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

Banking, Financial Services, and Insurance (BFSI) IT Outsourcing
Market Report – November 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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Table of contents (page 1 of 2)

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# Table of contents

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Contents

- **Background and methodology**

- Executive summary

- Insurance AO PEAK Matrix^{TM} characteristics

- Profiles of insurance AO service providers

- Appendix

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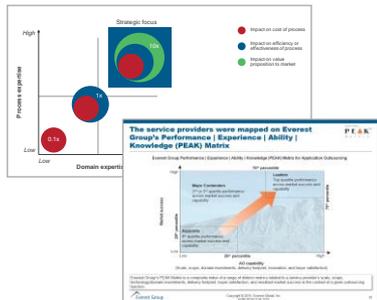
2 **Primary sources of information**
(Annual, contractual and operational RFIs, service provider briefings and buyer interviews, and web-based surveys)

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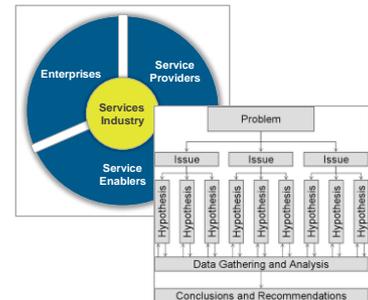
4 **Fact-based research**
(Data-driven analysis with expert perspectives, trend-analysis across market adoption, contracting, and service providers)
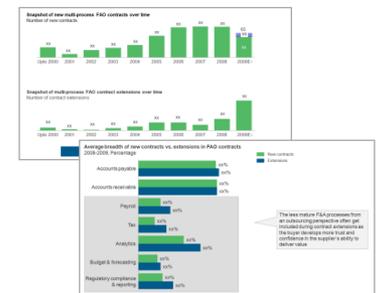
- Proprietary contractual database of 500+ large active BFSI AO contracts (updated annually)
- Year-round tracking of 25+ BFSI AO service providers
- Dedicated team for BFSI IT outsourcing research, spread over two continents
- Over 20 years of advising BFSI clients on ITO and BPO decisions
- Executive-level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

Background and scope of the research

Background of the research

- Heightened customer expectations, stagnant growth, limited product differentiation, increasing threat from new entrants, and the stringent regulatory environment are the key challenges faced by i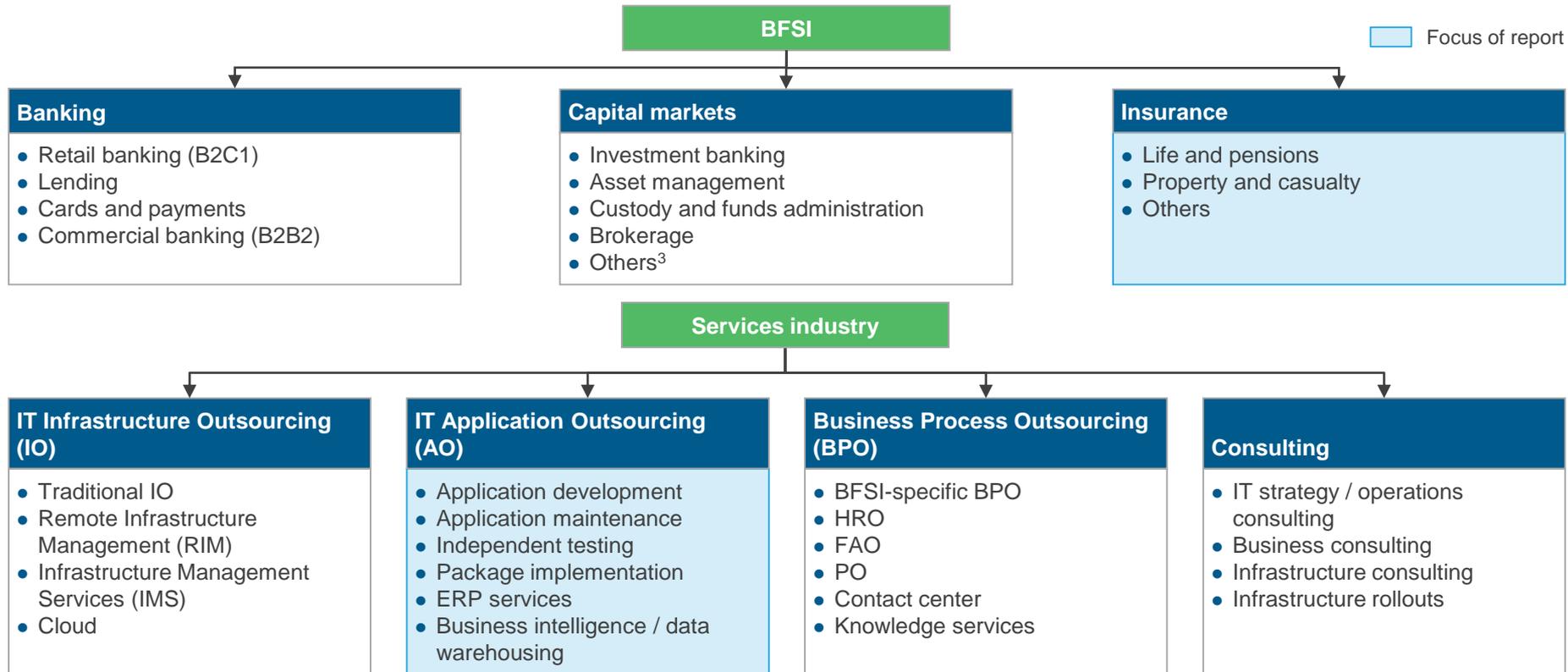nsurers today. Amongst these industry headwinds, insurers are feeling the pressure from investors and competitors to increase efficiency and effectiveness in processes and delivery. In order to grow in such a non-conducive environment, insurers are aligning their technology priorities around business agility and embracing digital technologies that can help them to contain costs, shift from a product-centric play to a customer-centric play, and also defend their business from emerging disruptive models at the same time

- With the insurers shifting towards establishing efficient/agile operations and increasingly adopting digital technology themes, IT service providers are aggressively looking to tap the opportunity by tailoring their offerings with next-generation technologies, developing in-house solution frameworks and accelerators, partnering with buyers to co-innovate, setting up labs and Centers of Excellence (CoEs) to demonstrate and evaluate proof-of-concepts, and forming alliances with leading platform providers to strengthen their value proposition

- In this research, we analyze the capabilities of 24 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. We focus on:
  - The landscape of service providers in insurance AO
  - Assessment of the 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 2016, providers with the strongest forward movement over time
  - Implications for insurance buyers and service providers

Scope of this report

- **Industry:** Insurance (life & pensions, property & casualty, and others including reinsurance and takaful Islamic insurance); excludes banking and capital markets
- **Services:** Large (TCV > US$25 million), multi-year (>three years), and annuity-based application outsourcing
- **Geography:** Global
- **Service providers:** Includes 24 leading insurance AO service providers (list mentioned on page 11)

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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 insurance sector

NOT EXHAUSTIVE

BFSI

☐ Focus of report

Banking
- Retail banking (B2C[1])
- Lending
- Cards and payments
- 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 (M2M), etc.)
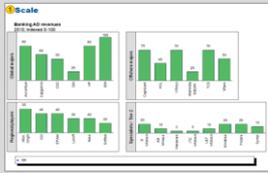
1   Business-to-consumer relationships
2   Business-to-business relationships
3   Includes other capital markets functions such as structured finance, treasury, FX, and horizontal functions including risk management

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
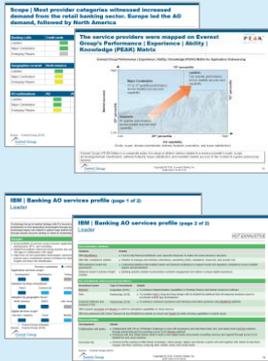
Each report provides:
- Assessment of service provider landscape in AO services and mapping of providers on Everest Group's PEAK Matrix™ – as Leaders, Major Contenders, and Aspirants
- Benchmarking scale, scope, domain investments, and delivery footprint of each provider's BFSI-AO practice along with 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 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 insurance (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 lines 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+ insurance AO service providers** (updated annually)
- The database tracks the following capability elements for each service provider:
  – Major insurance AO clients and recent wins
  – Overall revenue
  – Recent insurance-related developments
  – Insurance AO delivery locations
  – Insurance AO service suite
  – Domain capabilities, proprietary solutions, and intellectual property investments

Service providers covered in the analysis

1. Assessment for Accenture, CSC, HPE, 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. Analysis based on capabilities before the merger of CSC and HPE Services
3. Analysis for NTT DATA is based on its capabilities before acquiring Dell Services
4. RFI submitted by Dell Services before completion of acquisition by NTT DATA. New entity is known as NTT DATA 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

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

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:

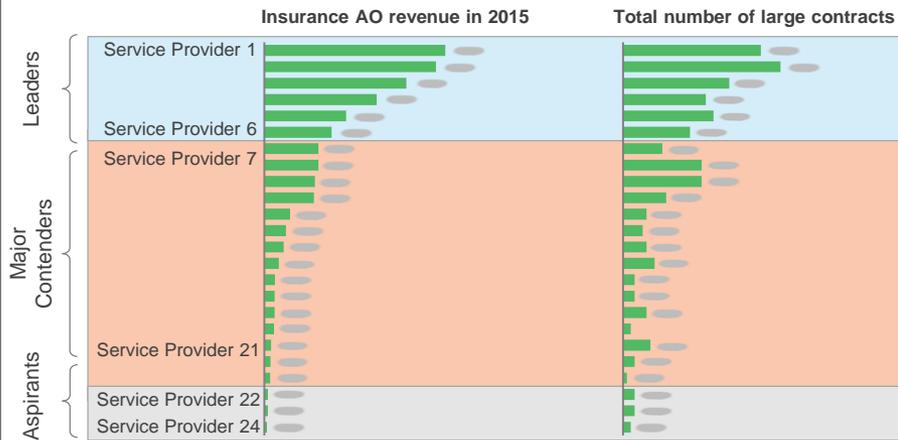**PEAK Matrix characteristic for insurance AO**

- Leaders have recorded a considerable growth in the sluggish insurance AO market by offering an enhanced end-to-end financial services solution stack, global IT services delivery capabilities, and extensive domain expertise

- Major Contenders are focusing on expanding their delivery capabilities through acquisitions (notable examples include Vitusa acquiring Polaris and Mindtree acquiring Discoverture); recent announcements of NTT DATA acquiring Dell Services and HPE-CSC merger is likely to result in further consolidation in the marketplace

- Aspirants are taking a specialist's approach and have evolved their solutions/services portfolio with targeted investments to enhance their niche capabilities

Implications for buyers and service providers

- The insurance industry is grappling with low growth, heightened customer expectations, limited product differentiation, increasing threat from new entrants, and a stringent regulatory environment. In order to grow in such a non-conducive environment, insurers are aligning their technology priorities around business agility and embracing digital technologies

- Buyers need to develop a business case for modernizing their legacy environment and evaluate applications of alternate customer touchpoints for a wider reach and personalized services

- Service providers should look to identify the business needs of individual insurers, assess their technology adoption maturity, and accordingly suggest customized solutions to address their business priorities

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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 service provider market share

Insurance AO revenue in 2015

Total number of large contracts

Leaders
- Service Provider 1
- Service Provider 6

Major Contenders
- Service Provider 7
- Service Provider 21

Aspirants
- Service Provider 22
- Service Provider 24

Insurance AO scale by provider segment

Insurance AO revenue
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 6
Major Contenders	Service provider 7	Service provider 8	--	Service provider 21
Aspirants	Service provider 22		Service provider 23	Service provider 24
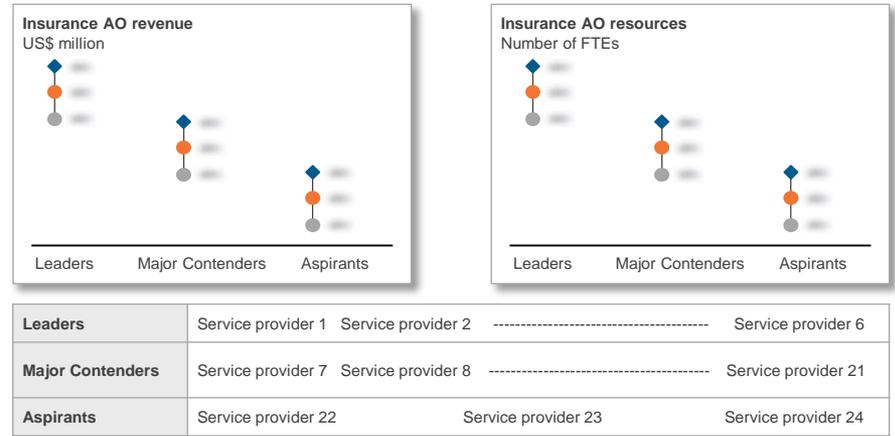
Service provider assessment dashboard

| Service provider | Delivery capability | | | | | Market success |
	Scale	Scope	Domain Expertise & innovation	Delivery footprint	Buyer satisfaction	
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						

Service provider profile

Service Provider 1 | Insurance AO profile
Insurance AO services overview

Service Provider 1's insurance AO success draws on its strengths in the IT infrastructure outsourcing market. Significant investments in cloud computing platforms such as OpenStack, engineering services legacy, and credible capabilities in the areas of analytics, mobility, and cybersecurity have helped Service Provider 1 expand into several of its legacy accounts. With the upcoming X-Y merger, X needs to ensure business continuity and maintain client confidence as several competitors are gearing up to play to the uncertainty and apprehension of existing clients.

Strengths
- Large-scale and a global delivery model with delivery presence across key onshore and nearshore locations
- Focused solutions and robust capabilities in the areas of policy administration and back-office infrastructure services
- Strong value proposition to offer a converged hybrid infrastructure in order to help clients embark on their digital transformation journey

Areas of improvement
- Needs to carve out a dedicated insurance practice and invest in building capabilities across the insurance value-chain
- Lags behind the other global majors across market messaging and vision to assist clients leverage technology convergence for business transformation
- Needs to consistently demonstrate value in engagements, as clients perceive risk from financial degrowth and continuous restructuring measures

Revenue contribution (>20%) (10-20%) (<10%)

Application services scope[1]
Development | Maintenance | Testing | SI/Consulting

Insurance AO revenue[1]
<US$200 million | US$200-US$500 million | US$500 million-US$1 billion | >US$1 billion

Adoption by value chain[1]
Product development | Sales & distribution channel management | Claims management | Underwriting & policy administration

AO services revenue by buyer size[1]
- Small (annual revenue < US$1 billion)
- Medium (annual revenue = US$1-5 billion)

Adoption by geographic focus[1]
North America | EMEA | Latin America | APAC

- Large (annual revenue = US$5-10 billion)
- Very large (annual revenue = US$10-20 billion)

Digital services scope[1]
Big data / analytics | Cloud | Mobility | Social / IoT

- Mega (annual revenue > US$20 billion)

1. As per Everest Group estimates
Source: Everest Group (2016)

Source: Everest Group (2016)

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BFSI ITS research calendar

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
Mobility in Banking– Service Provider Landscape with PEAK Matrix™ Assessment 2016	November 2016
IT Outsourcing in Global Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016 and Profiles Compendium	November 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 Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q4 2016
Analytics in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q4 2016

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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 2016 and Profiles Compendium** (EGR-2016-11-R-1848); 2016. 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 expertise & innovation, buyer satisfaction, and delivery footprint of each provider's banking AO practice. Finally, the 2016 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 2016 and Profiles Compendium** (EGR-2016-11-R-1896); 2016. 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 expertise and innovation, buyer satisfaction, and delivery footprint of each provider's banking AO practice. Finally, the 2016 capital markets 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. **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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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.

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