



# Application Outsourcing in Insurance – PEAK into the Evolving Service Provider Landscape

Banking, Financial Services, and Insurance (BFSI) Outsourcing  
Report: November 2011 – Preview Deck

# Background and scope of the research

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## Background of the research

The Banking, Financial Services, and Insurance (BFSI) industry is one of the largest adopters of IT application outsourcing (AO) services. To cater to this large market segment, a diverse set of service providers have developed capabilities to deliver AO services to BFSI companies.

As mature BFSI buyers seek to optimize their portfolio of AO services, they are signing larger contracts with a fewer number of service providers. Further, as BFSI buyers drive further consolidation in response to their business requirements, the vertical specific capability of service providers to undertake and deliver large-sized AO engagements becomes a factor of prime importance.

In this research, we analyze the capabilities of 18 leading AO service providers specific to the global insurance sector. These providers have been mapped on the Everest Group **Performance | Experience | Ability | Knowledge (PEAK) Matrix**, which is a composite index of a range of distinct metrics related to a provider's capability and market success.

In this report we focus on:

- The landscape of service providers in the insurance AO market
- Assessment of the service providers on a number of insurance capability-related dimensions
- Characteristics of the Leaders, Major Contenders, and Emerging Players on the Everest Group PEAK Matrix
- Implications for insurance AO buyers and service providers

## Scope of this report:

- **Industry:** Insurance (life and pensions as well as property/casualty insurance); excludes health insurance, banking, and capital markets
- **Services:** Large (TCV >US\$25 million), multi-year (>3 years), annuity-based application outsourcing
- **Geography:** Global
- **Service providers:** 18 leading insurance AO service providers (list included on page 7)

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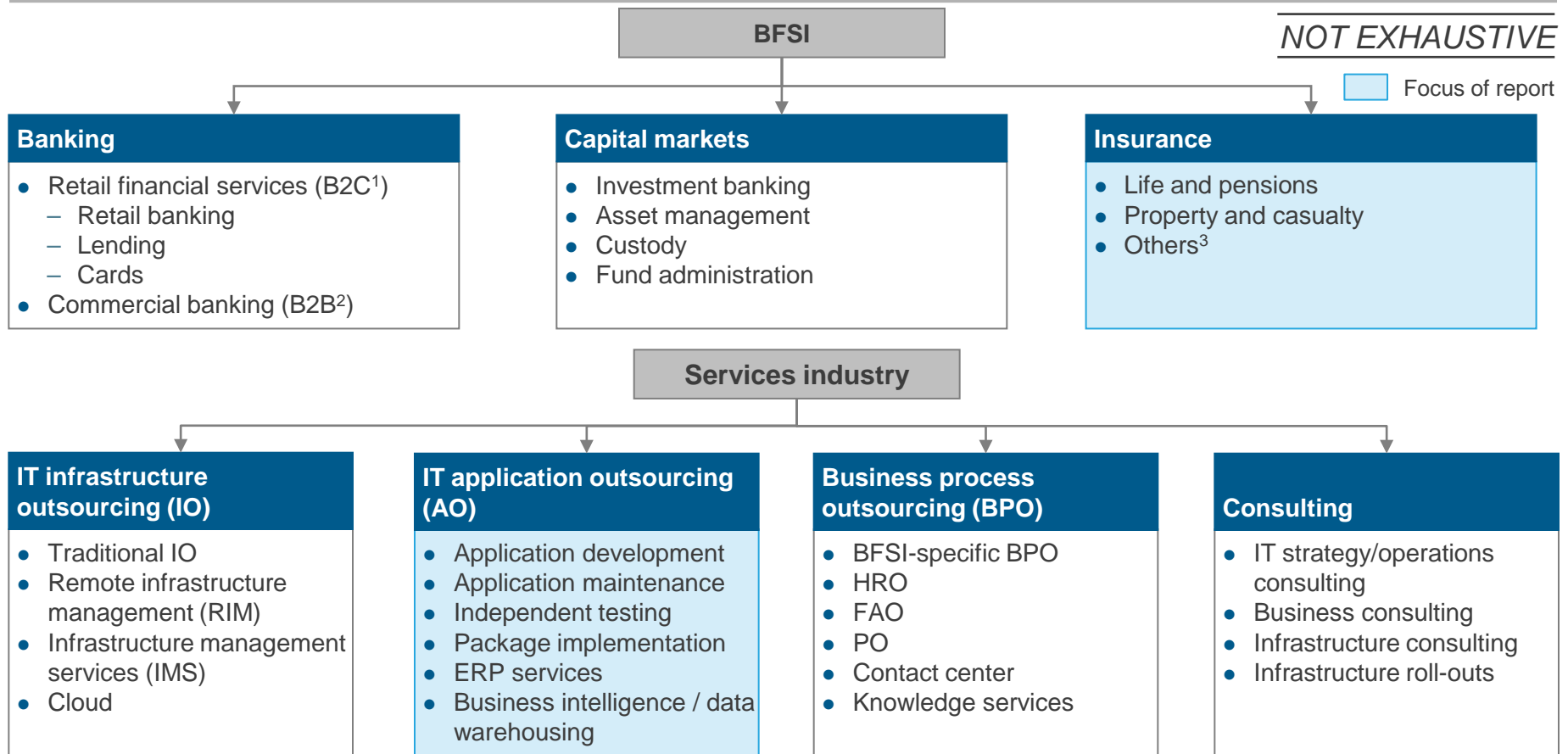
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# This Everest Group report examines the service provider landscape for large annuity contracts in the insurance AO market

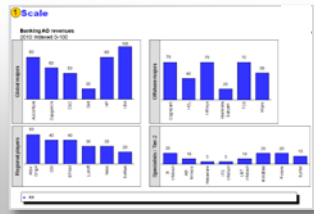


**This report analyzes capabilities of service providers for IT application outsourcing in the insurance sub-vertical with a focus on large (TCV >US\$25 million), annuity-based multi-year (>3 years) relationships**

1 Business-to-consumer relationships  
 2 Business-to-business relationships  
 3 Includes reinsurance, specialty insurance, etc.

# This report is a part of the Everest Group's series of nine reports focused on application outsourcing in BFSI in 2011

## Market Trends in IT Application Outsourcing Services



- Each report provides an overview of the application outsourcing market for the specific banking / capital markets / insurance sub-vertical
- The report analyzes key trends in market size and growth, demand drivers, adoption and scope trends, emerging themes, key areas of investment, and implications for key stakeholders

Banking

Capital markets

Insurance

## Service Provider Landscape: IT Application Outsourcing Services

The screenshot shows a table with columns for 'Service Provider', 'Banking', 'Capital markets', and 'Insurance'. The table lists various service providers and their presence in each sub-vertical. The 'Insurance' column is highlighted in yellow.

Each report provides:

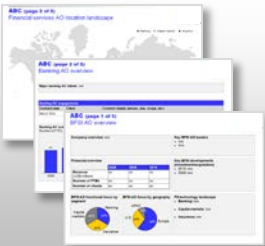
- Mapping of service providers on Everest Group's capability matrix i.e., Performance | Experience | Ability | Knowledge (PEAK) Matrix for the specific sub-vertical
- Assessment of service providers based on delivery capability and market success in establishing large AO contracts with financial institutions

Banking

Capital markets

Insurance

## Service Providers' Profiles Compendium: IT Application Outsourcing services



Capability profiles of service providers capturing their AO services experience in specific sub-verticals. Each service provider profile includes:

- Service provider overview: Details of AO services capabilities, key investments, proprietary solutions, and technological expertise
- Functional/Line of Business (LoB) focus
- Transactions overview for application services offerings
- Delivery footprint

Banking

Capital markets

Insurance

# Everest Group's BFSI research is based on two key sources of proprietary information

- 1
  - Proprietary Everest Group database of **~375** large, multi-year AO contracts within BFSI (updated annually)
  - The database tracks the following elements of each large AO relationship:
    - Buyer details including industry, size, and signing region
    - Contract details including TCV, ACV, term, start date, service provider FTEs, and pricing structure
    - Activity broken down separately for banking, capital markets, and insurance, and by lines of business (for example, life and pensions, property and casualty)
    - Scope includes coverage of buyer geography as well as functional activities
    - Global sourcing, including delivery locations and level of offshoring

- 2
  - Proprietary Everest Group database of **operational capability of 20+ BFSI AO service providers** (updated annually)
  - The database tracks the following capability elements for each service provider:
    - Key leaders
    - Major BFSI AO clients and recent wins
    - Overall revenues, total employees, and BFSI employees
    - Recent BFSI-related developments
    - BFSI AO delivery locations
    - BFSI AO service suite
    - Domain capabilities, proprietary solutions, and intellectual property investments



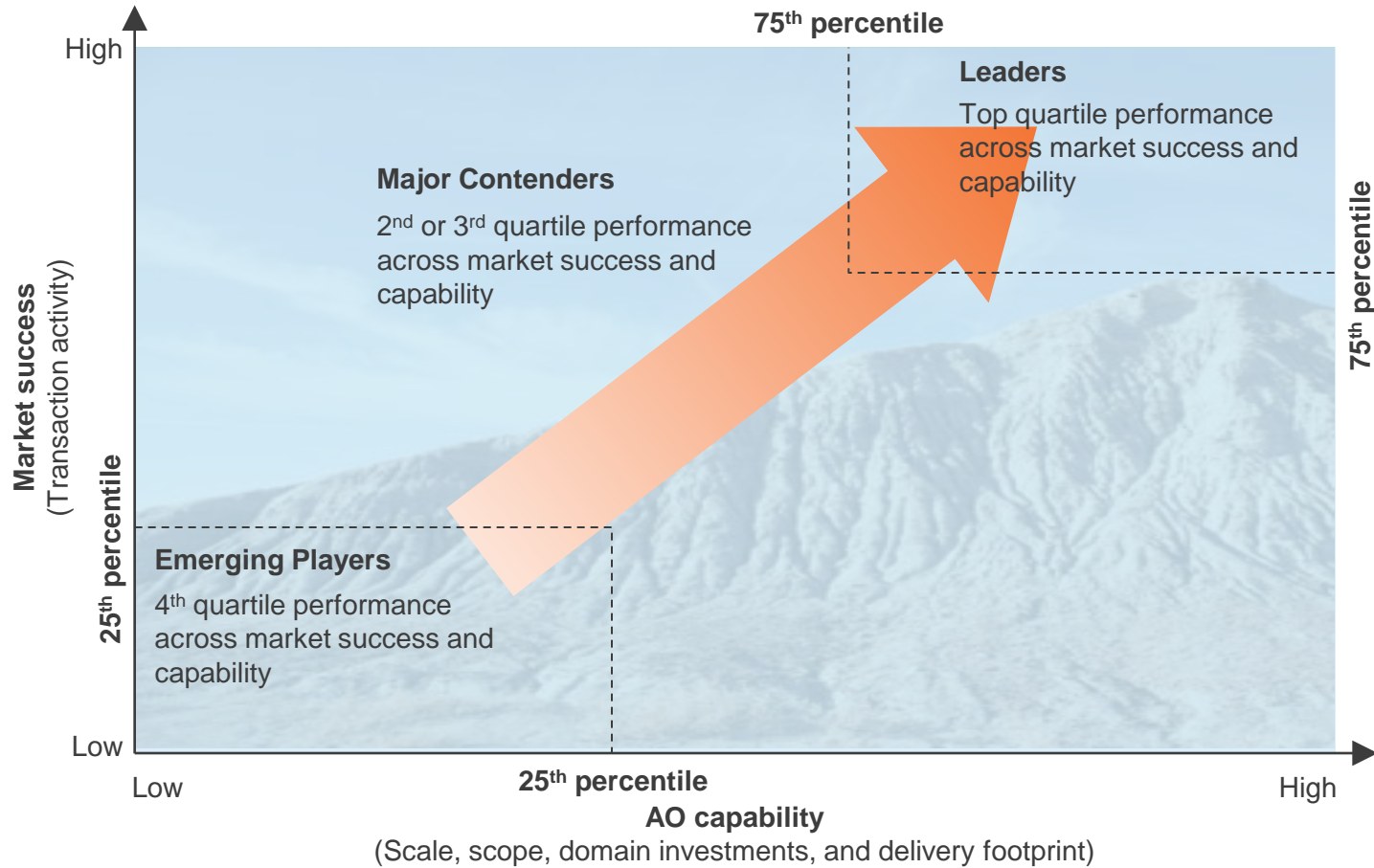
1 Atos' acquisition of Siemens IT Services is excluded from the current insurance AO PEAK analysis

Note: We continuously monitor market developments and track additional service providers beyond those included in the analysis

Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any information, that is contract specific, will be presented back to the industry only in an aggregated fashion

# The service providers have been mapped on Everest Group's Performance | Experience | Ability | Knowledge (PEAK) Matrix

## Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for Application Outsourcing



The Everest Group's PEAK Matrix is a composite index of a range of distinct metrics related to a service provider's scale, scope, technology/domain investments, delivery footprint, and resultant market success in the context of a given outsourcing function



# This report is structured across three key sections, each containing insights on the insurance AO service provider landscape, focusing on large-sized contracts

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## Insurance AO service provider landscape

### Analysis dimensions

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#### Analysis of individual service provider capability and service provider groups across the following dimensions:

- Scale
- Scope
- Domain investments
- Delivery footprint
- Market success

## Insurance AO PEAK characteristics

#### Analysis of each of the categories on the Everest Group PEAK Matrix – “Market Leaders”, “Major Contenders”, and “Emerging Players”

- Commentary on capabilities of each service provider
- Delivery capability characteristics (scale, scope, domain investments, and delivery footprint)
- Market success characteristics (transaction activity)

## Implications for key stakeholders

#### Implications of trends on buyers and service providers

# Overview and abbreviated summary of key messages

The report provides a comprehensive assessment of the service provider landscape in AO services for insurance and maps various providers on Everest's PEAK matrix. The report further examines the distinctive characteristics of different service provider clusters i.e., Leaders, Major Contenders, Emerging Players, and recognizes the key implications of the rapidly changing landscape for insurance buyers and service providers

**Some of the findings in this report, among others, are:**

## Insurance AO service provider landscape

- The service provider landscape for insurance AO services is segmented into four major categories: global majors, offshore majors, regional players, and tier-2 Indian providers
- Global majors dominate insurance AO market in terms of revenue, depth of capability, and breadth of delivery footprint; offshore majors have the highest average headcount and witnessed the fastest growth in average revenues as well as new accounts in the last three years
- Tier-2 Indian providers have also built meaningful offshore scale to support large relationships for insurance AO buyers; where as regional players have been successful in winning contracts, primarily in the domestic/local markets

## Insurance AO PEAK clusters' characteristics

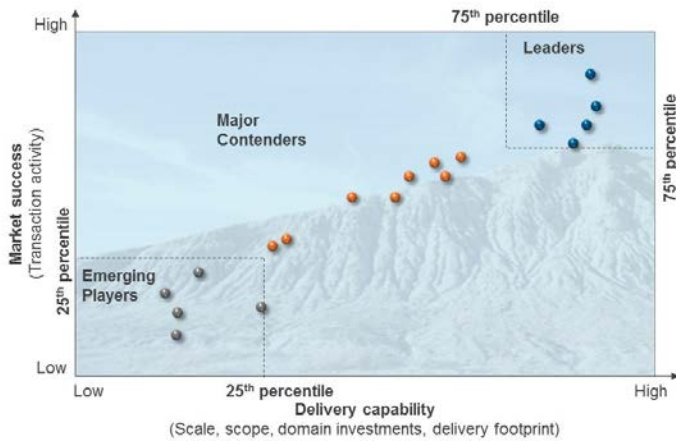
- Leaders account for a majority of active ACV and TCV of large insurance AO contracts, and have the strongest portfolio of proprietary solutions for insurance AO delivery
- Major Contenders have augmented their delivery capability by establishing relevant product partnerships in this vertical, and are growing their scale through acquisitions
- Emerging Players have leveraged their strength in broader application services and tailored their offerings to meet the specific requirements of insurance AO buyers

## Implications for key stakeholders

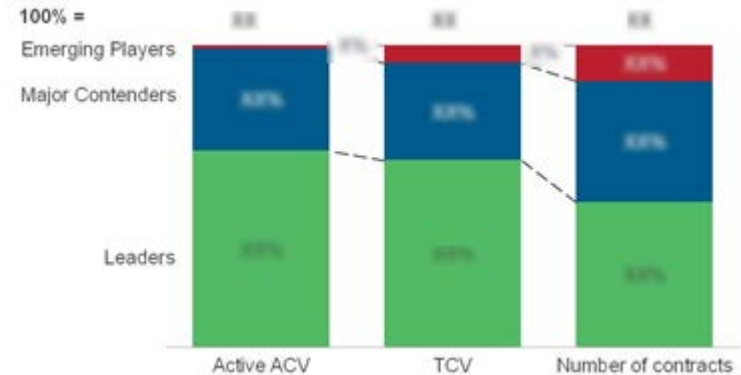
- Buyers need to revisit their service provider selection strategy that aligns with current market situation, develop resourceful ways of engaging service providers, and familiarize themselves with service providers' evolving strategy to achieve growth, profitability, and manage complexity
- Market Leaders need to align their capabilities and offerings to the evolving business requirements in order to sustain their leadership position in the market

This study offers three distinct chapters providing a deep dive into key aspects of the insurance AO service provider landscape; below are four charts to illustrate the depth of the report

### PEAK Matrix for large sized insurance AO



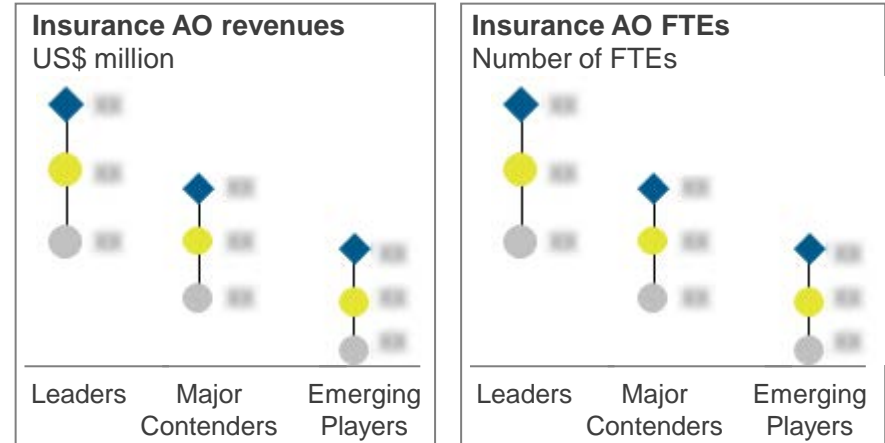
### Insurance AO market share by service provider segment



### Service provider capability assessment dashboard

Service provider	Scale	Scope	Domain investments	Delivery footprint
<b>Service provider category 1</b>				
Service provider	●	●	◐	●
Service provider	◐	◐	◐	◐
Service provider	●	●	●	◐
Service provider	◐	◐	◐	◐
Service provider	●	●	◐	●
<b>Offshore majors category 2</b>				
Service provider	◐	●	◐	◐
Service provider	◐	◐	◐	◐
Service provider	◐	◐	◐	◐
Service provider	●	●	◐	●
Service provider	◐	●	◐	◐

### Insurance AO scale by provider segment



# This report also provides specific details on each service provider's distinctive characteristics, and capabilities, in the insurance AO services space

## Emerging Players (page 1 of 2)

Emerging Players are leveraging their broader application-related capabilities to win business in the insurance AO space

Service provider

Service provider 1

## Major Contenders (page 1 of 3)

Major Contenders in the insurance AO sub-vertical increased their delivery capability by establishing product partnerships, and through...

Service provider

Service provider 2

Service provider 1

## Leaders (page 1 of 2)

Leading service providers in the insurance AO space are characterized by their significant scale (both in terms of revenues and headcount)...

Service provider

Comments

Service provider 3

Service provider 2

Service provider 1

- Among the largest BFB1 AO services providers globally; derives over US\$XX billion in revenues from BFB1 (across all service lines)
- Provides XXX, XXX, XXX solutions for property and casualty (P&C) and life insurers
- Global clientele with XX+ insurance clients in over XX countries
- Extensive delivery footprint in over XX countries
- Recently acquired XXX to further solidify its offerings in the XXX segment

Service provider 3

Service provider 2

- Derives over XX percent of its total revenues from the BFB1 vertical
- Insurance AO practice focuses on offering solutions in the areas of XXX,XXX, XXX
- Serves XX of the top XX global insurers (across all service lines). Acquired a number of new insurance AO clients over the last three years
- Focused Centers of Excellence (COEs) and competency groups built around application packages, business processes, and technologies to support the practice
- Has more than XXX employees dedicated to the insurance AO practice. More than XX percent of this workforce is based in low-cost locations
- Recorded strong growth in insurance AO performance in the recent years (~XX percent CAGR for 2008-2010)

Source: Everest Group (2011)



Source: Everest Group (2011)



Source: Everest Group (2011)



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Actionable insights on insurance AO scale, breadth of offerings, domain investments and market success for each service provider on the PEAK

# Everest Group BFSI outsourcing research calendar (page 1 of 4)

Topic	Goals of the research	Published	Current	Upcoming	Release date
<b>Global lending BPO across credit cards, consumer loans, and commercial loans</b>	The market size and potential of the global lending BPO by business segment and function. Adoption trends measured across buyer size and geography. Maturity of lending BPO sub-functions across business segments. Prevalence of various sourcing models. The lending BPO service provider landscape across business segments				January-2011
<b>FS BPO Service provider profile compendium</b>	Snapshots of 14 service providers playing in the FS BPO segment. Each 4-5 page service provider profile provides a comprehensive picture of their service suite, scale of operations, technology landscape, recent developments, and delivery locations across all financial services segments including banking, capital markets, and insurance				March-2011
<b>Global sourcing in FS BPO – Significant Traction, Yet Tremendous Potential</b>	Coverage across retail banking, capital markets, and insurance. Offshore leverage through shared services and third-party outsourcing by financial services organizations. Potential offshorability and current offshore adoption of value chain elements for each business segment. Mature and emerging delivery locations and associated value proposition				April-2011
<b>Market Trends for IT application services in Banking</b>	Provides an overview of the application services market for the banking vertical, capturing key trends in market size, growth, drivers and inhibitors, adoption trends, regional/functional break-outs of the market, emerging themes and key areas of investment, and implications for key stakeholders				June-2011

# Everest Group BFSI outsourcing research calendar (page 2 of 4)

Topic	Goals of the research	Published	Current	Upcoming	Release date
<b>Service provider landscape for IT application services in Banking</b>	Provides a comprehensive assessment of the service provider landscape in AO services for banking and maps various suppliers on Everest's capability matrix	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	June-2011
<b>Service providers' capability assessment (profiles compendium) for IT application services in Banking</b>	Profiles of service providers capturing their IT AO capability in banking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	July-2011
<b>Insurance BPO - Rising Demand, Increasing Competition</b>	This report explores the market size, growth, adoption trends, value drivers, process scope, technology landscape, delivery locations, and service provider landscape in the insurance BPO market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	August-2011
<b>Market Trends for IT application services in Insurance</b>	Provides an overview of the application services market for the insurance vertical, capturing key trends in market size, growth, drivers and inhibitors, adoption trends, regional/functional break-outs of the market, emerging themes and key areas of investment, and implications for key stakeholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	August-2011

# Everest Group BFSI outsourcing research calendar (page 3 of 4)

Topic	Goals of the research	Published	Current	Upcoming	Release date
<b>Service provider landscape for IT application services in Insurance</b>	Provides a comprehensive assessment of the service provider landscape in AO services for insurance and maps various suppliers on Everest's capability matrix				November-2011
<b>Service providers' capability assessment (profiles compendium) for IT application services in Insurance</b>	Profiles of service providers capturing their IT AO capability in insurance				Q4-2011
<b>Global third-party BPO service provider landscape in Capital Markets</b>	Coverage across investment banking, asset management, and custody and fund administration. Service provider segments and assessment of scale and scope of offerings. Role of global sourcing and technology. Individual service provider profiles				Q4-2011
<b>Market Trends for IT application services in Capital Markets</b>	Provides an overview of the application services market for the capital markets vertical, capturing key trends in market size, growth, drivers and inhibitors, adoption trends, regional/functional break-outs of the market, emerging themes and key areas of investment, and implications for key stakeholders				Q4-2011

# Everest Group BFSI outsourcing research calendar (page 4 of 4)

Topic	Goals of the research	Published	Current	Upcoming	Release date
<b>Service providers' capability assessment (profiles compendium) for IT application services in <i>Capital Markets</i></b>	Profiles of service providers capturing their IT AO capability in capital markets				Q4-2011
<b>Service provider landscape for IT application services in <i>Capital Markets</i></b>	Provides a comprehensive assessment of the service provider landscape in AO services for capital markets, and maps various suppliers on Everest Group's capability matrix				Q4-2011



# Additional research references

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

1. **[IT Application Outsourcing in Insurance - Trends and Future Outlook \(EGR-2011-11-R-0594\)](#)**: This report provides an overview of the application outsourcing (AO) market for the insurance industry, through an in-depth analysis of large-sized AO contracts (i.e., contracts over US\$25 million in TCV and over three years in duration). The report analyzes key trends in market size and growth, demand drivers, adoption and scope trends, emerging themes, key areas of investment, and implications for key stakeholders, with regards to such large insurance AO deals
2. **[Insurance BPO - Rising Demand, Increasing Competition \(EGR-2011-11-R-0584\)](#)**: Insurance BPO represents one of the most mature offerings within the BFSI BPO market. In this research, we analyze the third-party Insurance BPO market across the Life & Pensions (L&P) and Property & Casualty (P&C) segments. We focus on buyer adoption trends in Insurance BPO, market changes (size, growth, and potential), drivers and challenges to Insurance BPO, characteristics of solutions (scope of services, global sourcing, technology, and pricing models), and the assessment of Insurance BPO service providers
3. **[IT Application Outsourcing in Banking – Trends and Future Outlook \(ERI-2011-11-R-0566\)](#)**: This report provides an overview of the Application Outsourcing (AO) market for the banking industry, through an in-depth analysis of large-sized AO contracts (i.e., contracts over US\$25 million in TCV and over three years in duration). The report analyzes key trends in market size and growth, demand drivers, adoption and scope trends, emerging themes, key areas of investment, and implications for key stakeholders, with regards to such large banking AO transactions
4. **[Application Outsourcing in Banking - PEAK Into the Evolving Service Provider Landscape \(ERI-2011-11-R-0567\)](#)**: The report provides a comprehensive assessment of the service provider landscape in AO services for banking, and maps 22 banking AO providers on the Everest Group's PEAK Matrix. The report further examines the distinctive characteristics of the Leaders, Major Contenders, and Emerging Players, and recognizes key implications for banking buyers and service providers

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# About Everest Group

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Everest Group is an advisor to business leaders on the next generation of global services with a worldwide reputation for helping Global 1000 firms dramatically improve their performance by optimizing their back- and middle-office business services. With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of global services in their pursuits to balance short-term needs with long-term goals. Through its practical consulting, original research and industry resource services, Everest Group helps clients maximize value from delivery strategies, talent and sourcing models, technologies and management approaches. Established in 1991, Everest Group serves users of global services, providers of services, country organizations and private equity firms, in six continents across all industry categories. For more information, please visit [www.everestgrp.com](http://www.everestgrp.com) and [research.everestgrp.com](http://research.everestgrp.com).

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