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Market Navigator: Distribution/Compensation Management Systems

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Introduction

This report provides an overview of the current provider marketplace for DCM solutions for life/annuity/benefits (L/A/B) and property/casualty (P/C) insurers. It is designed to assist insurers in drawing up their short lists of potential providers based on vendor market position and offering details. To be considered for this report, solution providers must be active in the North American market and have at least one client currently in production.

Methodology

The solution provider profiles included within Datos Insights vendor analysis reports do not provide subjective analyses of vendor solutions. The reports are based on direct responses to a universal request for information (RFI) distributed by Datos Insights and subsequent follow-ups with the vendors to validate and confirm responses.

The RFI covers details of the organization, technology stack, client base, and key functionality. Profiles also include a summary of key differentiators, supported lines of business, deployment options, implementation approaches, and how vendors handle upgrades/enhancements.

These reports do not render judgment; an insurer's specific situation and needs will determine the fit with potential vendors. Datos Insights provides these types of advisory consultations to more than 120 insurer clients through its retained advisory service.

The Market

Datos Insights' surveys of insurer CIOs, conversations with carriers and vendors, and third-party research indicate that, while significant, insurers' interest in replacing distribution/compensation management systems lags interest in replacing other core systems.

Decoupling DCM capabilities from core policy administration systems can be a strategic approach to separating legacy platforms and their underlying business rules as a risk mitigation mechanism for large modernization efforts. The DCM market is evolving; vendors are developing new systems to meet carriers' updated needs.

Insurers are interested in the following capabilities:

- **Embedded compliance controls:** Insurers are looking to streamline compliance activities through automatic license checks and tracking of licensing and appointments by producer by state, including integration with the National Insurance Producer Registry (NIPR). With increasing regulatory scrutiny, DCM systems now incorporate more sophisticated compliance features such as automatic validation against state-specific requirements and proactive alerts for potential regulatory issues.
- **Support for complex and flexible commission structures, including pay-on-demand models:** Some innovative carriers are offering more frequent commission payments (weekly or even daily) through digital payment methods, moving beyond traditional monthly cycles to attract and retain top producers.
- **Efficient management of distribution hierarchies:** Flexible and effective management of distribution hierarchies across multiple channels and product lines, including co-producer and subproducer arrangements, is increasingly important.
- **Digital onboarding acceleration:** The trend toward fully digital, paperless producer onboarding has accelerated significantly, with leading DCM systems now offering end-to-end digital experiences including electronic signatures, automated background checks, and real-time licensing verification.
- **Intuitive agent self-service capabilities:** Digital producer experience is growing in importance. Carriers are looking for enhanced portals that agents could use to manage carrier contracting, run commissions or incentive compensation reports, as well as track commitments and progress on objectives.

- **Mobile accessibility and real-time communication tools for agents:** As carriers compete for producer mindshare, solutions that offer these capabilities in addition to easy-to-use agent portals are seeing higher adoption rates.

Vendors are responding to these needs with additional capabilities:

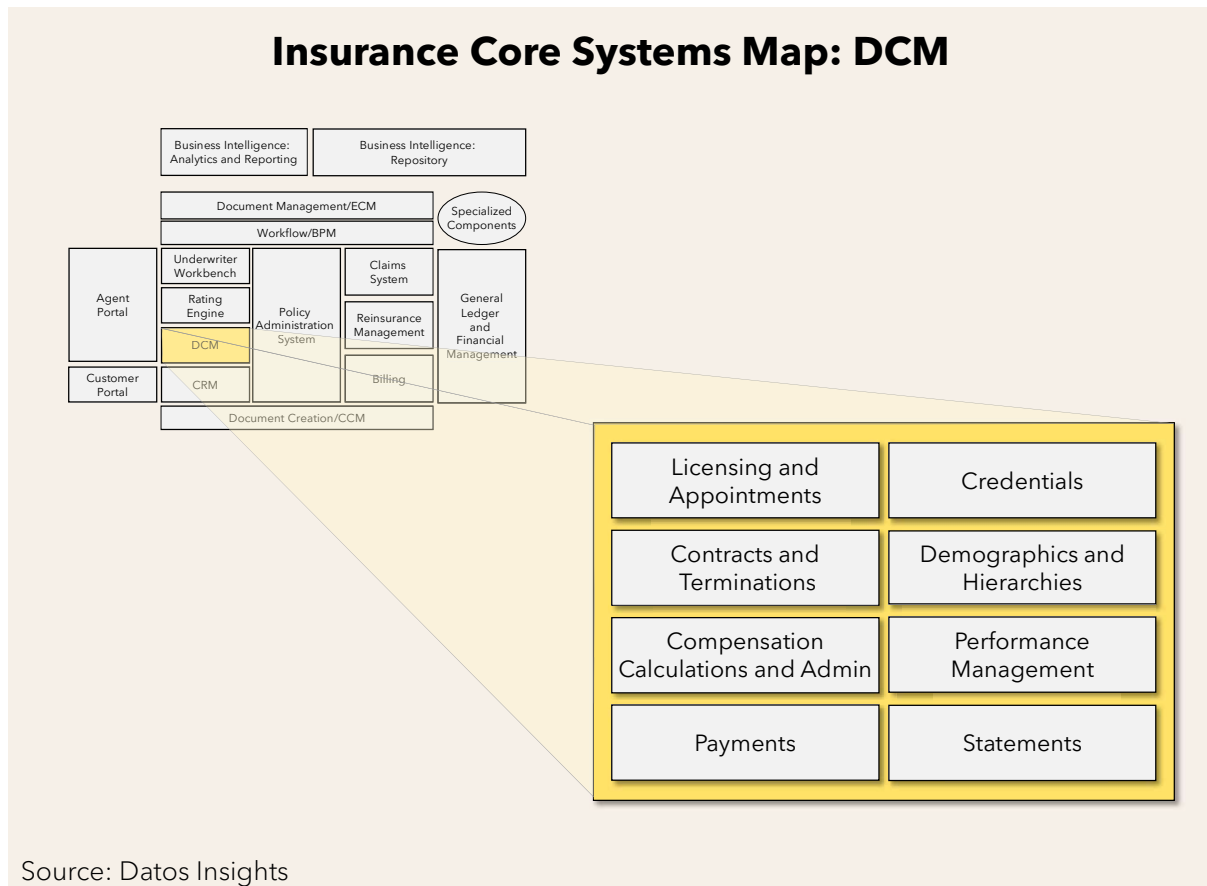
- **Embedded AI and machine learning:** Modern DCM systems now incorporate AI for recommending optimal compensation structures, predicting producer performance, and identifying at-risk relationships. Advanced analytics are used to assess both the effectiveness and efficiency of compensation plans, producer/agency productivity, and profitability. This helps carriers design more effective incentive programs.
- **Enhanced ability to perform block changes for an agent, agency, or broker:** This same functionality is also used to search for a block of agents, agencies, or brokers in a particular state or demographic area (e.g., to perform analytics in understanding the degree of coverage/penetration in a particular location or to obtain a list of agents to inform them about state or regulatory changes).
- **Real-time processing capabilities:** Modern DCM solutions offer real-time compensation calculations and hierarchy materialization, delivering significant performance advantages over legacy batch systems while enabling more responsive producer experiences.
- **Embedded workflow management tools:** Solutions include seamless workflow tools with business rules to minimize manual tasks and limit human interventions to exception processing or complex compensation decisions.
- **Support for distribution relationship management:** Capabilities include capturing and tracking producer goals, recording interactions, and supporting marketing representative activities.
- **Support for comprehensive producer life-cycle management:** Modern DCM systems manage the complete producer life cycle from recruitment through retirement, including succession planning tools.
- **Advanced analytics dashboard:** Leading solutions offer advanced predictive modeling and business intelligence visualization capabilities, with the ability to provide actionable insights rather than just reporting.

- **Support for flexible payment mechanisms:** Modern DCM systems support multiple payment methods, from EFT and ACH to sweep accounts.
- **Expanded integration ecosystem:** Beyond traditional policy and billing integration, DCM vendors are building broader ecosystems that connect with customer relationship management (CRM) systems such as Salesforce, marketing automation platforms, and producer-facing portals to create unified experiences.
- **API-first architecture:** Vendors offering robust APIs and microservices-based architectures are gaining market share as insurers seek systems that can easily integrate with their existing technology ecosystems and adapt to changing business requirements.

Key Components

A well-developed DCM system should provide support for contract management tasks, onboarding, and background checks, including assignment of contract numbers and processing producer and agency appointments and terminations. It should support an unlimited number of channel types while following company-specific contracting rules, manage and maintain hierarchies in a way that core record-keeping systems can consume, and handle compliance-related requirements, including alerting of contract or license-related issues (Figure 1).

Figure 1: Datos Insights Insurance Core Systems Map



It should also support the following:

- Calculation and management of compensation plans across all internal and external distribution channel members

- Producer relationship management functionality, including reporting and analytics
- Document management relating to compensation plans and contracts
- Licensing- and appointments-related reporting
- Distribution partner self-service capabilities, including licensing and appointments, commission/compensation, contact management, and related functions

The solution itself may offer a suite of capabilities or be designed to interface with a variety of solutions providing other capabilities delivered by unrelated vendors to cover the full range of functionality. For example, if the solution does not include robust modules to handle contact and document management, it should easily integrate with other applications that provide the requisite functionality.

For maximum functionality, these systems are generally integrated with several carrier systems. Commission systems need to be integrated with policy administration solutions and disbursement systems.

If an incentive program utilizes loss calculations, integration with the claims administration system may also be required, particularly if features such as capping individual losses are included. Compliance solutions should also be integrated with the policy administration solutions to provide alerts or suppress processing if credentials are not in order.

The following are key DCM features and components surveyed by Datos Insights.

Licensing and Appointments

This function includes the entire producer process, including two core capabilities:

- Management and tracking of agency and producer appointments, as well as workflow for update processing
- Storage and tracking of agency licenses and appointments, such as workflow for license renewal processing.

For many carriers, implementing a form of “just-in-time appointments,” which aligns the final appointment process with the submission of the first piece of new business from an agent, is an important element of an effective cost containment strategy.

Contracts and Terminations

This function includes two capabilities:

- Automatic or manual assignment of agency and producer ID numbers within the system, and the processing of agency and producer contracts and terminations
- Support for state and federal regulation management and issue identification across distribution channels and partners

Compensation Calculations, Modeling, and Admin

This function includes several capabilities:

- Calculation and administration of compensation across multiple distribution channels (e.g., direct sales, independent agencies, brokers, embedded insurance partnerships) with channel-specific rule sets, rate structures, and payment schedules
- Support for commission calculations from record-keeping systems for multiple legal entities and lines of business, including performance of retroactive calculations
- Support for fee-based compensation programs and incentive, multitier, and specialized compensation plans. Overrides and production bonuses may be paid on varying schedules and production levels
- Creation and management of producer data (e.g., business plans) that can be integrated into reporting and compensation plan development
- Support for an unlimited number of concurrent sales campaigns (national, regional, or local) and tracking producer performance to plan

A carrier may need to pay one level for new business vs. renewal business, lines of business may earn different commission amounts, and certain programs may have their own compensation schemes. Solutions generally should handle standard agreements and make it easy to customize based on specific goals. The ability to automate contingent payments or incentive compensation agreements saves a lot of time.

Most solutions provide the ability to create activity-based incentive programs using multiple parameters such as growth, retention, or loss ratios. Some allow layering programs within each other. Some support vesting calculations as well as short-term

contests or rewards programs. Modeling tools enable carriers to assess program impact and determine whether the new program makes sense.

Many carriers work with general agents or agency managers and agents to develop an annual business plan. They negotiate production goals and typically include specific activities that the carrier agrees to provide in return for a given level of production. Some systems support this process by tracking business plans, storing call reports, calculating performance to plan, and providing production statistics.

Payments

This function includes the following capabilities:

- Access to account history, payment history, and complete transaction history, including commission activities, adjustments, payments, and special compensation awards
- Accommodation for multiple payment parties (e.g., garnishments)
- Support for user-defined payment rules
- Personalization of payment schedules and conditions by agency (e.g., direct bill products may be paid as issued, while other products may be paid as collected)
- Self-management of carrier contracting activities and commission or incentive compensation reports via a portal
- Office of Foreign Assets Control (OFAC) and anti-money laundering (AML) compliance testing, primarily checking to ensure that producers are not on an OFAC watch list, that payments comply with AML regulations, and that other financial system requirements are appropriately addressed

Leading modern DCM systems also integrate with modern payment systems, including digital wallets, cryptocurrency options, and real-time payment capabilities.

Credentials

This function includes multiple capabilities:

- Support for integration of third-party credentialing services: Many solutions are integrated with external third-party services such as the National Insurance Producer Registry (NIPR), which links participating state regulatory licensing systems to one

common repository of producer information, providing real-time information with national verification of a producer's license and status.

- Configurability to include additional data that carriers may require, such as proof of errors and omissions coverage, background checks, or continuing education requirements
- Integration with a policy system to validate the producer's credentials before issuing a policy: If the producer is not appropriately licensed, contracted, and appointed for the line/location being written, the system will typically suppress issuance (and, for those systems that also include compensation, commission payments will also be suppressed) until the credentials are appropriately issued.
- Alerts to the underwriter or CSR to notify them of the missing credential

Demographics and Hierarchies

This function includes several capabilities:

- Capture and storage of demographic information
- Creation, viewing, and maintenance of an indefinite number of channel types and distribution partner organizational structures
- Differentiation of processing rules and terminology associated with each, as well as the ability to move or delete agents without losing attached information (e.g., licenses) as carriers may want to look at results for a book of business (e.g., written by a producer working at a territorial office of an agency that is a division of a national broker)

Support for multiple hierarchies makes it easy to analyze results at any level without having to do significant data manipulation. Additionally, being able to change hierarchies easily is important for activities such as book rollovers or mergers and acquisitions across agencies.

Performance Management

This function includes multiple capabilities:

- Support for compensation reporting and output generation in a variety of formats that can be distributed or consumed by other systems

- Support for what-if modeling to compare multiple and analyze the effectiveness of different compensation plans, distribution channels, and individual producers
- Recognition plan creation, refinement, and management
- Native ability to do ad hoc report creation and management
- Customizable dashboards for data/performance visualization and management
- Native support for exposing reports and dashboard capabilities via mobile devices (e.g., iOS, Android, and Windows with varying form factors)

Some leading DCM systems also incorporate gamification elements into producer portals to drive engagement and performance.

Statements

This function includes the following:

- Production of statements in the format preferred by the individual producer, as well as tax form (e.g., 1099 and W-2) processing, production, and publication

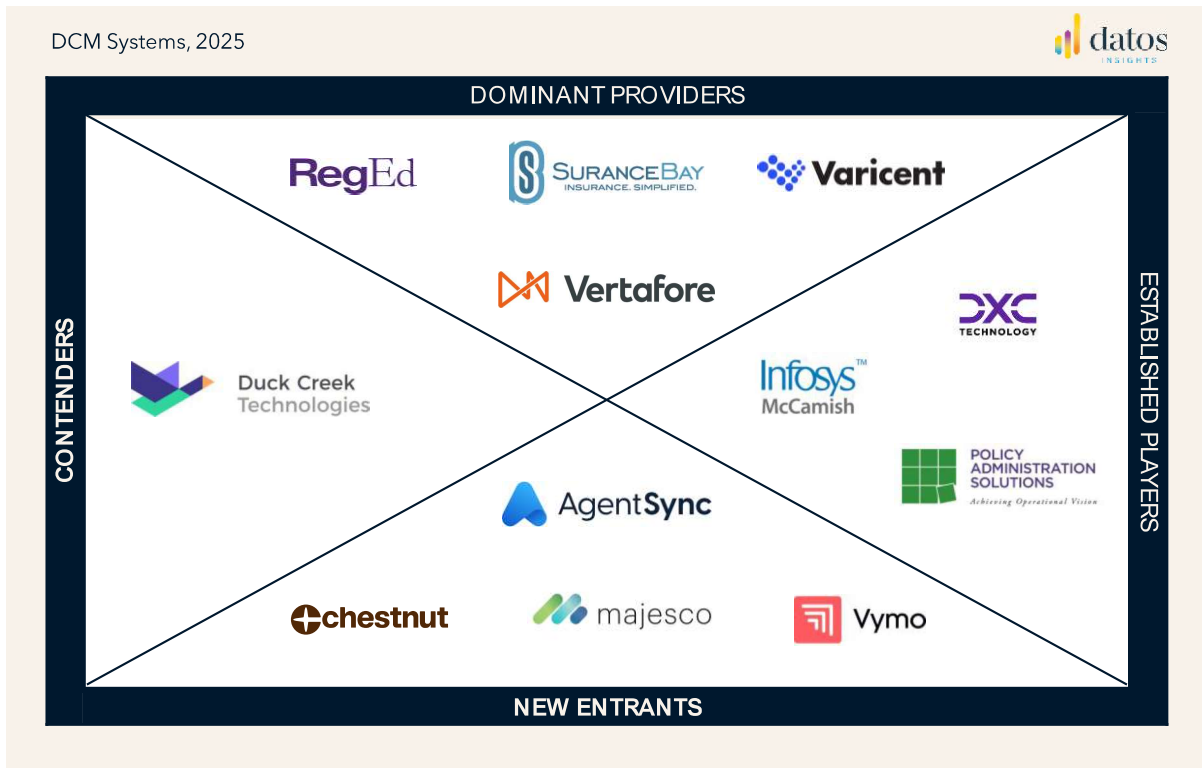
Stand-Alone Product and Integration With Core Vendor Systems

Modern core vendor platforms have been enhanced over the years to incorporate some of the key features discussed in this report, such as NIPR integration, onboarding, incentive rate structures, etc. Insurance carriers with single company operations can rely on their core vendor system for most of the features they need. However, many carriers have implemented best-of-breed solutions to support their policy and billing needs or have many divisions utilizing various policy and billing systems. These carriers are likely seeking stand-alone DCM solutions that can easily integrate with their core systems.

Full Solution Profiles

The Datos Insights vendor graphic provides an overview of major providers in the DCM market (Figure 2). It is intended to help insurers quickly understand who is active in the space and their approximate, relative market positions based on the total customer base in the U.S. or Canada and new customers, as well as the type of insurer the providers most commonly serve.

Figure 2: Datos Insights Distribution/Compensation Management Systems



Each provider is shown in one of the following four categories.

- **Dominant Providers** have a strong market position and momentum. Their solutions in the segment are well-known.
- **Contenders** have substantial customer experience and momentum.
- **Established Players** have generally been in the market longer and have substantial customer experience.

- **New Entrants** are emerging providers in this segment. They include new companies and established companies with newer solutions. These typically have limited existing customer bases.

Note that the categories refer specifically to this solution area. A company may be a Dominant Provider in one segment but a New Entrant in another based on the maturity of the solution and depth of market experience in the U.S. or Canada. Positioning on the graphic within each segment is alphabetical.

Also note that a provider's category does not imply a subjective judgment on solution quality, delivery capability, or fitness for any specific company's needs. Companies should carefully evaluate individual solutions relative to their particular needs and consider the company's delivery capabilities and organizational bandwidth in addition to recent customer experience.

Vertafore, Sircon for Carriers

Vertafore is headquartered in Denver and employs 2,350 people. It has an annual revenue in the range of US\$500 million to US\$1 billion and is owned by Roper Technologies, which is publicly traded. For over 55 years, Vertafore has been a provider of modern insurance technology, delivering insurtech solutions that connect every point of the insurance distribution channel.

Lines of Business Supported

P/C Lines of Business Supported			
Personal Lines			
Personal auto		Live clients in 50 states	
Homeowners		Live clients in 50 states	
Personal umbrella		Live clients in 50 states	
Dwelling fire		Live clients in 50 states	
Boatowners		Live clients in 50 states	
Personal package		Live clients in 50 states	
Other		Live clients in 50 states	
Commercial Lines			
Commercial property	Live clients in 50 states	Commercial package	Live clients in 50 states
General liability	Live clients in 50 states	Specialty	Live clients in 50 states
BOP	Live clients in 50 states	Workers' comp	Live clients in 50 states
Commercial crime	Live clients in 50 states	Surety	Live clients in 50 states
Commercial auto	Live clients in 50 states	Cyber	Live clients in 50 states

E&O/D&O	Live clients in 50 states	On-demand insurance	Live clients in 50 states
Inland marine	Live clients in 50 states	Other	Live clients in 50 states
Professional liability	Live clients in 50 states		

Source: Datos Insights

L/A/B Lines of Business Supported			
Individual life	Live clients in 50 states	Variable annuities	Live clients in 50 states
Term life	Live clients in 50 states	Indexed annuities	Live clients in 50 states
Whole life	Live clients in 50 states	SPIA	Live clients in 50 states
Universal life	Live clients in 50 states	Dental care	Live clients in 50 states
Variable life	Live clients in 50 states	Vision care	Live clients in 50 states
Variable whole life	Live clients in 50 states	Disability	Live clients in 50 states
Variable universal life	Live clients in 50 states	Cancer/critical illness	Live clients in 50 states
Group life	Live clients in 50 states	Accident	Live clients in 50 states
Group term	Live clients in 50 states	Medicare supplement	Live clients in 50 states
GUL	Live clients in 50 states	Hospital indemnity	Live clients in 50 states
VGUL	Live clients in 50 states	Individual health	Live clients in 50 states
Group annuities	Live clients in 50 states	Group health	Live clients in 50 states
Long-term care	Live clients in 50 states	Other	Live clients in 50 states
Fixed annuities	Live clients in 50 states		

Source: Datos Insights

Client Base

Globally, Vertafore has 760 clients live on Sircon, 638 of which are insurer clients (e.g., not MGAs, self-insureds) in the U.S. and Canada. 222 North American insurer clients are leveraging Sircon for Carriers for distribution management, including producer credential management, channel onboarding, and/or producer compensation.

Out of 222 insurer clients, 45% are mid-to-large carriers (over US\$1billion in DWP) and 55% are smaller carriers (under US\$1billion in DWP) using the solution to support a mix of personal, commercial, individual, and group lines.

Publicly announced clients include Kemper, ANICO, Assurity Life, Hanover, and Philadelphia Indemnity.

Key Functions and Differentiators

Vertafore cites the key functions of Sircon as the following:

- Comprehensive producer credential management with a built-in sales authorization rules engine
- Centralized insurance producer compensation that enables strategic compensation programs
- Streamlined producer onboarding and automated compliance workflows, with self-service tools and task reminders
- The Sircon Network and Sircon self-service accounts for agent and agency partners, with functions such as document sharing and management, as well as direct access to compensation, compliance information, and book of business dashboards
- Expert compliance outsourcing services with Sircon Managed Services

The company notes the following as its key differentiators:

- Integrated distribution management technology that consolidates all the core functions of distribution management into a single seamless platform, creating efficiencies for the carrier back office and streamlining agent workflows; purpose-built for insurance, the system handles industry-specific data and complex insurance workflows, enabling carriers to be strategic with their distribution management
- Deep regulatory knowledge and state relationships, allowing carriers to stay up to date with the latest state rules and regulations
- Compatibility with all carrier ecosystems, with strong pre-built integrations to common CRM and policy administration vendors, distribution partner technologies, and producer compliance organizations; extensive APIs are available for additional integrations
- Focus on building deep, long-lasting, mutually beneficial partnerships with customers to implement the best practices that will help drive their success and elevate distribution management to a strategic benefit
- Ability to connect all the compliance stakeholders (e.g., carriers, agencies, education providers, insurance professionals, state regulators) on the Sircon Connected Network, enabling easier communication, collaboration, and compliance

Solution Architecture and History

Sircon for Carriers was launched in 2004. The latest release was in September 2025. Vertafore notes that the solution has monthly releases.

Vertafore reports that 90% of the solution's customers are on the latest version, while 10% are on a version older than three years. 90% of customers have been through at least one upgrade. Vertafore notes that due to the SaaS model, all customers on the model are continually upgraded. Vertafore notes that a few clients remain on an older version for compensation functionality and are not automatically upgraded.

Oracle, Microsoft SQL Server, PostgreSQL, and any database via XML data streams are supported, as well as UNIX/Linux, Windows, and other browser-based platforms. The solution is written primarily in Java and .NET (C#/VB.NET), plus a small amount of PL/SQL and some JavaScript.

APIs and Integration

REST, SOAP, and SFTP-based batch interfaces are provided as part of the solution. Vertafore notes that these are all open APIs.

Configuration Supported

Configuration	
Insurance product configuration	Changes are done by the vendor
Screen configuration	Changes are done by the vendor
Workflow configuration	Changes are done by the vendor
Rule configuration	Changes are done by the vendor
Integration to third-party service calls	Changes are done by the vendor
Document authoring	Changes are done by the vendor

Source: Datos Insights

Deployment Options

Vertafore hosts Sircon on Amazon AWS. The company offers a SaaS delivery model that includes hosting, maintenance and support, ongoing access to the latest version, and implementation of the upgrades. The company notes that its SaaS model includes a subscription that covers everything except transaction fees. The hosted solution is a multitenant app server and database.

Average Implementation Length and Cost

Vertafore notes that the solution is implemented through its own resources. It reports that Sircon can be ready to go live in 90 days or less and fully rolled out in an additional nine months or less. The company reports that the average implementation cost for the middle 50% of the client base is between US\$100,000 and US\$500,000.

Support

There are between 100 and 250 on the product design and engineering team, between ten and 50 on the implementation team (not counting partnerships), and between ten and 50 on the support team for the Sircon product line.

Resources are located in East Lansing, Michigan. Vertafore offers customer engagement activities, such as an online community, online training, a customer advisory committee, a user event, and training seminars.

Systems Integrator and Other Partners

Publicly announced technology partnerships include ClearCert (verifying long-term care and annuity suitability credentials), Docusign (e-signature technology), LIMRA (verifying AML education credentials), Salesforce, SuranceBay, and Guidewire.

Vertafore does not have publicly announced systems integrator partnerships, but the company often works with systems integrators as part of customer implementations.

Key Features and Functionality

Producer Contract Management	
Handling producer hierarchies	Infinitely configurable
Handling distribution partner organizational models	Infinitely configurable
Handling custom terminology and processing rules	Limited number of configurable options
Capturing and storing demographic information	Out-of-the-box
Moving and deleting agents without losing information attached (e.g., licenses)	Out-of-the-box
Storage and tracking of agency licenses and appointments, including "stale dates," as well as providing a workflow for license renewal processing	Out-of-the-box
Assigning agency and producer ID numbers within the system (manually or automatically)	Out-of-the-box
Third-party credentialing services	Out-of-the-box
State/federal regulation management and identification across distribution channels and partners	Out-of-the-box

Processing agency and producer appointments (including the management and tracking of appointments by product and manufacturing company) and generating workflow for update processing	Out-of-the-box
Processing agency and producer terminations	Out-of-the-box
Processing agency and producer contracts	Out-of-the-box
Managing and tracking educational requirements, including "stale dates," as well as the workflow for update processing	Out-of-the-box
Producer self-service	Out-of-the-box
NIPR integration	Out-of-the-box
FINRA background check	Configuration
FINRA registration	Configuration
FINRA registration termination	Configuration
Producer Compensation Management	
Specialized compensation plans and elements	Configuration
Calculating/administering compensation (including support of commission calculations from multiple feeding record-keeping systems) for multiple legal entities part of the same insurance group and for multiple lines of business	Configuration
Multitier compensation plans	Out-of-the-box
Incentive compensation plans	Out-of-the-box
User-defined payment rules	Configuration
A fee-based compensation program	Configuration
Retroactive calculations	Out-of-the-box
Managing producer draws and advances	Out-of-the-box
Account payment history	Out-of-the-box
Accommodating multiple pay parties (e.g., garnishments)	Out-of-the-box
OFAC checking	Configuration
Generating producer statements in the format preferred by the individual producer	Configuration
Processing, production, and publication of 1099 and W-2 forms	Configuration
Producer Relationship Management	
Tracking producer performance to plan	Configuration
The creation and management of producer data (e.g., business plans) that can be integrated into either reporting or compensation plan development	Customization
Support for an unlimited number of concurrent national, regional, or local sales campaigns	Customization
Contact management (e.g., call reports)	Customization
Reporting	
Multiformat compensation reporting and output generation that can be distributed or consumed by other systems	Configuration

Compensation modeling and what-if scenarios for the benefit of compensation plan creation, refinement, and management	Configuration
Compensation modeling and what-if scenarios for the benefit of reward and recognitions plan creation, refinement, and management	Configuration
Ad hoc report creation and management	Out-of-the-box
Customizing dashboards for data/performance visualization and management	Configuration

Source: Datos Insights

Conclusion

Insurers have an increasingly rich vendor market to select from when considering providers of distribution/compensation management solutions. Modern solutions are maturing, giving carriers better options than ever before.

Datos Insights research indicates that many deployments are taking less than two years, with ever-increasing interest in SaaS-based and hosted solutions. While challenges still exist with conversion and managing overall project risks, insurers are realizing benefits in agent experience, improved functional capabilities, better data management, and increased efficiencies through automation, which are often cited as key drivers for these projects.

For insurance carriers looking to maximize top-line growth and bottom-line earnings, the distribution and compensation space is an area of increasing importance for overall comprehension and strategic investment. Traditional compensation and recognition programs were frequently adjunct capabilities associated with core policy administration platforms. In their day, they performed adequately, allowing carriers to address the needs of both product manufacturing and distribution management functions. The complexity of both current and expected models for distribution suggests that the best days for these traditional system approaches are rapidly fading in the rearview mirror.

Insurers with growth strategies dependent on expanding agency distribution have a strong strategic justification for modernizing their DCM capabilities. All such insurers will benefit from the ability to adapt compensation to evolving business needs with agility, coupled with the analytics to evaluate how new compensation programs are influencing results. Insurers seeking a just-in-time appointment capability will find that integration with third parties and configurable automation will facilitate its implementation.

In the midst of granularly refining compensation plans and recognition programs, many carriers are leveraging analytics to drive additional premium growth while reinforcing key drivers such as persistence and retention. Carriers making investments here have an opportunity to improve competitive positioning substantially.

Another key area for marketing and sales organizations is how they will achieve appropriate mindshare or shelf space with a new generation of producers. Millennials now outnumber baby boomers in the general population and represent a significant percentage of the U.S. workforce. Concurrently, many carriers have distribution systems

that are aging faster than the population at large, making DCM a high priority as they look to align themselves with a new competitive reality for top sales organization talent.

For CIOs, this may also represent an important element in a long-term modernization or transformation strategy. By disaggregating the functionality from other core legacy systems, they can build organizational capability while at the same time simplifying core PAS environments. Leveraging success from this type of DCM deployment helps pave the way for addressing those systems in a less risky manner.

The DCM vendor market provides many options for insurers, from established solutions in widespread use at insurers to newer entrants with innovative capabilities. Many vendors also have partnerships with leading policy administration system vendors as they increasingly look to third parties to provide customer correspondence and other communications. Traditionally, these functions have not been provided or have been provided only with limited capabilities.

Emerging technologies, particularly AI, present significant opportunities to enhance DCM platforms. AI can potentially transform data migration processes when consolidating legacy systems, assist with creating complex compensation formulas, analyze retroactive changes before implementation, identify patterns in compensation data, and generate predictive models of how compensation changes might affect producer behavior. However, the industry is still in the early stages of AI adoption, specifically for DCM.

When selecting a DCM vendor, successful implementations typically involve direct vendor participation rather than exclusively relying on third-party integrators. This hands-on approach ensures that implementation teams have deep product knowledge and can adapt the system to meet carrier-specific needs, especially when dealing with complex data migrations from multiple legacy systems.

Datos Insights recommends that insurers looking for a partner narrow the overall market to a short list by focusing on four main areas: staff, organization, functionality, and technology, easily remembered by the acronym SOFT.

Staff

- Does the vendor's staff have the right skills and experience?
- How well are they likely to understand your needs?
- What resources are available for implementation and support?

- What assurances will you have that the staff you meet during the sales process will be the staff you work with?

Organization

- How stable is the organization?
- Is it big enough for your company to do business with?
- Who are their other clients?
- How focused are they on the insurance industry?

Functionality

- Do the solutions and services support your needs for modeling services, lines of business, states, and model maintenance?
- Which solutions and services are live at reference clients?

Technology

- Is the solution's technical architecture compatible with your enterprise standards (or can you build your enterprise standards around the solution's technical architecture)?
- Does your IT staff have the skills to support it?
- Do you have the appropriate business analysts for configuration, or will you rely on the vendor for support?

By using a few questions in each category, insurers should be able to narrow their range of potential suppliers to a handful of candidates. This approach is also much faster and more effective than distributing a large request for proposal, which can be avoided altogether or saved for the final one or two potential suppliers after the other evaluations have been completed.

About Datos Insights

Datos Insights is the leading research and advisory partner to the banking, insurance, securities, and payments industries—both the financial services firms and the technology providers that serve them.

In an era of rapid change, we empower firms across the financial services ecosystem to make high-stakes decisions with confidence and speed. Our distinctive combination of proprietary data, analytics, and deep practitioner expertise provides actionable insights that enable clients to accelerate critical initiatives, inspire decisive action, and de-risk strategic investments to achieve faster, bolder transformation.

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