



IT Outsourcing in Global Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2017 and Profiles Compendium

Banking, Financial Services, and Insurance (BFSI) IT Outsourcing Market Report – June 2017 – Preview Deck

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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 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**

* Banking, financial services, and insurance



Corporate Headquarters

Office: +1-214-451-3000

info@everestgrp.com



European Headquarters

Office: +44-207-129-1318

unitedkingdom@everestgrp.com



Delhi Office

Office: +91-124-284-1000

india@everestgrp.com

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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 25 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

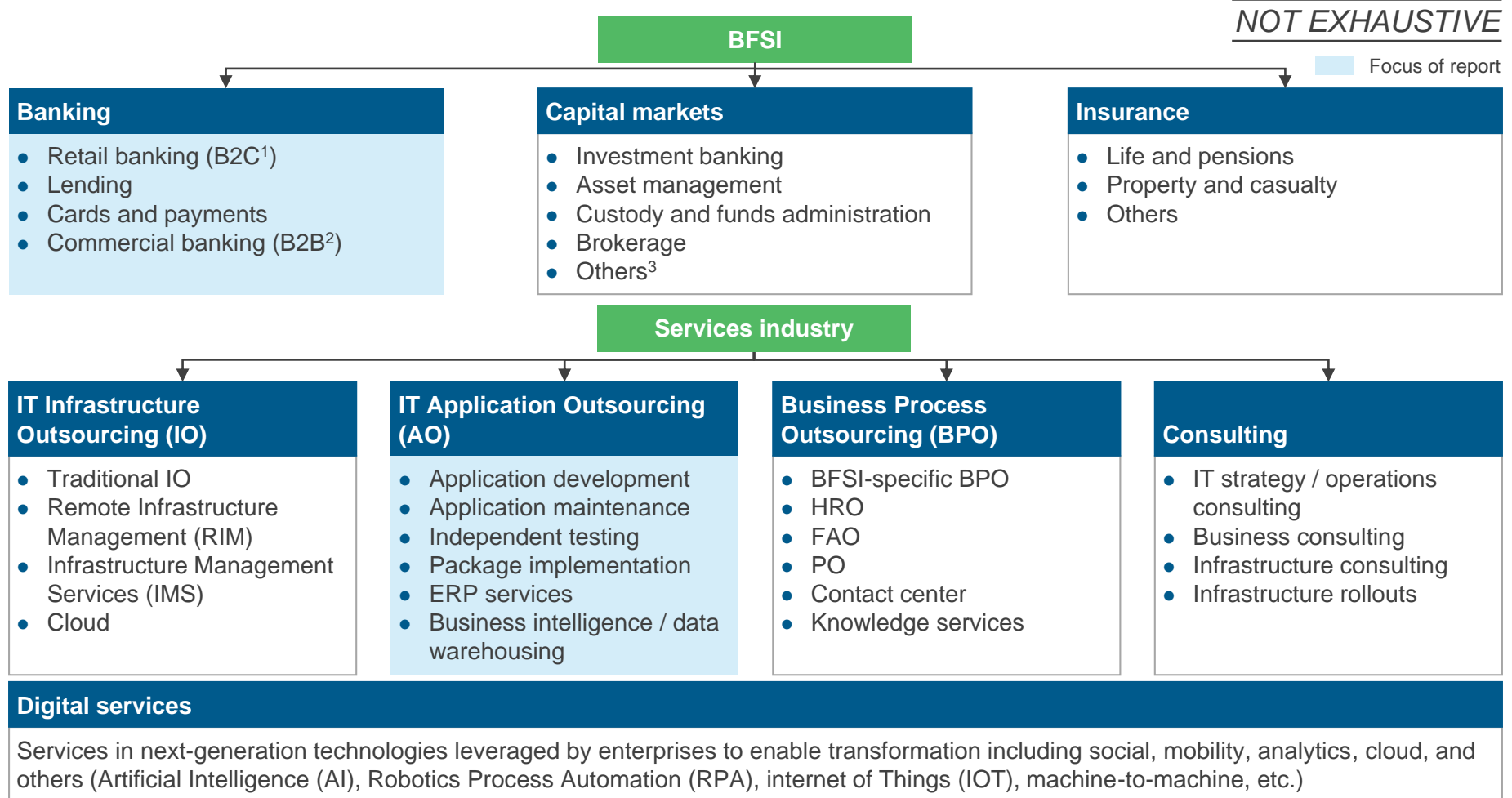
Background of the research

- The banking industry is undergoing a transition phase triggered by rapidly changing customer demands, challenging operating environment, and disruption in technologies. Banking in the future will no more be dependent on branches and will be ubiquitous through multiple digital channels and devices. In 2016, banks made massive investments to transform their business into digital, which has impacted not just the service providers and technology firms but also the FinTechs they invested in, partnered with, or acquired
- The market decelerated and hence service providers witnessed moderate growth. The industry witnessed consolidation resulting in synergy gains and scale benefits to smaller players. As parallel demand emerged for implementing new digital technologies as well as modernizing existing legacy systems, service providers invested in reorienting themselves to rotate to digital as well as gain domain expertise through in-house innovation, partnerships, and acquisitions
- In this research, we analyze the capabilities of 28 leading AO service providers, specific to the global banking 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 banking AO
 - Assessment of the service providers on a number of capability-related dimensions
 - Characteristics of Leaders, Major Contenders, and Aspirants on the Everest Group banking AO PEAK Matrix™
 - “Star Performers” of 2017, providers with the strongest forward movement over time – in terms of both market success and capability advancements
 - Implications for banking buyers and service providers

Scope of this report

- **Industry:** Banking (retail banking, commercial banking, credit cards, loans, and mortgages); excludes capital markets and insurance
- **Services:** Large (TCV > US\$25 million), multi-year (>three years), and annuity-based application outsourcing
- **Geography:** Global
- **Service providers:** Includes 28 leading banking AO service providers (list given on page 12)

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 banking sector



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 2017

IT Outsourcing in BFSI – Annual Report

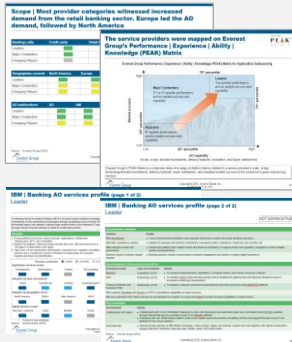


Each report provides:

- 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 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
- Risk & Regulatory Compliance in BFS
- Digital Services in Consumer Banking
- Digital Services in Wealth Management
- Digital Services in P&C Insurance



- Two reports as part of an "open source" evaluation of the digital effectiveness of the largest retail banks in Europe and the United States and mapping them on Everest Group's PEAK Matrix for enterprises – as Leaders, Optimizers, Innovators, and Aspirants

- PEAK Matrix for Digital Effectiveness in the U.S. retail banks
- PEAK Matrix for Digital Effectiveness in European retail banks

Everest Group's banking 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 banking (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 by Lines of Business (LoB) – retail banking, credit cards, commercial banking, and lending
 - 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+ banking AO service providers** (updated annually)
- The database tracks the following capability elements for each service provider:
 - Major banking AO clients and recent wins
 - Overall revenue
 - Recent banking-related developments
 - Banking AO delivery locations
 - Banking AO service suite
 - Domain capabilities, proprietary solutions, and intellectual property investments

Service providers covered in the analysis



1 Assessment for Accenture, EPAM, Hexaware, and Unisys 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

2 Analysis for DXC Technology includes combined capabilities of CSC and HPE Services

3 Analysis for NTT DATA includes capabilities post integration with Dell 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 banking AO service provider landscape and profiles of service providers

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

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

PEAK Matrix characteristic for banking AO

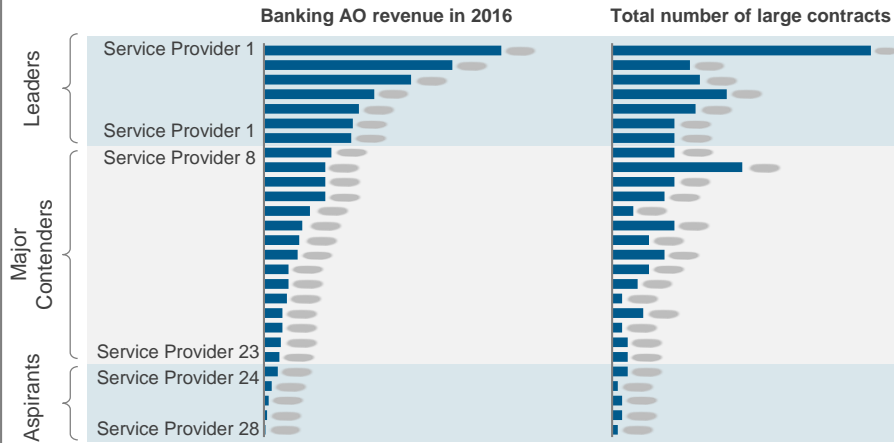
- Leaders invested (inhouse / alliance / acquisition) to widen their portfolio across next-generation technologies such as Application Program Interface (API), AI, cognitive computing, mobility, big data, cloud, and DevOps, partnered with FinTechs, and invested in acquiring niche talent. They offered flexible pricing options (outcome based) and experimented with innovative engagement models (co-innovation labs)
- Major Contenders focused on expanding their solution portfolio and digital services capabilities across selective digital themes and differentiated through flexible contracting, competitive pricing, and large offshore/nearshore presence
- Aspirants have limited coverage and investments are mostly focused on tools/accelerators for implementing third party software packages

Implications for buyers and service providers

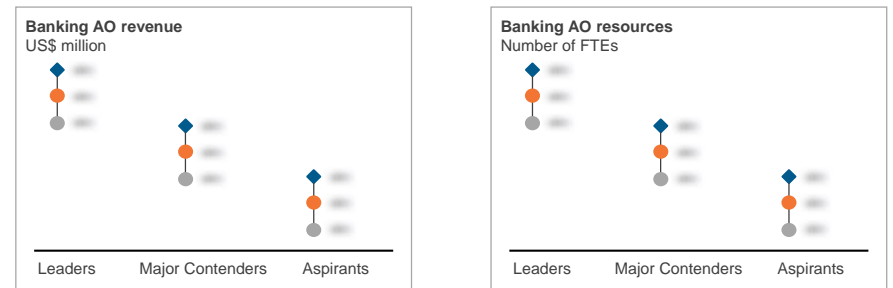
- Hit by series of regulations, cost pressures, and evolving customer demands, banks are in dire need to innovate to stay competitive
- Banks need to push for agile delivery and invest in PoCs/pilots to evaluate cutting edge technology use cases
- At the same time, service providers need to offer innovative pricing/engagement models, partner with FinTechs, and invest in digital technologies

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

Banking AO service provider market share



Banking AO scale by provider segment

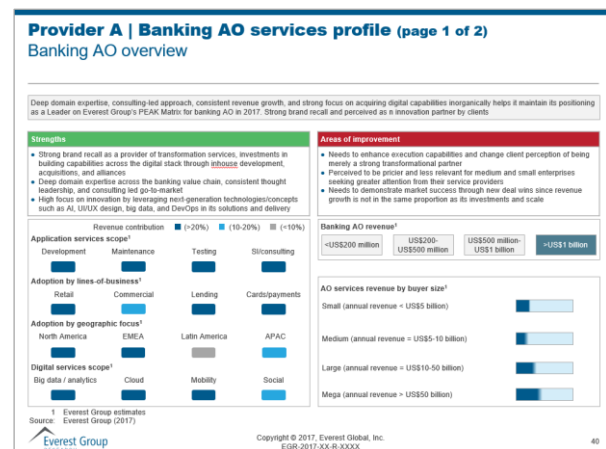


Leaders	Service provider 1	Service provider 2	Service provider 7
Major Contenders	Service provider 8	Service provider 9	Service provider 23
Aspirants	Service provider 24	Service provider 25	Service provider 27

Service provider capability assessment dashboard

Service provider	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



Source: Everest Group (2017)

BFSI ITS research calendar

Published
 Current

Topic	Release date
Mobility Services in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016	January 2017
Big Data & Analytics in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016	January 2017
FinTechs in Payments – Top 40 Trailblazers	May 2017
InsurTechs Envisioning the Future of Insurance – Top 40 Trailblazers	May 2017
IT Outsourcing in Global Capital Markets – Service Provider Landscape with PEAK Matrix™ Assessment 2017	June 2017
IT Outsourcing in Global Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2017 and Profiles Compendium	June 2017
IT Outsourcing in Capital Markets – Annual Report 2017	Q3 2017
IT Outsourcing in Banking – Annual Report 2017	Q3 2017
IT Outsourcing in Global Insurance – Annual Report 2017	Q3 2017
IT Outsourcing Global Insurance, L&P, and P&C – Service Provider Landscape with PEAK Matrix™ Assessment 2017 and Profiles Compendium	Q3 2017
Adoption of Public Cloud in BFSI	Q3 2017
IT Outsourcing in Risk & Regulatory Compliance in BFS – Service Provider Landscape with PEAK Matrix™ Assessment	Q3 2017
Digital Services in Consumer Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2017	Q4 2017
Digital Services in Wealth Management – Service Provider Landscape with PEAK Matrix™ Assessment 2017	Q4 2017
Digital Services in P&C Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2017	Q4 2017

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 Capital Market – Service Provider Landscape with PEAK Matrix™ Assessment 2017 and Profiles Compendium:** ([EGR-2017-11-R-2233](#)); 2017. 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 2016 with regards to such large capital markets AO deals
2. **FinTechs in Payments – Top 40 Trailblazers** ([EGR-2017-11-R-2172](#)); 2017. In this report, we analyze current state of FinTech adoption, drivers of growth, investment trends, key areas of disruption within the payments value chain, and 40 leading FinTechs that stood out from a list of around 125
3. **InsurTech Envisioning the Future of Insurance - Top 40 Trailblazers** ([EGR-2017-11-R-2177](#)); 2017. In this report, we have identified key business priorities for insurers across different tenets of the insurance value chain, analyzed a long list of 100 startups and highlighted 40 InsurTech firms – “Trailblazers” that caught our attention with their ability to help insurers meet their business priorities and aligned them across respective value-chain elements

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

Jimit Arora, Partner:

Ronak Doshi, Practice Director:

Aaditya Jain, Senior Analyst:

Archit Mishra, Senior Analyst:

Tarun Kumar, Senior Analyst:

jimit.arora@everestgrp.com

ronak.doshi@everestgrp.com

aaditya.jain@everestgrp.com

archit.mishra@everestgrp.com

Tarun.kumar@everestgrp.com

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



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.

Dallas (Headquarters)

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

Bangalore

india@everestgrp.com
+91-804-276-4533

Delhi

india@everestgrp.com
+91-124-496-1000

London

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

New York

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

Toronto

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

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