IT Outsourcing in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2015: Driving Differentiation through Digital

Banking, Financial Services, and Insurance (BFSI) IT Services
Market Report: November 2015 – 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**	▶ **PricePoint™**
▶ **BFSI[1] Business Process**	▶ **Finance & Accounting**
▶ **Healthcare & Life Sciences**	▶ **Procurement**
▶ **Application & Digital**	▶ **Human Resources**
▶ **Cloud & Infrastructure**	▶ **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

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

1   Banking, financial services, and insurance

Everest Group RESEARCH

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Everest Group
RESEARCH

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
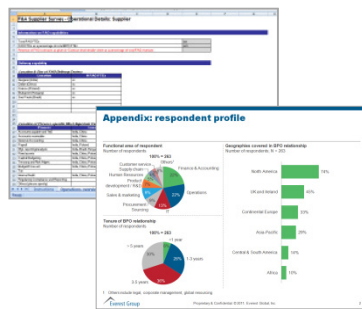
1 Robust definitions and framework

(PEAK Matrix, market maturity, and technology adoption/investment)
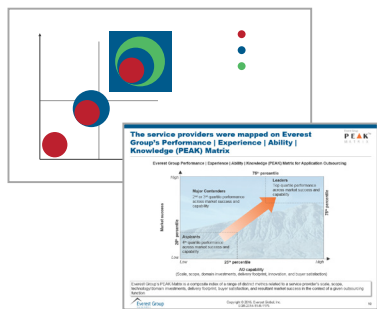
2 Primary sources of information

(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)
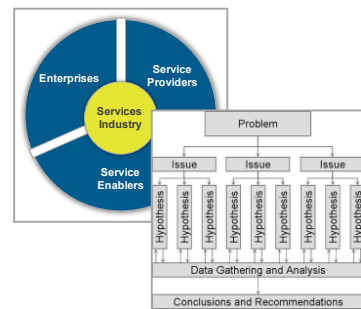
4 Fact-based research

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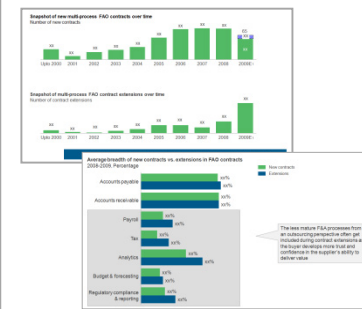
- Proprietary contractual database of 500+ large active BFSI AO contracts (updated annually)
- Year-round tracking of 25+ BFSI AO service providers
- Dedicated team for BFSI IT outsourcing research, spread over two continents
- Over 20 years of advising BFSI clients on ITO and BPO decisions
- Executive-level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

Background and scope of the research

Background of the research

The insurance industry is grappling with increasing customer expectations, eroding margins and downward pricing pressure, an uncertain economy, and increasing regulatory requirements. To address these challenges, insurance firms are investing in technology solutions and adopting disruptive business models to enhance customer experience, contain cost, improve profitability, and avoid penalties. Both insurers and service providers are investing in mobile workforce enablement, advanced analytics, cybersecurity solutions, risk & compliance management solutions, automation, cloud & open-source technologies, Internet of Things (IoT), and social media, with a renewed focus on product differentiation, cost optimization, security, and compliance.

As the insurance industry is evolving with new business priorities, IT service providers are looking to capitalize on the opportunity by tailoring their offerings with next-generation technologies, developing in-house solution frameworks/accelerators, collaborating with buyers to invest in innovation, setting up labs and CoEs to demonstrate and evaluate proof-of-concepts, as well as forming alliances with leading insurance-specific product and platform vendors.

In this research, we analyze the capabilities of 21 leading AO service providers, specific to the global insurance 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 for insurance AO
- Assessment of service providers on a number of capability-related dimensions
- Characteristics of Leaders, Major Contenders, and Aspirants on the Everest Group insurance AO PEAK Matrix
- "Star Performers" of 2015, providers with the strongest forward movement over time – in terms of both market success and capability advancements
- Implications for insurance buyers and service providers

Scope of this report

- **Industry:** Insurance (life, annuities, and pensions; property & casualty insurance); excludes banking, capital markets, and healthcare payers
- **Services:** Large (TCV > US$25 million), multi-year (>three years), and annuity-based application outsourcing
- **Geography:** Global
- **Service providers:** Includes 21 leading insurance AO service providers (list given on page 9)

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RESEARCH

This Everest Group report examines the service provider landscape for large, multi-year application outsourcing relationships in the global insurance sector

NOT EXHAUSTIVE

BFSI

Focus of report

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

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

Insurance
- Life and pensions
- Property and casualty
- Others[3]

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, robotics process automation, Internet of things, machine-to-machine, etc.)
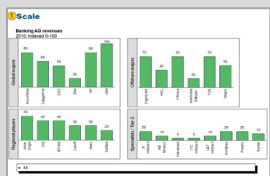
1   Business-to-consumer relationships
2   Business-to-business relationships
3   Includes other insurance functions such as takaful and reinsurance

Everest Group RESEARCH

This report is a part of Everest Group's series of reports focused on ITO in BFSI in 2015

IT Outsourcing in BFSI – Annual Report

Each report provides:
- An overview of the application services market for the BFSI vertical, capturing key trends in market size, growth, drivers and 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
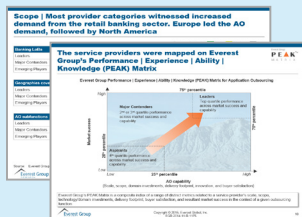
Each report provides:
- Assessment of service provider landscape in AO services and mapping of providers on Everest Group's PEAK Matrix – as Leaders, Major Contenders, and Aspirants
- Benchmarking scale, scope, domain investments, and delivery footprint of each provider's BFSI-AO practice along with comparative evaluation of their BFSI-AO capabilities
- The 2015 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

- Global Banking
- Global Capital Markets
- **Global Insurance**
- Banking and Capital Markets (BCM) in Europe
- Insurance in Europe
- Mobility in BCM
- Mobility in Insurance
- Analytics in BCM
- Analytics in Insurance
- Risk and Regulatory Compliance in BCM

IT Outsourcing in BFSI – Service Provider Profile Compendium

Capability profiles of service providers capturing their AO services experience in specific subverticals. 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 and delivery footprint

- Global Banking
- Global Capital Markets
- Global 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 United Kingdom 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 UK retail banks

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

1
- Everest Group's proprietary database of 500+ large, active, multi-year AO contracts within BFSI (updated annually through primary data collection via service provider RFIs)[1]
- 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 line of business (for example, investment banking, asset management, custody, fund administration, and brokerage)
  - Scope includes coverage of buyer 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 20+ 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[1]

accenture High performance. Delivered.
Birlasoft
Capgemini[2] CONSULTING.TECHNOLOGY.OUTSOURCING
+
IGATE Speed.Agility.Imagination.
Cognizant
CGI
CSC
DELL Services
Hexaware TECHNOLOGIES
IBM
hp
HCL
Infosys
L&T Infotech
Mphasis Unleash the Next
Mindtree Welcome to possible
SYNTEL Consider IT Done
Tech Mahindra
TATA CONSULTANCY SERVICES
virtusa Accelerating Business Outcomes
WIPRO Applying Thought
ZenSar TECHNOLOGIES Your Transformation Partner

1 Assessment for Accenture, CSC, Hexaware, HP, IBM, and Mphasis 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 insurance buyers
2 Capgemini acquired IGATE in April 2015; the combined business unit has been analyzed as part of this assessment
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 insurance AO service provider landscape, focusing on large-sized contracts

The report provides a comprehensive assessment of the service provider landscape in AO services for insurance 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 insurance buyers and service providers

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

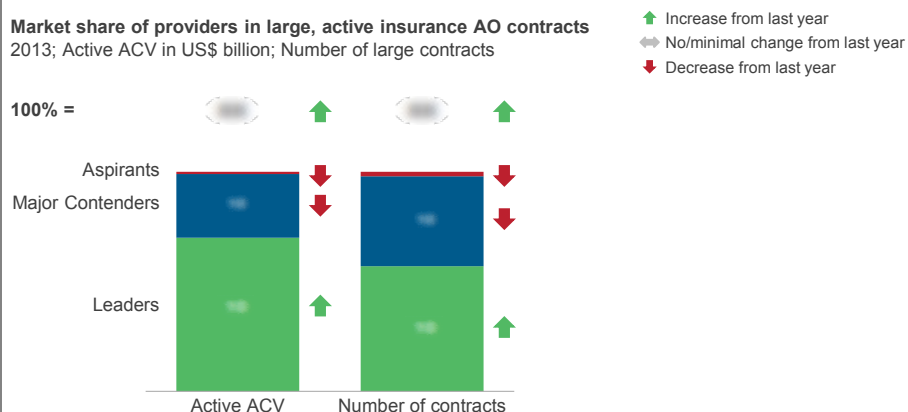|	
PEAK Matrix characteristic for insurance AO	• Leaders account for more than 70% of the market in terms of active ACV of large deals, and more than 50% of the market in terms of total number of large active AO contracts. Infosys and Capgemini + IGATE's entry into the Leaders category positively impacted the market share of the Leaders category for ACV and contract signings • Application maintenance retained its position as top AO subfunction followed by custom application development and testing. Among the different geographies, North America followed by Europe led the demand across service provider categories • Insurance firms with less than US$10 billion in revenue drove the demand for insurance AO services in 2014 • Share of multi-regional deals continued to decline across the service provider community, reflecting a trend towards local- / regional-scope deals • Major Contenders witnessed a spike in P&C, whereas Aspirants focused more on the L&P business • Input-based / T&M-based pricing dominated the insurance AO contracts across service provider categories
Implications for buyers and service providers	• Buyers need to formulate an integrated end-to-end digital transformation strategy and get top management buy-ins for dedicated budgets in "transform the business" technology investments • With the growing commoditization in the insurance sector, service providers need to collaborate with insurers to help them evaluate the RoI on digital technology investments and articulate benefits, as well as offer flexible engagement/pricing models to drive adoption

Source: Everest Group (2015)

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RESEARCH

This study offers a deep dive into the key aspects of the insurance AO service provider landscape; below are four charts to illustrate the depth of the report
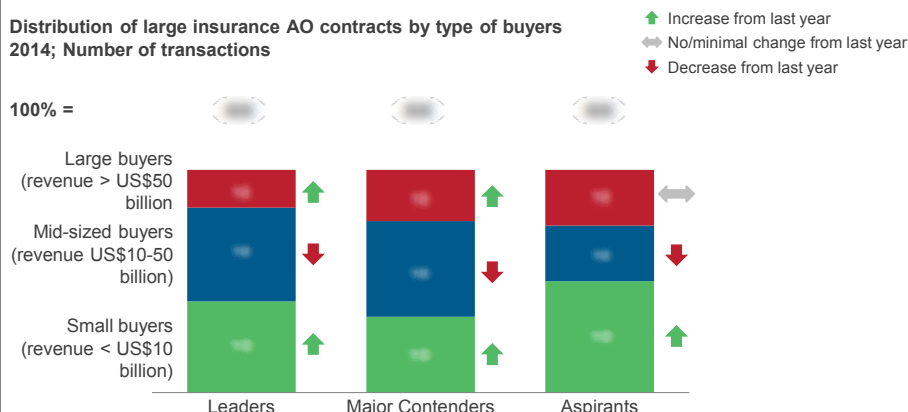
Insurance AO market share by provider segment

Market share of providers in large, active insurance AO contracts
2013; Active ACV in US$ billion; Number of large contracts

- ▲ Increase from last year
- ⬌ No/minimal change from last year
- ▼ Decrease from last year

100% =

Aspirants
Major Contenders

Leaders

Active ACV   Number of contracts

Distribution of large insurance AO contracts by type of buyers

Distribution of large insurance AO contracts by type of buyers
2014; Number of transactions

- ▲ Increase from last year
- ⬌ No/minimal change from last year
- ▼ Decrease from last year

100% =

Large buyers (revenue > US$50 billion)
Mid-sized buyers (revenue US$10-50 billion)
Small buyers (revenue < US$10 billion)

Leaders   Major Contenders   Aspirants

Service provider capability assessment dashboard

Service provider	Delivery capability						Market success
	Scale	Scope	Domain investments	Delivery footprint	Buyer satisfaction	Innovation	
Service provider 1							
Service provider 2							
Service provider 3							
Service provider 4							
Service provider 5							
Service provider 6							
Service provider 7							
Service provider 8							
Service provider 9							
Service provider 10							

Insurance AO scale by provider segment

- ◆ Maximum
- ● Average
- ● Minimum

Insurance AO ACV
US$ million

Leaders   Major Contenders   Aspirants

Insurance AO resources
Number of FTEs

Leaders   Major Contenders   Aspirants

Leaders	Service provider 1	Service provider 2	Service provider 3	Service provider 4
Major Contenders	Service provider 5	Service provider 6	Service provider 7	Service provider 8	Service provider 9
Aspirants	Service provider 10		Service provider 11		Service provider 12

Source: Everest Group (2015)

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BFSI ITO research calendar (page 1 of 2)

	Published	Current

Topic	Release date
IT Outsourcing in Capital Markets – Service Provider Profile Compendium 2014	January 2015
IT Outsourcing (ITO) in Insurance – Service Provider Profile Compendium 2014	February 2015
Demand Trends in Mid-Tier and Super-regional Banks in the United States	April 2015
IT Outsourcing in Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2015	June 2015
IT Outsourcing in Banking – Annual Report 2015: Riding the Digital Wave	June 2015
Enterprise digital effectiveness – APEX Matrix for digital in U.S. retail banks 2015	July 2015
Enterprise digital effectiveness – APEX Matrix for digital in UK retail banks 2015	July 2015
IT Outsourcing in Global Capital Markets – Annual Report 2015	August 2015
IT Outsourcing in Global Capital Markets – Service Provider Landscape with PEAK Matrix™ Assessment 2015	September 2015
IT Outsourcing in Global Banking – Service Provider Profile Compendium 2015	September 2015
IT Applications Outsourcing in Capital Markets - Service Provider Profiles Compendium – 2015	September 2015
IT Outsourcing in Banking and Capital Markets in Europe – SPL with PEAK Matrix™ Assessment 2015	November 2015
IT Outsourcing in Global Insurance – Annual Report 2015	November 2015
IT Outsourcing in Global Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2015	November 2015
IT Applications Outsourcing in Insurance - Service Provider Profiles Compendium – 2015	Q4 2015

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BFSI ITO research calendar

<table>
<tr><td>■ Published</td><td>■ Current</td></tr>
</table>

Topic	Release date
IT Outsourcing in Insurance in Europe – Service Provider Landscape with PEAK Matrix^{TM} Assessment 2015	Q4 2015
Mobility in Global Banking and Capital Markets – Service Provider Landscape with PEAK Matrix^{TM} Assessment 2015	Q4 2015
Analytics in Global Banking and Capital Markets – Service Provider Landscape with PEAK Matrix^{TM} Assessment 2015	Q4 2015
Social media adoption trends in insurance sector	Q4 2015
Mobility in Global Insurance – Service Provider Landscape with PEAK Matrix^{TM} Assessment 2015	Q4 2015
Analytics in Global Insurance - Service Provider Landscape with PEAK Matrix^{TM} Assessment 2015	Q4 2015
Payments trends in Global banking, capital markets, and insurance sector	Q4 2015

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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 Global Banking – Service Provider Landscape with PEAK Matrix Assessment 2015: Rise of the Challengers** (EGR-2015-11-R-1479); 2015. This report provides a comprehensive assessment of the service provider landscape in AO services for banking and maps the providers on Everest Group's PEAK Matrix. It also benchmarks the scale, scope, domain investments, buyer satisfaction, and delivery footprint of each provider's banking AO practice. Finally, the 2015 banking AO PEAK analysis focuses on identifying the "Star Performers," providers with the strongest forward movement over time in terms of market success and capability advancements

2. **IT Outsourcing in Global Capital Markets – Service Provider Landscape with PEAK Matrix Assessment 2015: A Crowded Marketplace** (EGR-2015-11-R-1521); 2015. This report provides a comprehensive assessment of the service provider landscape in AO services for capital markets and maps the providers on Everest Group's PEAK Matrix. It also benchmarks the scale, scope, domain investments, buyer satisfaction, and delivery footprint of each provider's banking AO practice. Finally, the 2015 banking AO PEAK analysis focuses on identifying the "Star Performers," providers with the strongest forward movement over time in terms of market success and capability advancements

3. **IT Outsourcing in Insurance – Annual Report 2015: The Next Digital Frontier** (EGR-2015-11-R-1611); 2015. 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 & growth, demand drivers, adoption & scope trends, emerging priorities of buyers, key investment themes, and future outlook for 2015 with regards to such large insurance 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
Ankur Seth, Practice Director:	ankur.seth@everestgrp.com
Aaditya Jain, Senior Analyst:	aaditya.jain@everestgrp.com
Archit Mishra, Senior Analyst:	archit.mishra@everestgrp.com
Ronak Doshi, Senior Analyst:	ronak.doshi@everestgrp.com

Website: www.everestgrp.com | Phone: +1-214-451-3000 | Email: info@everestgrp.com

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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.

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

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