported with comprehensive infrastructure and service

capabilities, and best-in-class technology delivery. They also combine risk management content, data and software to provide an integrated 'one-stop-shop' for buyers.

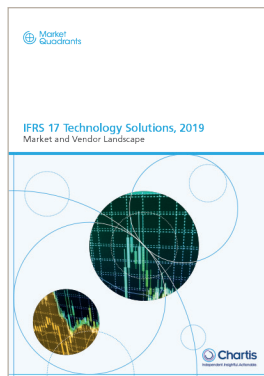
Category leaders

- Category leaders combine depth and breadth of functionality, technology and content with the required organizational characteristics to capture significant share in their market.
- Category leaders demonstrate a clear strategy for sustainable, profitable growth, matched with best-in-class solutions and the range and diversity of offerings, sector coverage and financial strength to absorb demand volatility in specific industry sectors or geographic regions.
- Category leaders will typically benefit from strong brand awareness, global reach and strong alliance strategies with leading consulting firms and systems integrators.

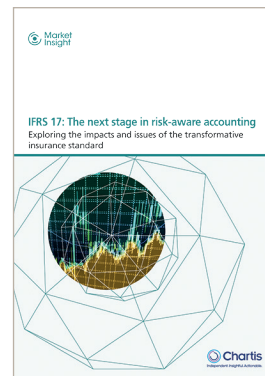
5. Further reading



Insurance Risk Systems for IFRS 17 and LDTI Compliance, 2020: Market Update and Vendor Landscape



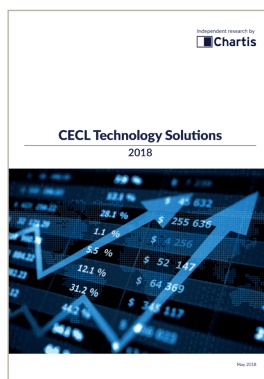
IFRS 17 Technology Solutions, 2019: Market and Vendor Landscape



IFRS 17: The Next Stage in Risk-Aware Accounting



IFRS 9 Technology Solutions: Market Update 2017



CECL Technology Solutions, 2018



Model Validation Solutions, 2019: Overview and Market Landscape

For all these reports, see www.chartis-research.com