Everest Group
RESEARCH

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

Banking, Financial Services, and Insurance (BFSI) IT Outsourcing Market Report – September 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**
- **PricePoint™**
- **BFSI[1] Business Process**
- **Finance & Accounting**
- **Healthcare & Life Sciences ITS**
- **Procurement**
- **Healthcare & Life Sciences BPS**
- **Human Resources**
- **Application & Digital**
- **Recruitment & Talent Acquisition**
- **Cloud & Infrastructure**
- **Contact Center**
- **Global Sourcing**
- **Service Optimization Technologies**
- **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

- 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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- Profiles of capital markets AO service providers
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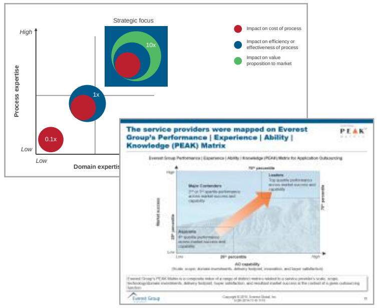
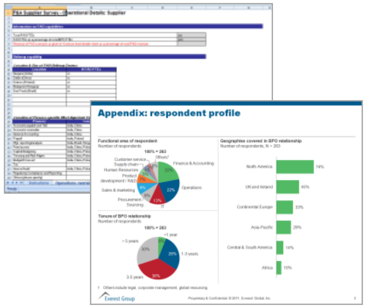
Our research methodology is based on four pillars of strength to produce actionable and insightful research for the industry

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

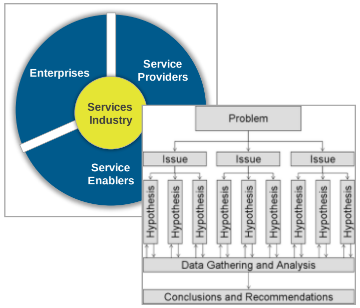
1 Robust definitions and framework
(PEAK Matrix™, market maturity, and technology adoption/investment)



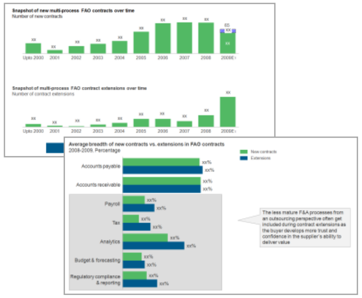
2 Primary sources of information
(Annual, contractual and operational RFIs, service provider briefings and buyer interviews, and web-based surveys)



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

Everest Group RESEARCH

Background and scope of the research

Background of the research

- The capital markets industry is grappling with high regulatory pressures, intense competition, and an uncertain economy. As a result of stagnated growth and a non-conducive environment to grow top-line, cost containment has become a single-most important area of focus for capital markets. Financial services firms are adopting different business levers to contain costs and improve profitability. They are adopting disruptive business models, mutualizing costs through shared utilities, and investing in digital technologies to stay ahead of competition. Buy-side and sell-side participants, as well as financial intermediaries are investing in risk & compliance management solutions, automation, mobility, big data & analytics, Blockchain, and third-party platforms, as they focus on cost reduction, standardization, and portfolio rationalization
- With the capital markets industry witnessing a number of changes, IT service providers are helping clients to manage their budgets more effectively with cost reduction initiatives, and are looking to provide offerings that are tailored to the firms' cost containment strategies. Service providers are accelerating their investments in automation to reduce costs, collaborating with buyers to invest in innovation, investing to provide customer-centric digital services, and forming alliances with leading platform providers to meet different client needs
- In this research, we analyze the capabilities of 27 leading AO service providers, specific to the global capital markets 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 capital markets AO
  - Assessment of the service providers on a number of capability-related dimensions
  - Characteristics of Leaders, Major Contenders, and Aspirants on the Everest Group capital markets 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 capital markets buyers and service providers

Scope of this report

- **Industry:** Capital markets (investment banking, asset management, custody, fund administration, and brokerage); excludes banking and insurance
- **Services:** Large (TCV > US$25 million), multi-year (>three years), and annuity-based application outsourcing
- **Geography:** Global
- **Service providers:** Includes 27 leading capital markets AO service providers (list mentioned 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 capital markets sector

NOT EXHAUSTIVE

Focus of report

BFSI

Banking
- Retail banking (B2C1)
- Lending
- Cards and payments
- Commercial banking (B2B2)

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

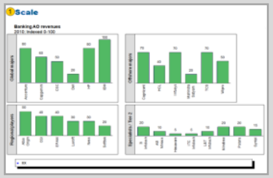
Digital Services

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 (M2M), 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

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

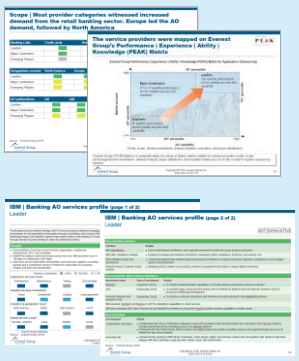
IT Outsourcing in BFSI – Annual Report



Each report provides:
- An overview of the application services market for the BFSI vertical, 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 Matrix 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 United States and mapping them on Everest Group's APEX Matrix – as Leaders, Optimizers, Innovators, and Aspirants

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

Everest Group's capital markets 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 capital markets (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 line of business (for example, investment banking, asset management, custody, fund administration, and brokerage)
  – 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+ capital markets AO service providers** (updated annually)
- The database tracks the following capability elements for each service provider:
  – Major capital markets AO clients and recent wins
  – Overall revenue
  – Recent capital markets-related developments
  – Capital markets AO delivery locations
  – Capital markets AO service suite
  – Domain capabilities, proprietary solutions, and intellectual property investments

Service providers covered in the analysis

Accenture[1], Atos[1], Birlasoft, Capgemini, CGI, Cognizant, CSC[3], Dell[2], EPAM[1], Genpact, HCL, Hexaware[1], Hewlett Packard Enterprise[1,3], IBM, Infosys, L&T Infotech, Luxoft, Mphasis[1], NIIT Technologies, NTT Data[2], Synechron[1], Syntel, Tech Mahindra, Tata Consultancy Services, Quinnox[1], Virtusa Polaris, Wipro

1 Assessment for Accenture, Atos, HPE, Mphasis, Synechron, and Quinnox 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
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 capital markets AO service provider landscape and profiles of service providers

The report provides a comprehensive assessment of the service provider landscape in AO services for capital markets and maps various providers on Everest Group's PEAK Matrix^{TM}. 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 capital markets buyers and service providers

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

PEAK Matrix characteristic for capital markets AO

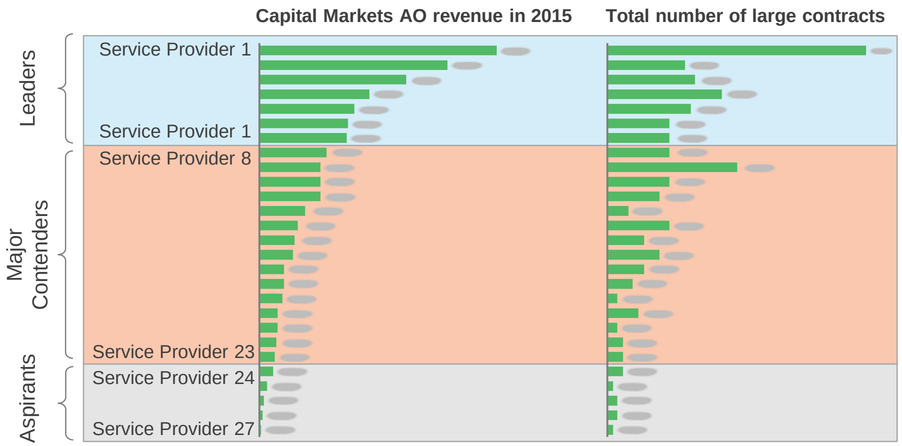
- Leaders aggressively invested to become strategic business partners for their capital markets clients – offering an end-to-end financial services solution stack, global IT services delivery capabilities, and domain expertise
- Major Contenders expanded their delivery capabilities through acquisitions, notable examples being Capgemini acquiring IGATE and Virtusa acquiring Polaris
- Aspirants are taking a specialist approach and have an evolving solution portfolio with targeted investments that enhance their niche capabilities

Implications for buyers and service providers

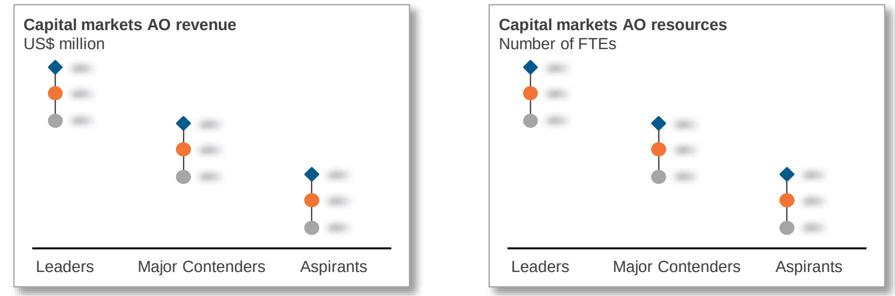
- Capital markets enterprises are looking at a period of low growth, coupled with macroeconomic uncertainty and increasingly demanding regulatory environment. Reducing costs is the single-most important priority for capital markets firms
- Buyers are demanding deterministic savings using automation to enhance efficiency and fund their transformation agenda
- Service providers in addition to packaging automation in their service offerings are also investing in building shared utilities in an as-a-service model to reduce significant cost outlays for clients

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

Capital markets AO service provider market share

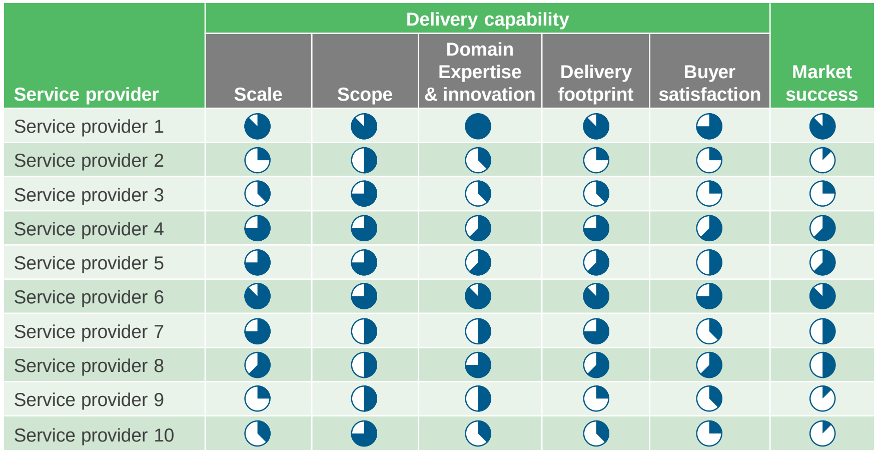


Capital markets AO scale by provider segment

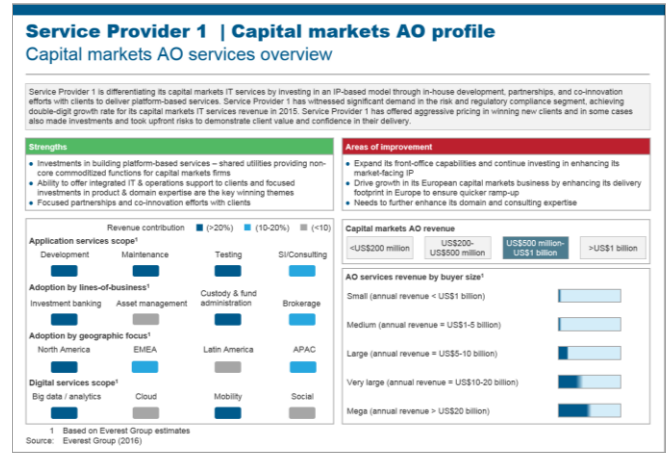


Leaders	Service provider 1	Service provider 2	--	Service provider 7
Major Contenders	Service provider 8	Service provider 9	--	Service provider 23
Aspirants	Service provider 24	Service provider 25	--	Service provider 27

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	August 2016
IT Outsourcing in Banking – Annual Report 2016: Simplify the Bank	August 2016
IT Outsourcing in Global Capital markets – Service Provider Landscape with PEAK Matrix™ Assessment 2016	September 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 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 analyses 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 capital markets 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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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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