



Topic: IT Outsourcing in European Banking and Capital Markets – Service Provider Landscape with PEAK Matrix™ Assessment 2013

Banking, Financial Services, and Insurance (BFSI) IT Outsourcing
Market Report: December 2013 – Preview Deck

Our research offerings for global services

Subscription information

- | The full report is included in the following subscription(s)
 - **BFSI ITO**
- | 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:

Corporate Headquarters

Office: +1-214-451-3000
info@everestgrp.com

European Headquarters

Office: +44-207-129-1318
unitedkingdom@everestgrp.com

Market Vista™

Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

BFSI¹ information technology

PricePoint™

BFSI¹ business process

Finance & accounting

Healthcare information technology

Procurement

Information technology

Human resources

Cloud Vista™

Recruitment process

Global sourcing

Contact center

Locations Insider™

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

¹ Banking, financial services, and insurance

Everest Group's BFSI 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 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, insurance, and by LoB (e.g., investment banking, asset management, custody and funds administration, and brokerage services)
 - 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+ BFSI AO service providers** (updated annually through primary data collection via service provider RFIs)
- The database tracks the following capability elements for each service provider:
 - Major BFSI AO clients and recent wins
 - Overall revenue, 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

Service providers covered in the 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

Table of contents (page 1 of 3)

Topic	Page no.
Background and methodology	6
Summary of Key messages	12
Summary of key messages	13
Implications for key stakeholders	16
Section I: Banking and capital markets ITO Overview	18
Global IT outsourcing size and split by vertical	19
Global banking and capital markets ITO market size with Europe's share	20
Banking and capital markets ITO transactions by region	21
Banking and capital markets ITO transactions in Europe's key regions	22
Banking and capital markets ITO transactions trends in Europe	24
Section II: Banking and capital markets AO overview in Europe	29
Trends and characteristics for large-sized transactions in banking and capital markets AO in Europe	32
Adoption trends – subfunctions, Line of Businesses (LoBs), and buyer size	34
Renewals	37
Offshore leverage	38
Delivery locations	39

Table of contents (page 2 of 3)

Topic	Page no.
Section III: Emerging priorities of buyers and key investment themes in European banking and capital markets	42
Key Trends driving banking and capital markets' technology investments in Europe	43
Next generation investment themes by European banks and capital markets firms	53
– Social media	54
– Mobility	56
– Analytics	58
– Cloud	61
 Section IV: Europe banking and capital markets AO service provider landscape	 63
Assessment of banking and capital markets AO service providers in Europe by	65
– Scale	66
– Scope	67
– Domain investments	69
– Delivery Footprint	82
– Market Success	84
Summary dashboard: Delivery capability assessment of providers for large banking AO relationships in Europe	85
Summary dashboard: Delivery capability assessment of providers for large capital markets AO relationships in Europe	87
Everest Group PEAK Matrix for large banking AO relationships in Europe	89
Everest Group PEAK Matrix for large capital markets AO relationships in Europe	90

Table of contents (page 3 of 3)

Topic	Page no.
Section V: Europe banking and capital markets AO PEAK Matrix characteristics	91
Analysis of three service provider categories on the PEAK Matrix by	92
– Market share and scale	93
– Scope characteristics	97
– Market activity	100
– Delivery footprint	102
Appendix	105
Glossary of terms	106
BFSI ITO research calendar	108
References	109

Summary of key messages (page 1 of 2)

The European banking and capital markets industry is undergoing an evolutionary period. The industry is also faced with multiple challenges that pressurize them to improve operational efficiencies. Further, European banks and financial firms continue to operate in an uncertain regulatory environment, which makes transition for compliance challenging and complex. European Chief Information Officers (CIOs) are looking at leveraging next-generation services, such as social media, mobility, analytics, and cloud, to achieve cost arbitrage while enhancing customer experience and meeting regulatory compliance. As both European buyers (banks and capital markets firms) and global service providers seek to design solutions for these challenges, it is essential to understand the specific changes in the market environment, and devise an effective approach to adapt accordingly.

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

Banking and capital markets ITO overview

- | Europe accounts for the most transaction activity when it comes to banking and capital markets ITO
- | Within European banking and capital markets ITO transactions, AO deals remained prominent
- | The spending patterns of capital markets firms towards ITO in Europe is tending towards their banker counterparts

Banking and capital markets AO overview in Europe

- | In the last three years, capital markets firms have been big-ticket buyers
- | Application maintenance services has witnessed a significant demand from European buyers
- | Poland is emerging as an important delivery location for banking AO services delivery

Source: Everest Group (2013)

Summary of key messages (page 2 of 2)

Emerging priorities of buyers and key investment themes

- | European banks and financial firms are driven by multiple factors (need to improve profitability, changing regulatory environment, need for multi-channel capabilities etc.) to invest in technology
- | Banks and capital market firms are investing in next-generation IT solutions such as Social media, Mobility, Analytics, and Cloud (SMAC) to address challenges in the existing market place

European banking and capital markets AO service provider landscape

Europe banking AO service provider landscape

- | Leaders: Accenture, CGI, Cognizant, IBM, and TCS
- | Major Contenders: Capgemini, CSC, Dell, EPAM, HCL, HP, Infosys, ITC, L&T Infotech, Luxoft, Mphasis, Polaris, and Wipro
- | Emerging Players: Envanda, Hexaware, Tech Mahindra, and Unisys

Europe capital markets AO service provider landscape

- | Leaders: Accenture, Cognizant, IBM, and TCS
- | Major Contenders: Capgemini, CGI, CSC, EPAM, HCL, Infosys, Luxoft, and Wipro
- | Emerging Players: Dell, L&T Infotech, and Tech Mahindra

European banking and capital markets AO service provider landscape

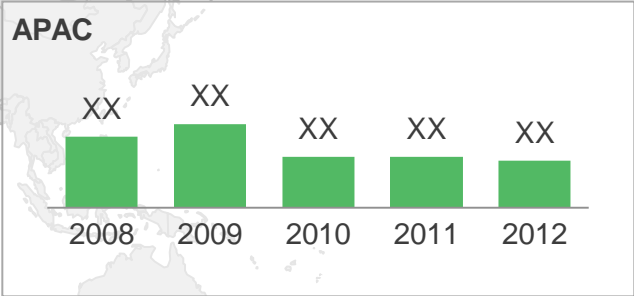
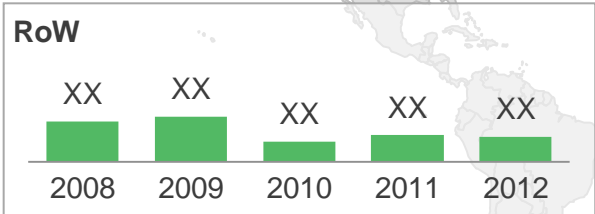
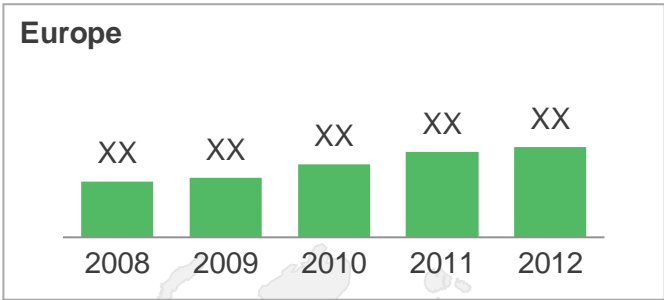
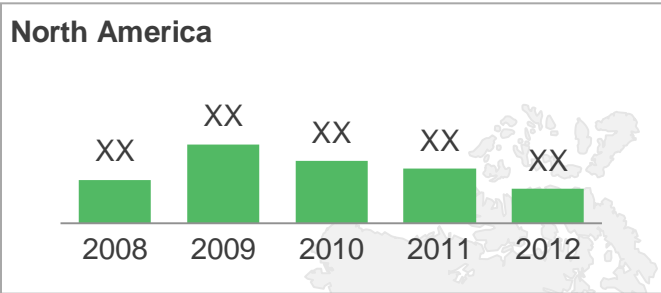
- | While global and offshore majors lead in terms of European banking and capital markets AO revenue/headcount, regional players have also built considerable scale to serve the market
- | UK has been the key banking and capital markets AO geography for most service provider categories
- | While global majors leveraged the M&A route to strengthen their capabilities in the region, offshore majors invested in alliances and partnerships

Source: Everest Group (2013)

Europe dominates the global market when it comes to banking and capital markets ITO transactions

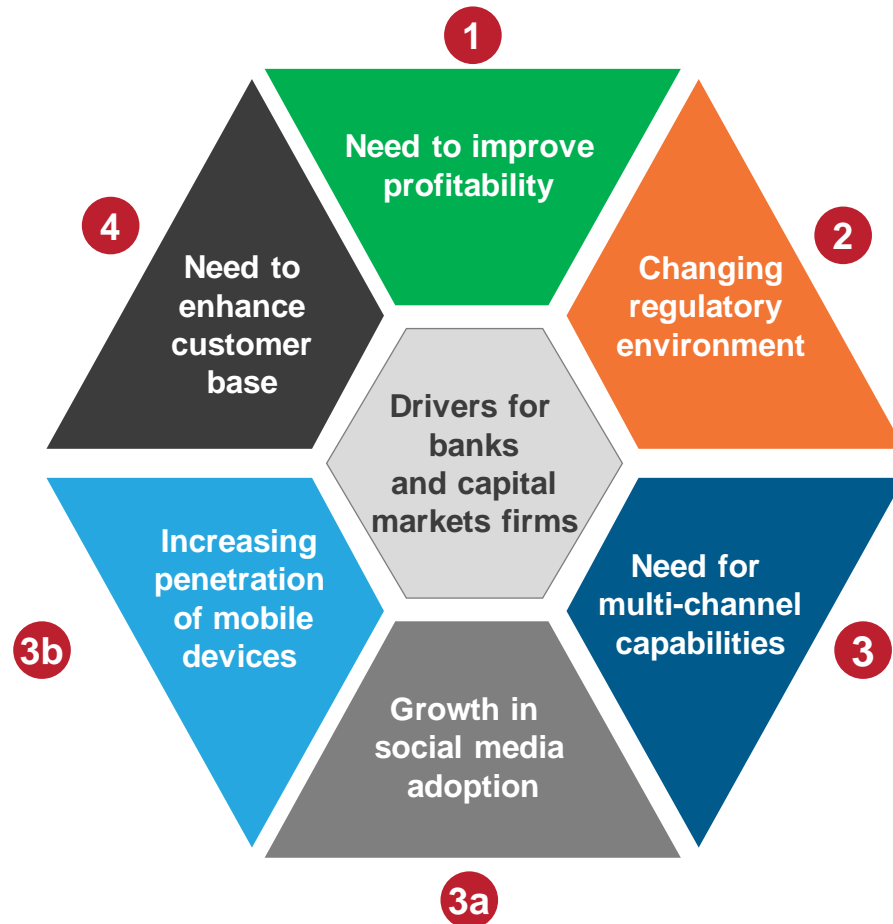


Banking and capital markets ITO transactions by geography
2008-2012; Number of transactions



Source: Everest Group (2013)

Key trends driving banking and capital markets' technology investments in Europe



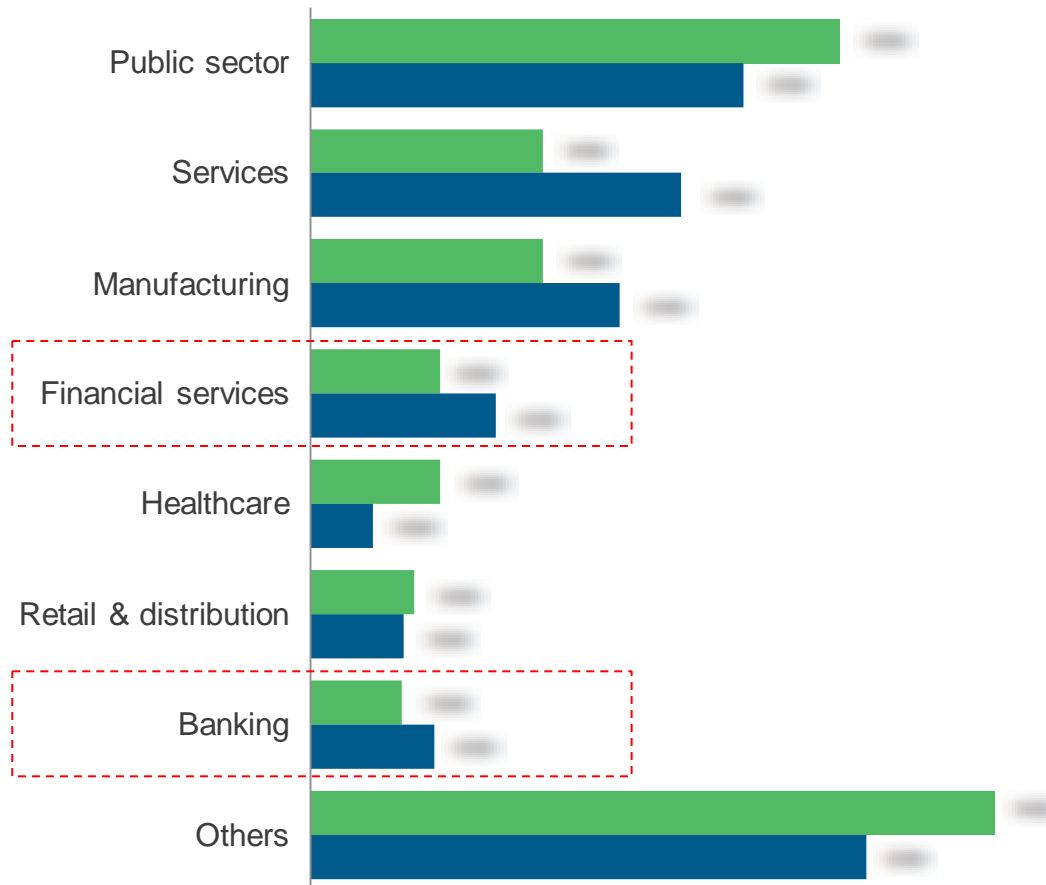
Driving force	Investment themes in technology
1	Big data / customer data analytics, customer experience, cloud services, etc.
2	Big data, regulatory reporting, risk management, etc.
3	Multi-channel integration focusing on digital channels and an integrated architecture, data management, analytics, etc.
3a	Social media analytics, data security, etc.
3b	Mobile payments platforms, “real time” systems to deliver updates, mobile trading platforms, etc.
4	Analytics and big data, cross product integration, mobile solutions, platforms that support cross border transactions/trading, etc.

Source: Everest Group (2013)

European banks and capital firms have witnessed a higher adoption of cloud services as compared to their global counterparts

Industry adoption of cloud services
2012; Percentage of deals

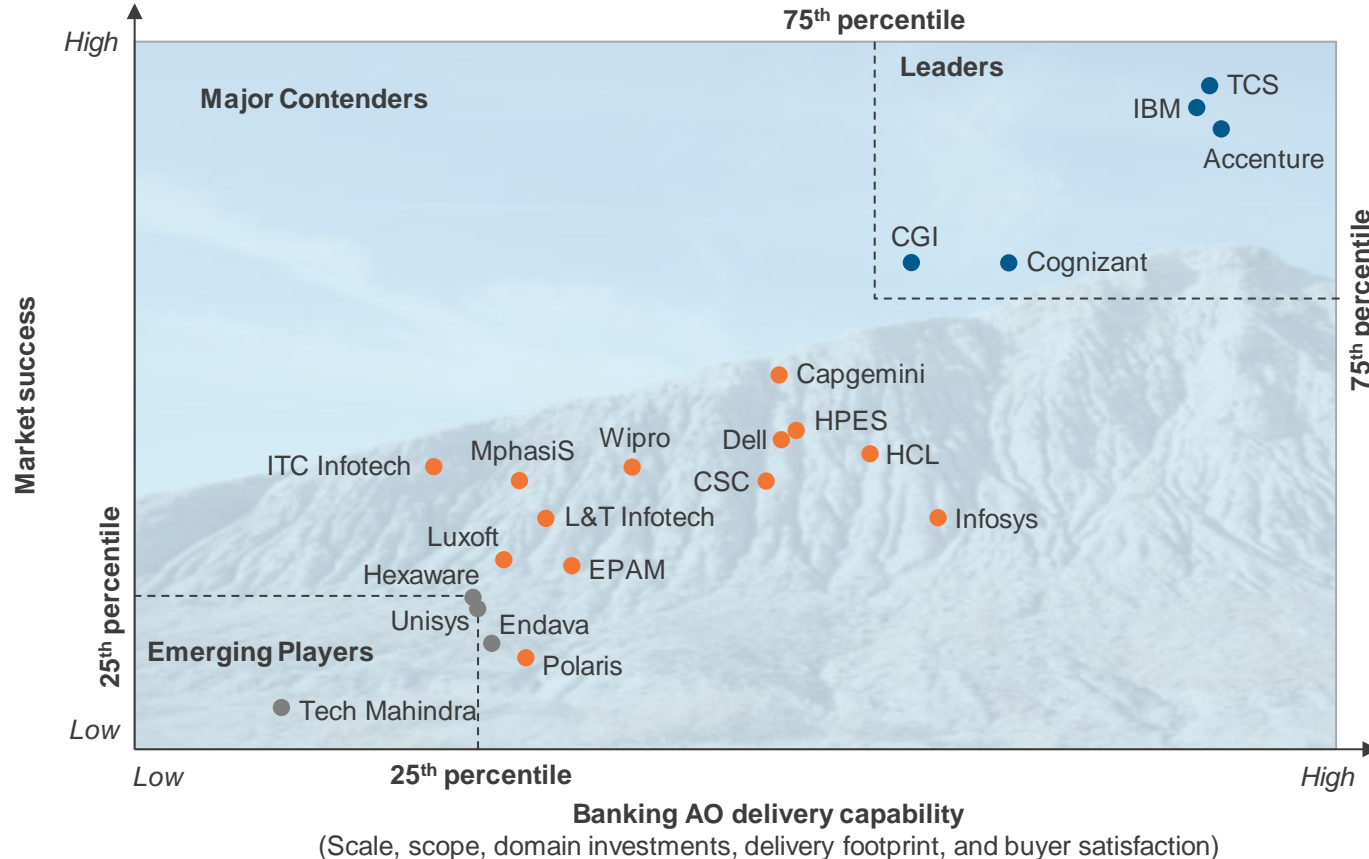
Global, N = XX
Europe, N = XX



Source: Everest Group (2013)

Everest Group PEAK Matrix for large banking AO relationships in Europe

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for Banking AO in Europe¹



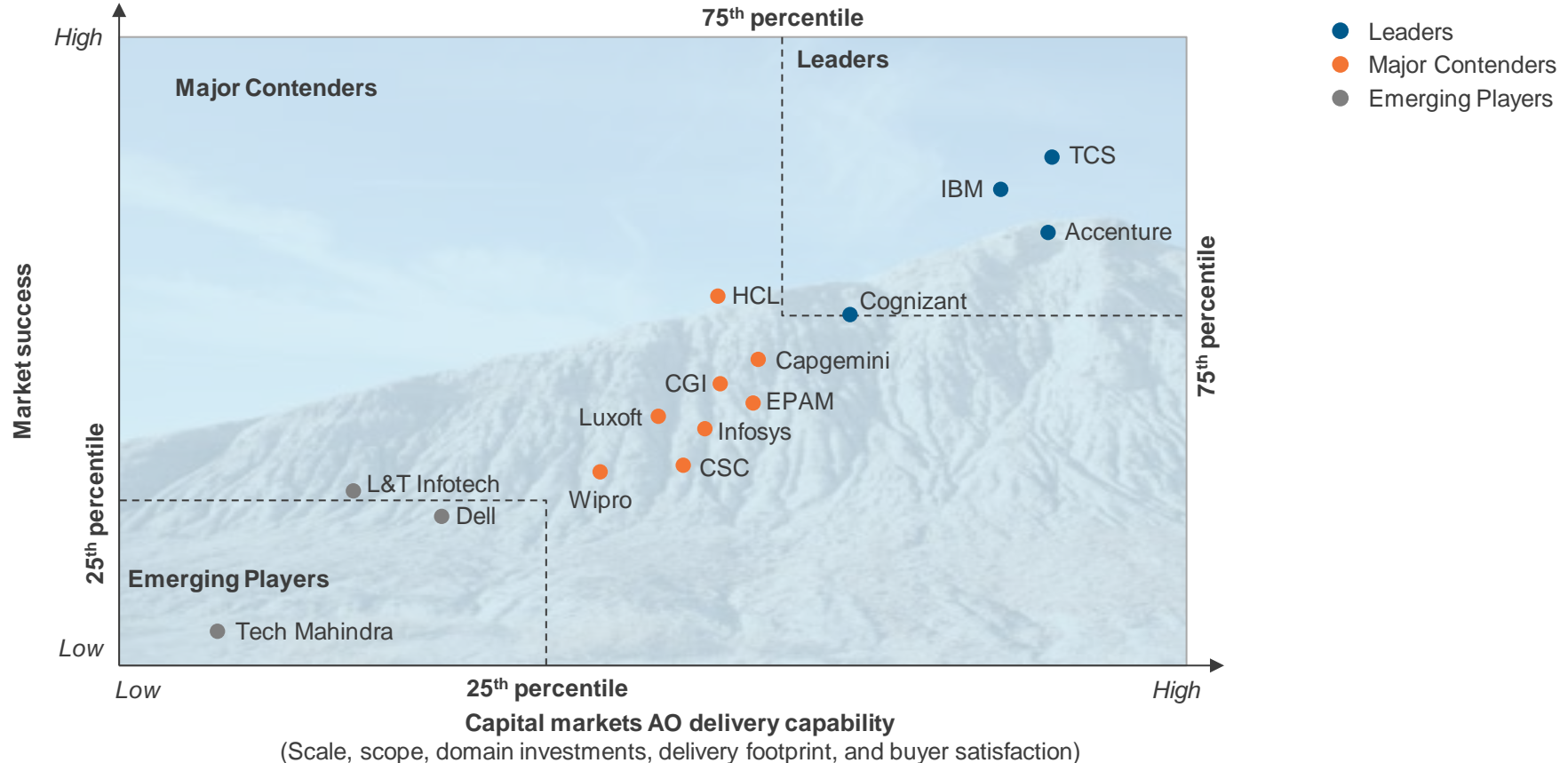
1 PEAK Matrix specific to large (>US\$25 million TCV), multi-year (>3 years) application outsourcing relationships for the banking sector (retail banking, wholesale banking, credit cards, loans, and mortgages) in Europe; excludes capital markets and insurance

Note: Assessment for Accenture, Capgemini, HP, IBM, and Wipro 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

Source: Everest Group (2013)

Everest Group PEAK Matrix for large capital markets AO relationships in Europe

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for Capital Markets AO in Europe¹



1 PEAK Matrix specific to large (>US\$25 million TCV), multi-year (>3 years) application outsourcing relationships for the capital markets sector (investment banking, asset management, custody, fund administration, and brokerage) in Europe; excludes banking and insurance

Note: Assessment for Accenture, Capgemini, IBM, and Wipro 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 capital markets buyers

Source: Everest Group (2013)

BFSI ITO research calendar

■ Published ■ Current

Topic	Release date
Analytics in Banking: War is Ninety Percent Information	June-2013
IT Outsourcing in Banking – Annual Report 2013: Banking for the Next Generation	June-2013
IT Outsourcing in Banking – Service Provider Landscape with PEAK Matrix Assessment 2013	August-2013
IT Outsourcing in Banking – Service Provider Profile Compendium 2013	September-2013
IT Outsourcing in Capital Markets – Annual Report 2013: Deploying Technology to Counter Environmental Challenges ...	September-2013
IT Outsourcing in Capital Markets – Service Provider Landscape with PEAK Matrix Assessment 2013	October-2013
IT Outsourcing in Capital Markets – Service Provider Profile Compendium 2013	December-2013
IT Outsourcing in Insurance – Annual Report 2013: SMAC is the Panacea for all Insurance Industry Problems	December-2013
IT Outsourcing in European Banking and Capital Markets – SP Landscape with PEAK Matrix™ Assessment 2013	December-2013
IT Outsourcing in Insurance – Service Provider Landscape with PEAK Matrix Assessment 2013	Q4-2013
IT Outsourcing in Insurance – Service Provider Profile Compendium 2013	Q1-2014
RFI collection process for BFSI ITO	Q1-2014
Analytics in Banking: War is Ninety Percent Information	Q1-2014

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 2013: Banking For the Next Generation** ([EGR-2013-11-R-0893](#)); 2013. 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 2013 with regards to such large banking AO deals
2. **Analytics in Banking: War is Ninety Percent Information** ([EGR-2013-11-R-0888](#)); 2013. This report provides a comprehensive understanding of the analytics services industry with focus on banking domain. Analytics adoption in the banking industry is covered in depth, exploring various aspects such as market size, key drivers, recent analytics initiatives, and challenges. The report also analyses the trends in analytics deals for various banking subverticals (cards, retail, commercial, and lending) and evaluates analytics capabilities of 20+ service providers in the banking space
3. **IT Outsourcing in Capital Markets – Annual Report 2013: Deploying Technology to Counter Environmental Challenges** ([EGR-2013-11-R-0939](#)); 2013. This report provides an overview of the Application Outsourcing (AO) market for the capital markets 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 2013 with regards to such large capital markets AO deals)

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

Jimit Arora, Vice President:

jimit.arora@everestgrp.com

Rajat Juneja, Practice Director:

rajat.juneja@everestgrp.com

Sivaram S, Senior Analyst

sivaram.s@everestgrp.com

Everest Group

Two Galleria Tower
13455 Noel Road, Suite 2100
Dallas, TX 75240

Phone: +1-214-451-3110

Email: info@everestgrp.com



At a glance

- | With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of the next generation of global services
- | 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

Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

New York

info@everestgrp.com
+1-646-805-4000

Toronto

canada@everestgrp.com
+1-647-557-3475

London

unitedkingdom@everestgrp.com
+44-207-129-1318

Delhi

india@everestgrp.com
+91-124-284-1000

Stay connected

Websites

www.everestgrp.com
research.everestgrp.com



Twitter

@EverestGroup
@Everest_Cloud



Blogs

www.sherpasinblueshirts.com
www.gainingaltitudeinthecloud.com

