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RESEARCH

Life and Pensions Insurance BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2017

Insurance BPS
Market Report – September 2017: Complimentary Abstract

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Background and methodology of the research

Background of the research

The global L&P insurance BPO market continues to show steady growth. It registered ~7% growth in revenue in 2016, similar to its growth in 2015. In terms of FTEs, the market witnessed deployment strengthened by ~8%. L&P insurance BPO adoption remains concentrated in North America and the United Kingdom, which together account for more than 90% of the revenue. While the latter leads the market and accounts for nearly three-fifths of the global revenue, market growth is primarily being driven by North American buyers. Though Asia Pacific and Eastern Europe have been showing traction, these markets are yet to attain the size to drive market growth.

The L&P insurance BPO market is witnessing certain changes and some of the observed trends are –

- Customers' expectations are changing and demand for omnichannel customer experience is rising
- Buyers are looking for end-to-end partnerships for faster time-to-market and enhancing customer servicing
- There are constant regulatory shifts and thus services such as regulatory reporting and risk management are more in demand
- Outsourcing is increasingly being viewed not only as a cost-saving opportunity, but as a source of business transformation

The market is seeing an increasing emphasis on more complex and judgment-intensive work such as analytics, risk management, actuarial, and regulatory reporting. Robotic Process Automation (RPA) has raised the potential for cost savings and efficiency achievable with BPO, and is steadily gaining traction in the industry. This gives service providers the opportunity to deliver greater benefits to their clients and differentiate themselves from the competition. Innovation is also being seen in pricing, with traditional pricing models such as FTE-based and fixed-fee models being replaced by outcome-based pricing models.

Scope and methodology

In this research, we analyze the global L&P insurance BPO service provider landscape. We focus on:

- Relative positioning of 17 service providers on Everest Group's PEAK Matrix for L&P insurance BPO
- Service provider market success
- Service provider capability assessment across key dimensions
- Comments about service providers

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Overview and abbreviated summary of key messages (page 1 of 2)

This report examines the global L&P insurance BPO market and its service provider landscape. It provides detailed analysis of capabilities and market performance of service providers and their relative positions on the Everest Group PEAK Matrix. It will assist key stakeholders (insurance providers, service providers, and technology providers) understand the current state of the L&P insurance BPO service provider landscape.

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

Everest Group PEAK Matrix for L&P insurance BPO

- Everest Group classified 17 L&P insurance BPO service providers on the Everest Group PEAK Matrix into three categories of Leaders, Major Contenders, and Aspirants
- The 2017 L&P insurance BPO PEAK Matrix positioning is as follows:
  - Leaders: Cognizant, DXC, EXL, SE2, and Tata Consultancy Services (TCS)
  - Major Contenders: Accenture, Capgemini, Capita, Concentrix, Genpact, Infosys, NTT DATA, and WNS
  - Aspirants: Intelenet, NIIT Technologies, Syntel, and Tech Mahindra
- EXL, Genpact, SE2, and WNS are the “Star Performers” on the L&P insurance BPO Everest Group PEAK Matrix for 2017
- The landscape is quite competitive with some of the Major Contenders posing a stiff challenge to the Leaders. With evolving industry trends, Leaders need to perform on every dimension to maintain their lead

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Overview and abbreviated summary of key messages (page 2 of 2)

Key insights on PEAK Matrix dimensions (not exhaustive)

- Capita, SE2, and TCS are the three largest L&P insurance BPO service providers by revenue. In terms of the size of client base, Capita, DXC, Infosys, NTT DATA, and TCS are the largest players
- Cognizant, DXC, EXL, Genpact, SE2, and WNS drove market growth in 2016, together responsible for more than three-fourths of it
- The United Kingdom is the largest buyer geography for L&P insurance BPO by revenue; however, North America is slowly closing the gap
- North America's L&P insurance BPO market is highly competitive, with many providers in close competition for market share. The United Kingdom, on the other hand, sees uncontested dominance by Capita and TCS, who together account for almost 90% market share
- Capita and TCS have comprehensive coverage of different processes as well as high market share by FTEs within each process
- Capita, SE2, and TCS have significant presence among all buyer sizes

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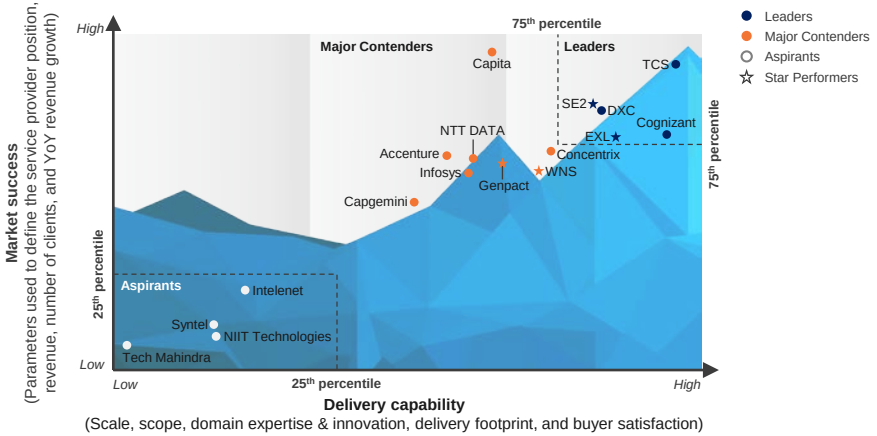
This study offers three distinct chapters providing a deep dive into key aspects of L&P insurance BPO market; below are four charts to illustrate the depth of the report

Everest Group PEAK Matrix™ for L&P insurance BPO



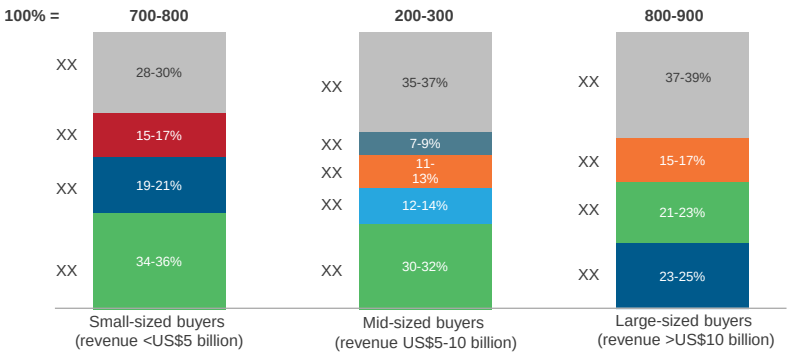
Capability assessment

Measure of capability: Best-in-class | Very high | High | Medium high | Medium | Medium low | Low | Not mature

Service provider	Delivery capability						Market success
	Scale	Scope	Technology solutions and innovation	Delivery footprint	Buyer satisfaction	Overall	
Service Provider1							
Service Provider2							
Service Provider3							
Service Provider4							
Service Provider5							
Service Provider6							
Service Provider7							
Service Provider8							

L&P insurance BPO market share by buyer segment

L&P insurance BPO market share by buyer size
Revenue in US$ million



Everest Group's remarks on service providers

Provider	Strengths	Areas of improvement
Service Provider	• XXX has achieved double-digit growth, both in top-line and FTE terms, over the past three years, and thus is emerging as a strong player in L&P insurance BPO market • Owing to its TPA capabilities, it is well-positioned to deliver processes across the L&P insurance value chain including judgment-intensive processes such as underwriting and actuarial • It is focusing on augmenting the customer service delivery capabilities of its clients and has developed XXX for bolstering front- and back-office processes	• XXX is entirely dependent on North America for its L&P BPO business and needs to diversify into other significant markets such as the United Kingdom, Europe, and Asia Pacific to mitigate concentration risk • Though it recognizes the demand for implementation of RPA and is testing some pilots, it needs to bring in traction to delivery in cognitive automation and risk management as well • For realizing higher cost efficiency and delivering greater value to clients, it needs to expand its delivery capabilities in offshore and nearshore locations

Source: Everest Group (2017)

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Research calendar – Insurance BPS

Published Planned Current release

Flagship Insurance BPS Reports	Release date
Property and Casualty Insurance BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2017	March 2017
Property and Casualty (P&C) Insurance BPO Annual Report – Embracing the Digital-First	June 2016
Life and Pensions Insurance BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2017	**September 2017**
Property and Casualty (P&C) Insurance BPO Service Provider Profile Compendium 2017	September 2017
L&P Insurance BPO – Annual Report 2017	November 2017
Life and Pensions Insurance BPO Service Provider Profile Compendium 2017	December 2017

Thematic Insurance BPS Reports	
Rise of automation in P&C insurance	January 2017
Insurers' Guide to the World of TPAs and BPOs	August 2017
Annuities focused viewpoint	September 2017
Workers Compensation	October 2017

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

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Additional BFSI BPO 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. **Life and Pensions Insurance BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2016** (EGR-2016-11-R-1871); 2016.
   This report uses Everest Group's proprietary PEAK Matrix to assess and rate service providers for life and pensions insurance BPO on their market success and various dimensions of their delivery capabilities. It also highlights the key emerging trends in the L&P insurance BPO market and the key implications for buyers and service providers

2. **Property and Casualty Insurance BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2017** (EGR-2017-11-R-2125); 2017.
   This report uses Everest Group's proprietary PEAK Matrix to assess and rate service providers for property and casualty insurance BPO on their market success and various dimensions of their delivery capabilities. It also highlights the key emerging trends in the P&C insurance BPO market and the key implications for buyers and service providers

3. **Property and Casualty (P&C) Insurance BPO Annual Report – Embracing the Digital-First** (EGR-2017-11-R-2235); 2017. This report provides an overview of the P&C insurance BPO market, including adoption trends across geographies in market size and growth, demand drivers, key solution characteristics, service provider landscape, areas of service investments, and future outlook

4. **Rise of Automation in P&C Insurance** (EGR-2017-13-V-2041); 2017. The P&C insurance world finds itself besieged by a tough operating environment where companies are under tremendous pressure to meet unprecedented levels of accuracy, speed, security, and cost efficiency in order to improve regulatory compliance, service quality, customer experience, and speed-to-market at reduced cost. Service Delivery Automation (SDA) is fast emerging as a useful capability in this pursuit. Everest Group surveyed and interviewed executives of large global P&C insurance firms to better understand the current adoption, challenges, and the future of Service Delivery Automation (SDA) adoption in P&C insurance. The results of the research are presented in this report.

5. **Insurers' Guide to the World of TPAs and BPOs** (EGR-2017-11-V-2296); 2017. This viewpoint provides detailed understanding of the TPA space, engagement models, coverage of insurance segments, and regulatory & licensing requirements in key geographies. The paper also examines how TPAs are differentiated from BPOs, and how the diminishing degree of differences between them is making their coexistence more dynamic. Further, it helps insurers in understanding the appropriateness of outsourcing service providers based on outsourcing drivers.

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