IT Outsourcing in Global Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2016 and Profiles Compendium

Banking, Financial Services, and Insurance (BFSI) IT Outsourcing Market Report – August 2016 – Preview Deck

Our research offerings for global services

- **Market Vista™**
  Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

- **BFSI[1] Information Technology**
- **BFSI[1] Business Process**
- **Healthcare & Life Sciences ITS**
- **Healthcare & Life Sciences BPS**
- **Application & Digital**
- **Cloud & Infrastructure**
- **Global Sourcing**
- **Locations Insider™**
- **PricePoint™**
- **Finance & Accounting**
- **Procurement**
- **Human Resources**
- **Recruitment & Talent Acquisition**
- **Contact Center**
- **Service Optimization Technologies**
- **Transaction Intelligence**

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

Subscription information

- This full report is included in the following subscription(s)
  - **BFSI[1] Information Technology**
- In addition to published research, a subscription may include analyst inquiry, data cuts, and other services
- **If you want to learn whether your organization has a subscription agreement or request information on pricing and subscription options, please contact us**

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1 Banking, financial services, and insurance

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Everest Group RESEARCH

EGR-2016-11-PD-1848

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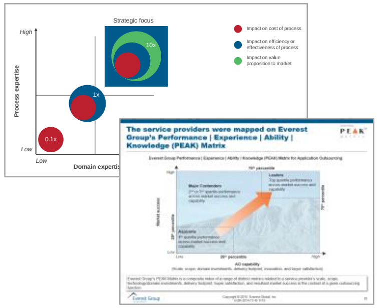
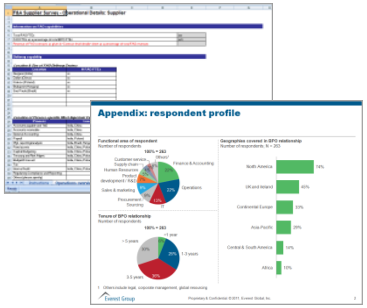
Our research methodology is based on four pillars of strength to produce actionable and insightful research for the industry

- Market thought leadership
- Actionable and insightful research
- Syndicated and custom research deliverables

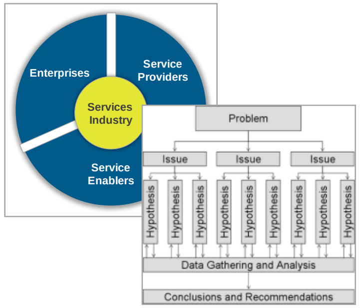
1 Robust definitions and framework
(PEAK Matrix™, market maturity, and technology adoption/investment)



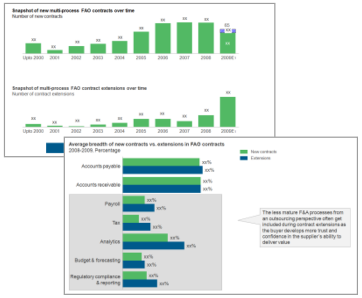
2 Primary sources of information
(Annual, contractual and operational RFIs, service provider briefings and buyer interviews, and web-based surveys)



3 Diverse set of market touchpoints
(Ongoing interactions across key stakeholders, input from a mix of perspectives and interests, supports both data analysis and thought leadership)



4 Fact-based research
(Data-driven analysis with expert perspectives, trend-analysis across market adoption, contracting, and service providers)



- Proprietary contractual database of 500+ large active BFSI AO contracts (updated annually)
- Year-round tracking of 25+ BFSI AO service providers
- Dedicated team for BFSI IT outsourcing research, spread over two continents
- Over 20 years of advising BFSI clients on ITO and BPO decisions
- Executive-level relationships with buyers, service providers, technology providers, and industry associations

Background and scope of the research

Background of the research

- Stricter regulatory norms, the race to provide personalized banking experience, rise of digital banking, the pressure to contain costs, and the threat from the rise of banking ubers drove investments in banking application services market in 2015. Banks embraced the next-generation technologies and invested in driving revenue growth by providing improved omnichannel experience to customers
- Service provider landscape intensified as a result of market consolidation as large players acquired mid-tier firms to gain access to new markets, logos, and domain capabilities. Digital has now become mainstream and service providers are transitioning themselves to become digital transformation partners of banks by ramping up their capabilities, investing in innovative technologies internally or through alliances, and acquiring strategic targets to address the growing and complex application services needs of banks
- In this research, we analyze the capabilities of 28 leading AO service providers, specific to the global banking sector. These providers were mapped on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix, which is a composite index of a range of distinct metrics related to each provider's capability and market success. In this report, we focus on:
  - The landscape of service providers in banking AO
  - Assessment of the service providers on a number of capability-related dimensions
  - Characteristics of Leaders, Major Contenders, and Aspirants on the Everest Group banking AO PEAK Matrix™
  - "Star Performers" of 2016, providers with the strongest forward movement over time – in terms of both market success and capability advancements
  - Implications for banking buyers and service providers

Scope of this report

- **Industry:** Banking (retail banking, commercial banking, credit cards, loans, and mortgages); excludes capital markets and insurance
- **Services:** Large (TCV > US$25 million), multi-year (>three years), and annuity-based application outsourcing
- **Geography:** Global
- **Service providers:** Includes 28 leading banking AO service providers (list given on page 11)

This report examines the service provider landscape for large (TCV > US$25 million), annuity-based, multi-year (> 3 years) application services relationships in the global banking sector

NOT EXHAUSTIVE

BFSI

Focus of report

Banking
- Retail banking (B2C[1])
- Lending
- Cards
- Commercial banking (B2B[2])

Capital markets
- Investment banking
- Asset management
- Custody and funds administration
- Brokerage
- Others[3]

Insurance
- Life and pensions
- Property and casualty
- Others

Services industry

IT Infrastructure Outsourcing (IO)
- Traditional IO
- Remote Infrastructure Management (RIM)
- Infrastructure Management Services (IMS)
- Cloud

IT Application Outsourcing (AO)
- Application development
- Application maintenance
- Independent testing
- Package implementation
- ERP services
- Business intelligence / data warehousing

Business Process Outsourcing (BPO)
- BFSI-specific BPO
- HRO
- FAO
- PO
- Contact center
- Knowledge services

Consulting
- IT strategy / operations consulting
- Business consulting
- Infrastructure consulting
- Infrastructure rollouts

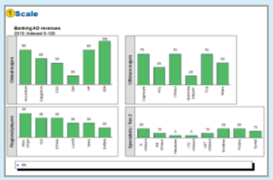
Digital Services
Services in next-generation technologies leveraged by enterprises to enable transformation including social, mobility, analytics, cloud, and others (artificial intelligence (AI), robotics process automation (RPA), internet of things (IoT), machine-to-machine, etc.)

1 Business-to-consumer relationships
2 Business-to-business relationships
3 Includes other capital markets functions such as structured finance, treasury, FX, and horizontal functions including risk management

Everest Group RESEARCH

This report is a part of the Everest Group's series of reports focused on ITO in BFSI in 2016

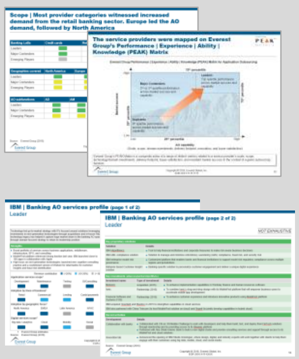
IT Outsourcing in BFSI – Annual Report



Each report provides:
- An overview of the application services market for the BFSI verticals, capturing key trends in market size, growth, drivers & inhibitors, adoption trends, regional/functional break-outs of the market, emerging themes, key areas of investment, and implications
- Key movements in volumes/values of AO transactions, evolving trends, market dynamics, and emerging priorities of buyers in the last 12 months

- Global Banking
- Global Capital Markets
- Global Insurance

IT Outsourcing in BFSI – Service Provider Landscape and Profiles Compendium



Each report provides:
- Assessment of service provider landscape in AO services and mapping of providers on Everest Group's PEAK Matrix™ – as Leaders, Major Contenders, and Aspirants
- Benchmarking scale, scope, domain investments, and delivery footprint of each provider's BFSI-AO practice along with comparative evaluation of their BFSI-AO capabilities
- The 2016 BFSI-AO PEAK analyses focus on identifying the "Star Performers", i.e., providers with the strongest forward movement over time – both in terms of market success and capability advancements
- Capability profiles of service providers capturing their AO services experience in specific subverticals including details such as AO services capabilities, key investments, proprietary solutions, and technological expertise

- **Global Banking**
- Global Capital Markets
- Global Insurance
- Mobility in Banking
- Mobility in Insurance
- Analytics in Banking
- Analytics in Insurance

Enterprise Digital Effectiveness with APEX Matrix

Two reports as part of an "open source" evaluation of the digital effectiveness of the largest retail banks in Europe and the United States and mapping them on Everest Group's APEX Matrix – as Leaders, Optimizers, Innovators, and Aspirants

- APEX Matrix for Digital in the U.S. retail banks
- APEX Matrix for Digital in Europe retail banks

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

1

- Everest Group's proprietary database of 400+ large, active, multi-year AO contracts within banking (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 by Lines of Business (LoB) – retail banking, credit cards, commercial banking, and lending
  - Scope includes coverage of buyer's geography as well as functional activities
  - Global sourcing including delivery locations and level of offshoring

2

- Everest Group's proprietary database of **operational capability of 25+ Banking AO service providers** (updated annually)
- The database tracks the following capability elements for each service provider:
  - Major banking AO clients and recent wins
  - Overall revenue
  - Recent banking-related developments
  - Banking AO delivery locations
  - Banking AO service suite
  - Domain capabilities, proprietary solutions, and intellectual property investments

Service providers covered in the analysis

Accenture [1], Atos, Atos, Capgemini, Birlasoft, CGI, Cognizant, CSC [3], Dell [2], EPAM [1], Genpact, HCL, Hexaware [1], Hewlett Packard Enterprise [1,3], IBM [1], Infosys, ITC Infotech, L&T Infotech, Luxoft, Mindtree, Mphasis [1], Softtek, Syntel, Tech Mahindra, Tata Consultancy Services, Unisys [1], Virtusa | Polaris, Wipro

1 Assessment for Accenture, EPAM, Hexaware, HPE, IBM, Mphasis, and Unisys excludes service provider inputs, and is based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with banking buyers
2 Analysis for Dell Services based on capabilities before being acquired by NTT Data
3 Analysis based on capabilities before the merger of CSC and HPE Services

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

This report contains insights on the banking AO service provider landscape and profiles of service providers

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

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

PEAK Matrix characteristic for banking AO

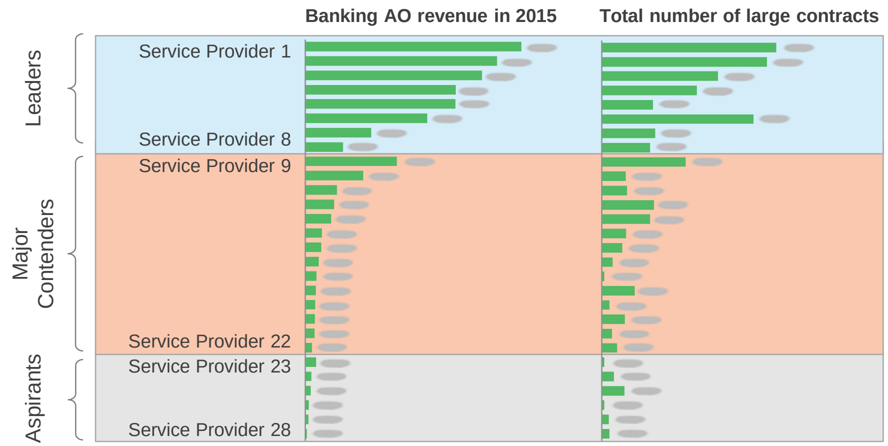
- Leaders account for more than 60% of the market in terms of banking AO revenue and total number of contracts and made significant investments in enhancing their domain capability through IP development, labs/CoEs, alliances, and select acquisitions
- Major Contenders stand out with the highest share of FTEs in onshore and nearshore locations; Leaders have highest offshore leverage
- Aspirants have a balanced focus on both large and medium-sized buyers as they position themselves as "right-sized" offering flexible engagement options
- In line with aggressive investments in the next-generation technologies, Leaders grabbed larger share of deals with digital services in scope

Implications for buyers and service providers

- Hit by series of regulations, cost pressures, and evolving customer demands, banks are in dire need to innovate to stay competitive
- Banks need to push for agile delivery and invest in PoCs/pilots to evaluate cutting edge technology use cases
- At the same time, service providers need to offer innovative pricing/engagement models, partner with startups, and invest in next-generation technologies

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

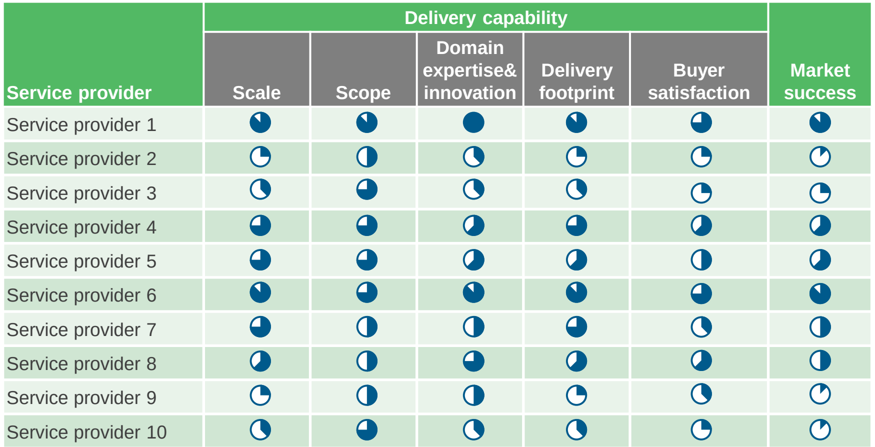
Banking AO service provider market share



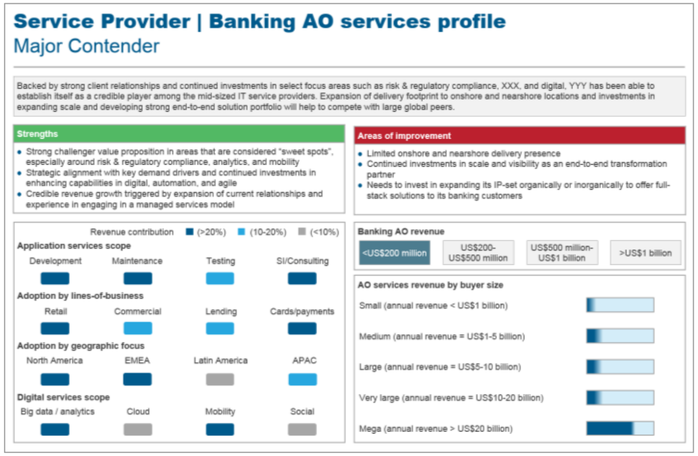
Banking AO scale by provider segment

Leaders	Service provider 1	Service provider 2	--	Service provider 8
Major Contenders	Service provider 9	Service provider 10	--	Service provider 22
Aspirants	Service provider 23	Service provider 24	--	Service provider 28

Service provider capability assessment dashboard



Service provider profile



Source: Everest Group (2016)

BFSI ITS research calendar

Published / Current

Topic	Release date
IT Applications Outsourcing in Insurance – Service Provider Profiles Compendium – 2015	January 2016
Blockchain in BFSI – Looking Beyond the Hype	March 2016
IT Outsourcing in Banking – Annual Report 2016	June 2016
Digital Effectiveness in U.S. Retail Banking – APEX Matrix™ to Identify the Digital Banking Leaders 2016	July 2016
IT Outsourcing in Global Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2016 and Profiles Compendium	August 2016
Digital Effectiveness in Europe Retail Banking – APEX Matrix™ to Identify the Digital Banking Leaders 2016	Q3 2016
IT Outsourcing in Capital Markets – Annual Report 2016	Q3 2016
IT Outsourcing in Global Capital Markets – Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q3 2016
IT Outsourcing in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q3 2016
IT Outsourcing in Insurance – Annual Report 2016	Q3 2016
Analytics in Banking– Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q4 2016
Mobility in Banking– Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q4 2016
Mobility in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q4 2016
Analytics in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q4 2016

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. **IT Outsourcing in Banking – Annual Report 2016: Simplify the Bank** (EGR-2016-11-R-1805); 2016. 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 & growth, demand drivers, adoption & scope trends, emerging priorities of buyers, key investment themes, and future outlook for 2016 with regards to such large banking AO deals

2. **Blockchain in BFSI – Looking beyond the hype** (EGR-2016-11-R-1725); 2016. This report provides an overview of blockchain technology and its impact on global BFSI sector. The report covers the market trends, enterprise priorities and key investment themes related to blockchain. The report helps financial services institution and service provider cut through the hype and understand the current state of adoption and the future promise of blockchain

3. **BFSI Digital Adoption Trends – The Investment Enigma for BFSI Enterprises: Where to Invest?** (EGR-2016-4-R-1720); 2016. This report assesses the current state of digital adoption in BFSI enterprises. The report establishes a definitional framework for digital adoption, provides insights into the forces driving the adoption, assessing current state of adoption, and identifying implications for enterprises and service providers in their digital investments

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Everest Group

From **insight** to ***action***.

About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empowers clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com and research.everestgrp.com.

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