BFSI GICs: Orchestrating Their Way to Digital Growth

Catalyst™
Market Report – December 2017: Complimentary Abstract / Table of Contents

EGR-2017-2-PD-2515

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Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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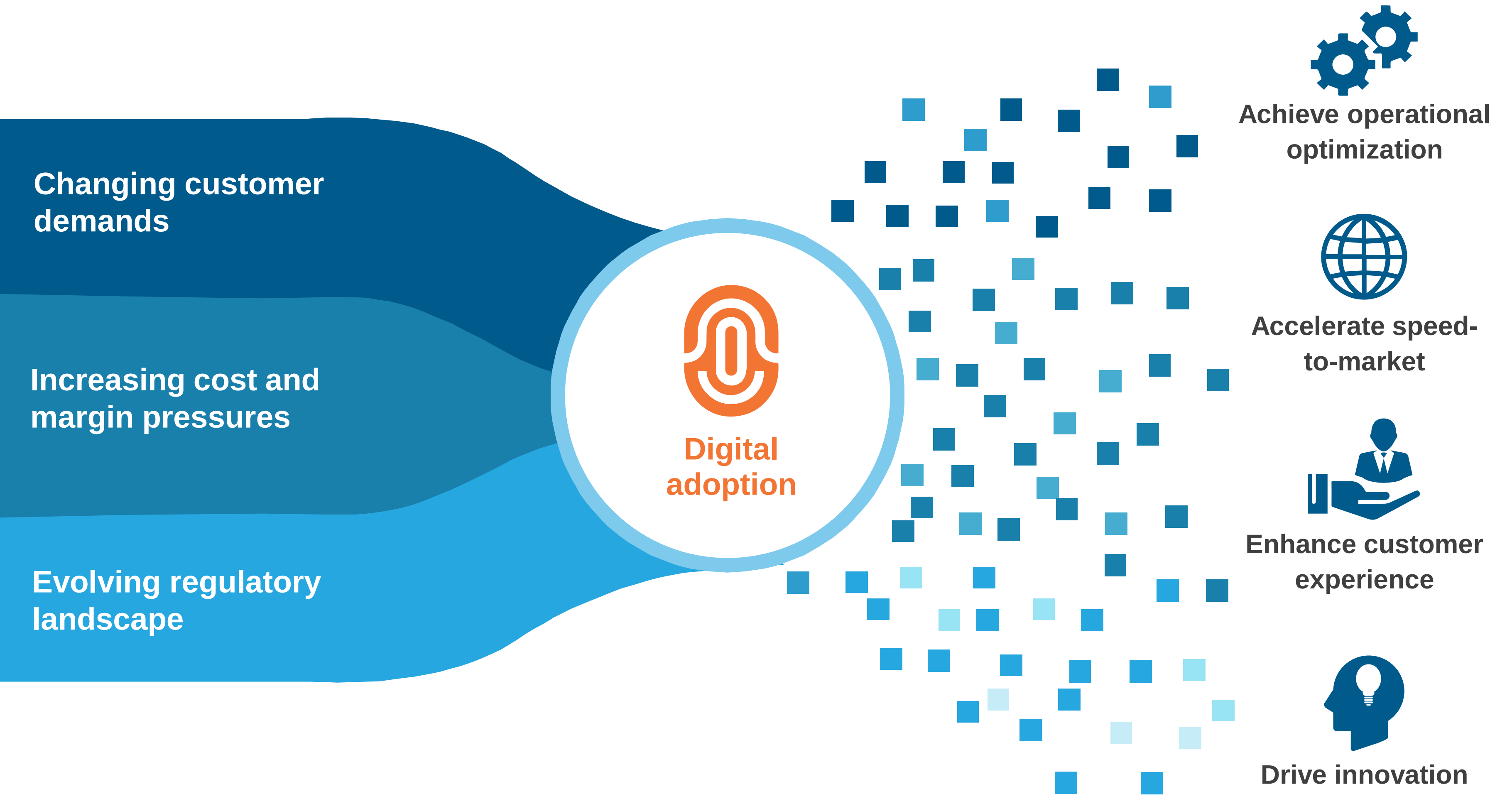
Background of the report

Digital corresponds to new-age technologies aimed at enhancing the user experiences, improving operational excellence, and achieving transformation

Digital segments	Services	
Social & interactive	• Social media monitoring • Social strategy and consulting • Social application development (front-end) • Social content and web development	• Social analytics • Others (e.g., social commerce & content, social media marketing, and digital marketing platforms)
Mobility	• Mobility testing • Mobility strategy, consulting, and platform development • Mobile device management – software management, network management, and security management	• Mobile applications - development and maintenance • Others (e.g., API management, mobility UX design, and connected device engineering / embedded software)
Analytics[1]	• Core analytics (industry-standard analytics tools such as Statistical Analysis System (SAS) and Statistical Package for the Social Sciences (SPSS) • Data architecture and management – data architecture, master data management, and data migration	• Data visualization and visualization implementation • Big data analytics and consulting • Analytics platform implementation
Cloud	• Application development, migration, and deployment: Developing "green-field" apps with cloud features, migration of apps to cloud platform/implementation, customization, and integration of cloud apps • Cloud consulting/advisory services	• Infrastructure build – designing and building cloud infrastructure/customization and implementation) • Infrastructure management and orchestration: Management of cloud assets, lights-on / helpdesk, orchestration, and other related activities
Automation	• Solutions that replace human action at various points of a business process • Others (e.g., business process management solutions and workflow solutions)	• Intelligent RPA solutions (artificial intelligence): Solutions with in-built learning capabilities that can be leveraged to handle judgment-oriented tasks with the capacity to generate and store data as a part of their machine learning process
Miscellaneous	• Internet of Things (IoT) – smart devices and sensors, M2M communication, and network management	• Digital cybersecurity

1 Traditional business intelligence and data warehousing excluded from definition of digital used in the research

Digital adoption is becoming a mandate rather than an option for BFSI GICs to survive in the rapidly evolving market



EGR-2017-2-PD-2515

This report provides perspectives on the state of digital adoption in BFSI GICs

Scope and methodology of this report

- The report analyzes the overall landscape and evolution of digital journeys of BFSI GICs during 2015-2017 in terms of market size and key trends by digital segments, sourcing models, and delivery geographies
- The report also assesses the shift in digital maturity of BFSI GICs during 2015-2017 across five key dimensions – size & adoption, talent, organization & governance, ownership & demand management, and innovation
- Further, the report covers major challenges to deployment of digital adoption in BFSI GICs and case studies about best practices adopted by leading GICs
- Finally, the report highlights calls-to-action for BFSI GICs with regards to adoption of digital services and lays down our predictions for the market
- The scope of the analysis includes six digital segments – social & interactive, mobility, analytics, cloud, Robotic Process Automation (RPA), and miscellaneous (e.g., Internet of things and cybersecurity)

The research is anchored on interactions and/or RFIs with 15+ leading GICs, augmented with Everest Group's expertise and proprietary GIC databases that are updated quarterly with new setups and expansions/contractions of both GICs and service providers.

Overview and abbreviated summary of key messages

This report assesses the current market size and evolution of digital journeys of BFSI GICs during 2015-2017. It analyses the change in digital maturity of BFSI GICs across five key dimensions and provides deep-dive insights on how digital maturity varies across the Banking & Financial Services (BFS) and insurance subverticals. Further, the report covers case studies and learnings from digital pervasives. It also highlights call-to-action for enterprise and GIC leaders, along with Everest Group's perspectives on industry's outlook

Some of the findings of the report

Overview and current state of digital adoption in BFSI GICs

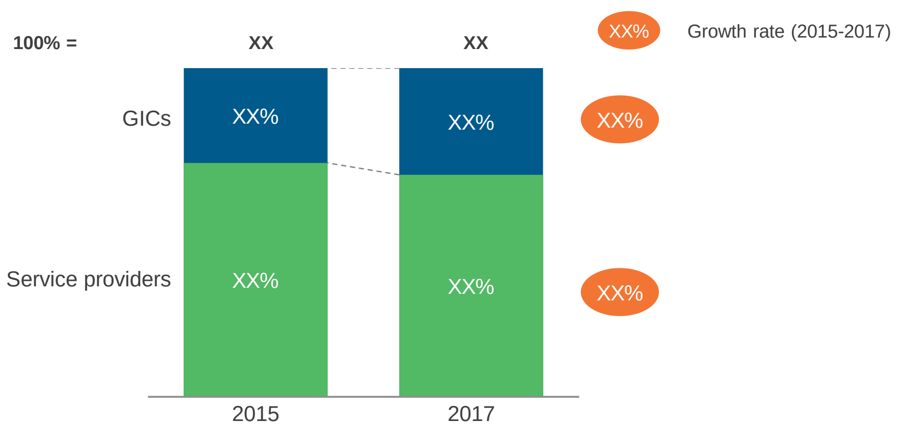
- The digital services market accounts for 400,000-450,000 FTEs registering 25-35% growth during 2015-2017
  - GIC penetration for digital services increased to 18-28% driven by cloud and mobility segments
  - BFSI vertical dominates the digital services landscape with relatively higher GIC penetration
- BFSI GIC digital services market is currently estimated to be 42,000-46,000 FTEs
  - Analytics is the most evolved digital segment with 40-45% market share. RPA and cloud witnessed highest growth during 2015-2017
- India is the leading destination for digital services delivery with nearly three-quarters of the market share, nearshore Europe and the rest of Asia-Pacific (APAC) are witnessing increasing traction
- Within BFSI, BFS subvertical has higher digital maturity relative to insurance

GIC digital maturity assessment

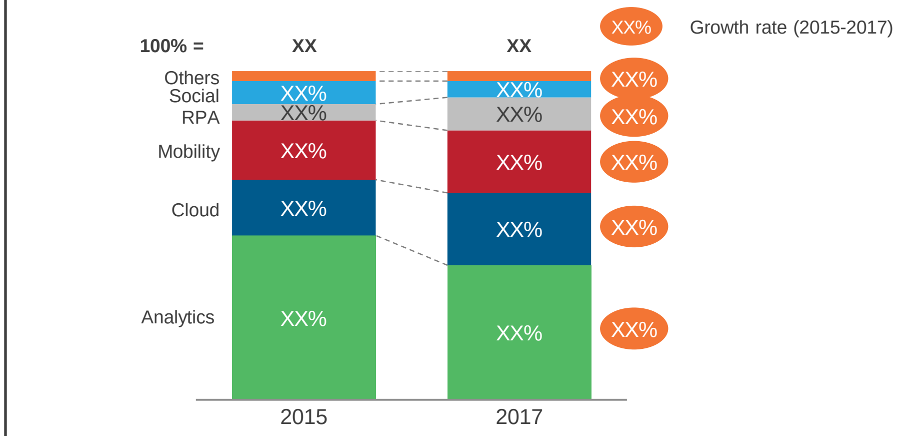
- While most GICs are in mid stages of digital maturity, some GICs have evolved into becoming true innovators and driving competitive advantage for the parent company
- BFSI GICs have achieved considerable maturity in scale, focus on talent models, and innovation
  - Majority of GICs operate with 150-250 FTEs for digital delivery. Best-in-class GICs are setting up CoEs for specific digital technologies and fortifying connect with the partner ecosystem
- Opportunities for GICs to evolve in organization & governance and ownership & demand management
  - Best-in-class GICs have developed significant capabilities in digital to gain seat at the table and have global digital owners for digital residing within the GIC
- GICs need to overcome multiple barriers to advance in their digital journey. These include talent shortage, reorientation of talent model, cultural resistance to change, and difficulty in adopting outcome-linked metrics

This study offers distinct chapters providing a deep-dive into the current landscape of digital adoption in BFSI GICs; below are few charts to illustrate the depth of the report

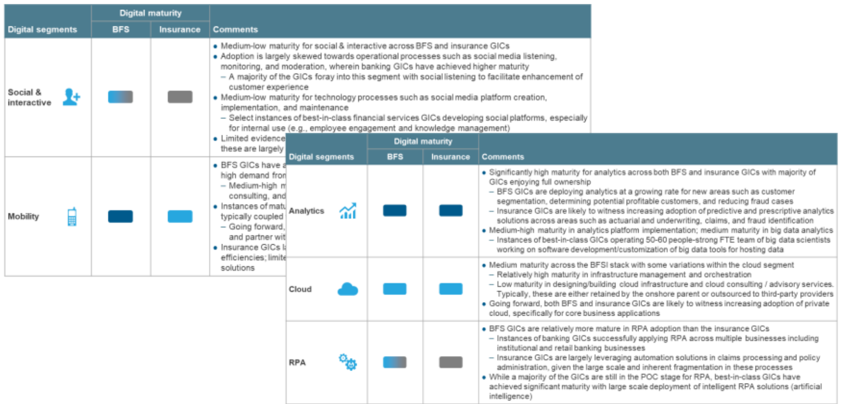
BFSI GIC digital services market | Breakdown by sourcing model



BFSI GIC digital services market | Breakdown by digital segments



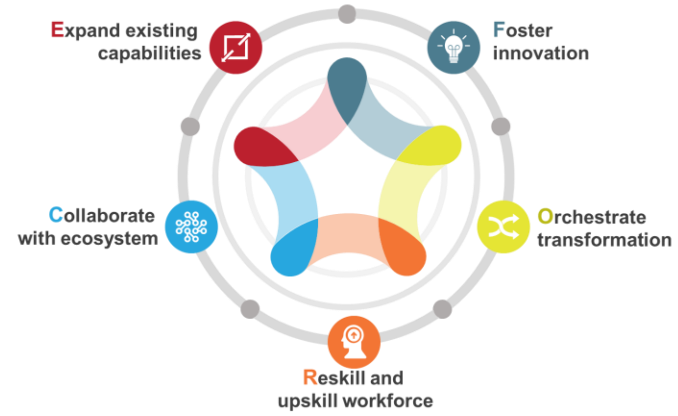
BFSI GIC digital maturity by subverticals



Digital segments	Digital maturity: BFS	Digital maturity: Insurance	Comments
Social & interactive			• Medium-low maturity for social & interactive across BFS and insurance GICs • Adoption is largely skewed towards operational processes such as social media listening, monitoring, and moderation, wherein banking GICs have achieved higher maturity – A majority of the GICs foray into this segment with social listening to facilitate enhancement of customer experience • Medium-low maturity for technology processes such as social media platform creation, implementation, and maintenance – Select instances of best-in-class financial services GICs developing social platforms, especially for internal use (e.g., employee engagement and knowledge management) • Limited evidence these are largely
Mobility			• BFS GICs have a high demand fron – Medium-high m consulting, and • Instances of matu typically coupled – Going forward, and partner wit • Insurance GICs l efficiencies; limite solutions

Digital segments	Digital maturity: BFS	Digital maturity: Insurance	Comments
Analytics			• Significantly high maturity for analytics across both BFS and insurance GICs with majority of GICs enjoying full ownership – BFS GICs are deploying analytics at a growing rate for new areas such as customer segmentation, determining potential profitable customers, and reducing fraud cases – Insurance GICs are likely to witness increasing adoption of predictive and prescriptive analytics solutions across areas such as actuarial and underwriting, claims, and fraud identification • Medium-high maturity in analytics platform implementation; medium maturity in big data analytics – Instances of best-in-class GICs operating 50-60 people-strong FTE team of big data scientists working on software development/customization of big data tools for hosting data
Cloud			• Medium maturity across the BFSI stack with some variations within the cloud segment – Relatively high maturity in infrastructure management and orchestration – Low maturity in designing/building cloud infrastructure and cloud consulting / advisory services. Typically, these are either retained by the onshore parent or outsourced to third-party providers • Going forward, both BFS and insurance GICs are likely to witness increasing adoption of private cloud, specifically for core business applications
RPA			• BFS GICs are relatively more mature in RPA adoption than the insurance GICs – Instances of banking GICs successfully applying RPA across multiple businesses including institutional and retail banking businesses – Insurance GICs are largely leveraging automation solutions in claims processing and policy administration, given the large scale and inherent fragmentation in these processes • While a majority of the GICs are still in the POC stage for RPA, best-in-class GICs have achieved significant maturity with large scale deployment of intelligent RPA solutions (artificial intelligence)

Call to action for GIC leaders



Source: Everest Group (2017)

Research calendar – Catalyst

Published | Planned | Current release

Flagship Catalyst reports	Release date
GIC Landscape Annual Report 2016	March 2016
GIC Landscape Report: Delivery Landscape for Retail and Commercial Banking in GICs	June 2016
Global In-house Center (GIC) Landscape Report: The Philippines	December 2016
Global In-house Center (GIC) Landscape Annual Report 2017	March 2017

Thematic Catalyst reports	Release date
Collaboration between GICs and Start-ups: A Win-Win Situation	June 2016
Business Case for Robotic Process Automation (RPA) in Global In-house Centers	September 2016
Procurement Services Delivery from GICs: Gearing up for a Broader Mandate	September 2016
Future Readiness of GIC Talent Models	October 2016
Exploring GICs in the Life Sciences Industry	February 2017
Global Sourcing Centers of Excellence (CoEs): Helpers vs. Shapers!	February 2017
Small But Mighty: Corporate Functions Delivery from GICs	April 2017
United States Shared Services Landscape – Facing Digital Winds-of-Change in a Tight Labor Market	September 2017
Building a Workforce of the Future – Upskilling/Reskilling in Global In-house Centers	December 2017
Best Practices for RPA Implementation in GICs	December 2017
BFSI GICs: Orchestrating Their Way to Digital Growth	**December 2017**

Note: For a list of all Catalyst reports published by us, please refer to our website page

Additional research references

The following documents are recommended for additional insight into the topic covered in this report. The recommended documents either provide additional details on the topic, or complementary content, that may be of interest:

1. **Building a Workforce of the Future – Upskilling/Reskilling in Global In-house Centers** (EGR-2017-2-R-2499); 2017**.** This report provides Everest Group's perspective on upskilling and reskilling of talent in GICs. It includes key findings from a survey conducted with 80+ GICs across leading offshore/nearshore locations to gather perspectives on the nature of skills/competencies needed for the future, and the roles that GICs can play to help address these changing skill requirements.

2. **Best Practices for RPA Implementation in GICs** (EGR-2017-2-R-2514); 2017. This report captures key learnings and experiences of best-in-class GICs that have undertaken RPA initiatives. The report also includes case studies on the RPA journey of leading GICs, from a variety of industry verticals and stages of RPA adoption, with a focus on challenges faced and mitigation approaches employed.

3. **GICs Leading the Way for Digital Transformation of the Enterprise** (EGR-2016-2-R-1682); 2016**:** This Everest Group report analyzes the overall landscape and current state of digital adoption in GICs. It also provides insights into market size, key trends, and major challenges impacting digital adoption in GICs. The research establishes a framework for assessing digital maturity of GICs across five key dimensions. It also identifies the top three industry verticals with the highest digital adoption and evaluates their functional maturity. Further, the report highlights best practices, key implications, and call-to-action for GICs with regards to adoption of digital services

For more information on this and other researches published by Everest Group, please contact us:

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