



# **Service Provider Landscape with PEAK Matrix™ Assessment 2017 for Risk & Regulatory Compliance Application Services in BFS: Sustainable Competitive Advantage Through Digital Risk & Compliance Efforts**

Banking, Financial Services & Insurance (BFSI) - Information Technology Outsourcing (ITO)  
Market Report – November 2017: Complimentary Abstract / Table of Contents

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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)
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# Background and scope of the research

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## Background of the research

- Banks and financial institutions in North America, the United Kingdom, and Europe are inundated by regulations introduced in the aftermath of the financial crisis of 2008. Macroeconomic events such as Brexit and presidential elections in the United States as well as pace of digital disruption, are paving the way for new regulations, and at the same time leading to new emerging risks. Through the introduction of these regulations, the authorities primarily wanted to prevent another systemic breakdown and financial collapse. The world has moved beyond the 2008 financial crisis and regulators across the world have realized the need to drive innovation and disruption through digital technologies (such as PSD 2 and GDPR). The regulatory compliance space, while complex and overbearing, has been a top priority for senior executives at banks and financial institutions for the last few years, and will continue to be so for the foreseeable future
- Through this report, Everest Group explores the different regulations that banks and financial institutions need to comply with, and the key business, technology, and sourcing implications these regulations have. The report also captures the key trends for regulatory compliance-related transactions in banking and capital markets, and regulatory compliance-related investments made by service providers
- In this research, we analyze the capabilities of 21 leading AO service providers, with capabilities to serve BFS enterprises in risk and regulatory compliance space. These providers were mapped on the Everest Group [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:
  - Risk and regulatory compliance IT services market trends
  - Assessment of the service providers on a number of capability-related dimensions
  - Characteristics of Leaders, Major Contenders, and Aspirants on the Everest Group PEAK Matrix™

## Scope of this report

- **Industry:** Banking (retail banking, commercial banking, credit cards, loans, and mortgages) and capital markets (investment banking, asset management, custody, fund administration, and brokerage); excludes insurance
- **Geography:** Global
- **Service providers:** Includes 21 leading IT service providers (list given on page 10)

# Overview and abbreviated summary of key messages (page 1 of 2)

This report examines the global 2017 risk & regulatory compliance application service provider landscape in BFS and its impact on the BFS market. It focuses on service provider position and growth in the risk & regulatory compliance application services in BFS market, changing market dynamics and emerging service provider trends, assessment of service provider delivery capabilities, and service provider profiles. The report further examines distinctive characteristics of service provider clusters

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

## PEAK Matrix characteristics

- Leaders are characterized by their wide scope of offerings including regulatory consulting, risk architecture & modeling, validation, application development & maintenance, and Systems Integration (SI)
- Major Contenders lag behind Leaders in terms of breadth of solution portfolio, scope, and domain expertise; few have a mature solutions portfolio and dedicated teams while few have limited offerings but a focused talent pool with expertise in selective technologies
- Aspirants have limited coverage and investments are mostly focused on select areas within the risk & compliance value chain

## Changing market dynamics

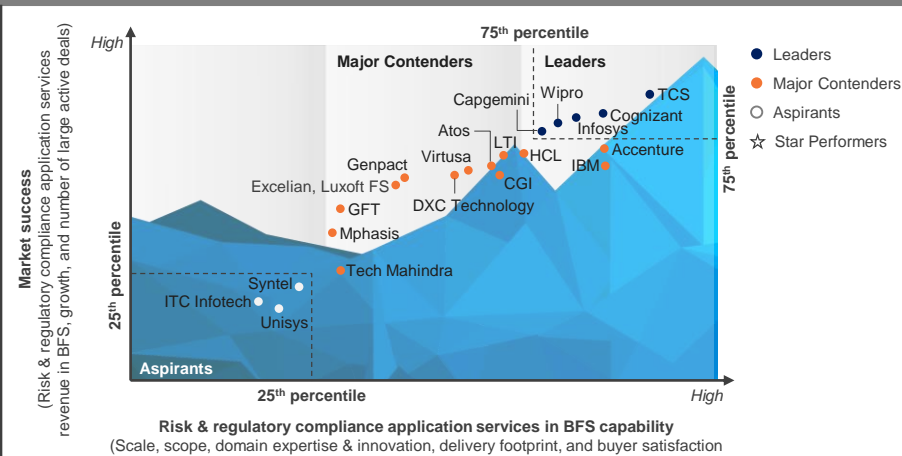
- As BFS firms accelerate their digital transformation journey, they are prioritizing investments in the evolving risk and compliance technology space
- Risk landscape is intensifying due to emerging risks such as chatbot ethics & cyberthreats
- Cybersecurity is among the top three priorities for C-suite; BFS firms are pivoting from check-the-box compliance to a competitive advantage view
- AI and big data investments are helping build this competitive advantage for lead steers

## Emerging service provider trends

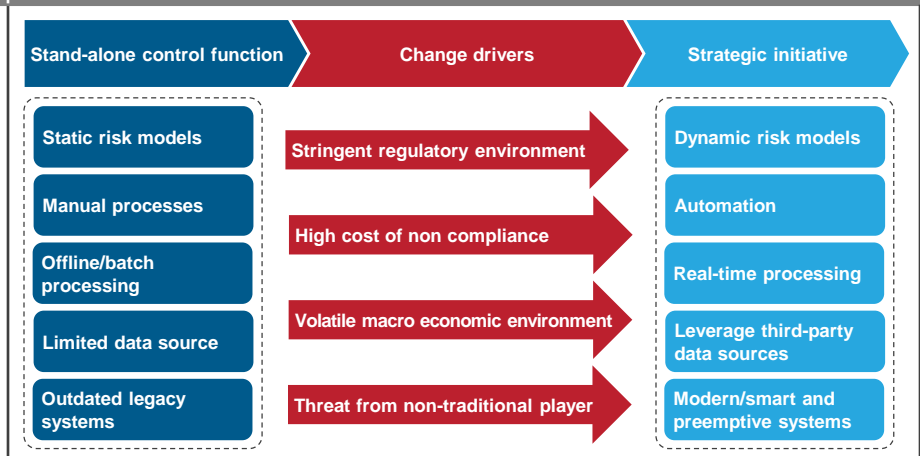
- Service providers are investing in next-generation technologies, new service capabilities such as as-a-service based offerings, Centers-of-Excellence (CoE), and innovation centers
- Large and established service providers are facing stiff competition from their smaller peers as they are proactively delivering innovation using automation, ML, and AI
- Capgemini, Cognizant, Infosys, TCS, and Wipro are the current leaders in the risk & regulatory compliance application services in BFS market. However, several service providers are emerging as major contenders
- Major Contenders have high variations owing to the mix of players. IBM is an exception as the firm has a strong portfolio of in-house platforms, tools, and solutions and competes with both COTS product vendors as well as system integrators

# This study offers a deep dive into the key aspects of the risk & regulatory compliance application services in BFS service provider landscape

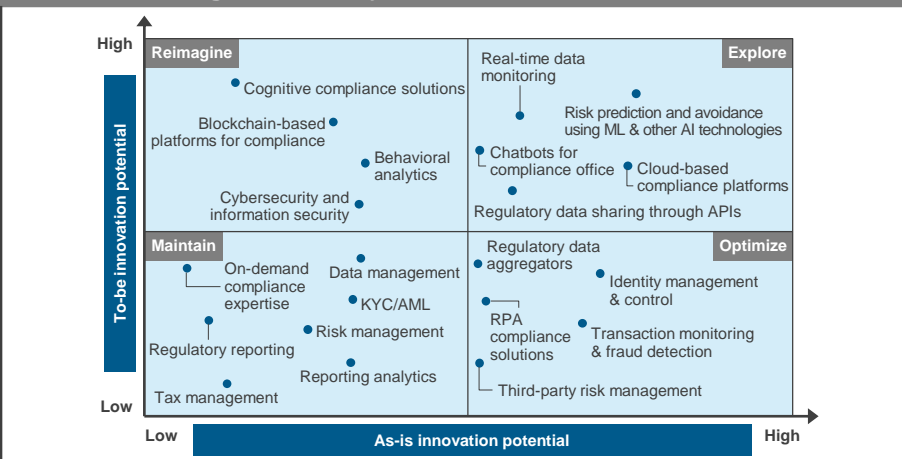
## Everest Group PEAK Matrix™ for Risk & Reg. Compliance AS



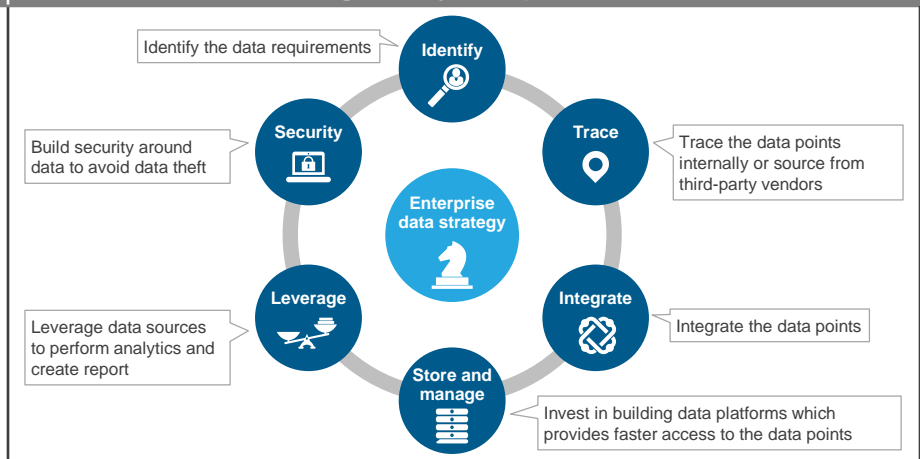
## Emerging risk landscape



## Role of the RegTech ecosystem



## Data and AI in risk & regulatory compliance



Source: Everest Group (2017)



# This report has over 21 service provider profiles

## Provider A | Risk & regulatory compliance AO in BFS

### Application services overview

#### Strengths

- Focused practices for regulatory compliance, risk management, cyber risk, and data management, reporting, & analytics
- Consulting-led go-to-market, offerings for developing target operating model, technology implementation, change management, and reporting
- Positions its XYZ Platform as one-stop shop encompassing IT, BPO, analytics, and reporting services
- High focus on delivering compliance through agile and flexible delivery models

#### Areas of improvement

- Lags behind peers in terms of pre-built tools/accelerators to expedite technology implementation engagements
- Needs to improve its managed services portfolio as majority of its business is skewed towards professional services

Scope coverage	Offered	Description
Risk management	Yes	Offerings in consulting, modeling, architecture, SI, application development
Regulatory compliance	Yes	Offers regulatory consulting and platforms with built-in functionalities
KYC and AML	Yes	Solutions for automation and assessment of end-to-end processes
Financial crime	Yes	Advanced analytics-based solutions for fraud detection, financial crime
Cybersecurity	Yes	Platform-led solutions by leveraging ML, AI, and advanced analytics
Data & analytics	Yes	Wide solution portfolio focused on big data, advanced analytics, and data science



1 Everest Group estimates  
Source: Everest Group (2017)



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## Provider-A | Risk & regulatory compliance AO in BFS

### Key offerings

Coverage area	Solution	Details
Risk management & regulatory compliance	Blockchain solution (2016)	• Solution leveraging blockchain technology to resolve human errors, and accommodate legal and regulatory requirements, while preserving key cryptographic features
	Risk and Regulatory	• Provider-A Risk and Regulatory solution provides an integrated structure to address risk-related questions throughout the organization
	Wealth Management Compliance Solution for Salesforce (2016)	• Solution to help wealth management firms or advisers overseeing retirement accounts
	Compliance as-a-Service (CaaS)	• Solution to help simplify the outsourcing of rich mortgage manufacturing solution, coupon compliance and investor risk
	Provider-A Regulatory Compliance Platform (ARCP)	• Platform with built-in functionalities for compliance management and reporting
KYC, AML, financial crime, and surveillance	AML risk assessment	• AML risk assessment program provides bar and changes in the bank's risk profile
	KYC workflow platform	• Solution to deliver improved process control and operational productivity
Cybersecurity	Provider-A Cyber Intelligence Platform	• A proprietary solution with a combination of continuously predict, detect, and combat cyber threats
Data and analytics	XYZ	• An in-depth system monitoring tool, designed to provide real-time visibility into Calypso environment

Source: Everest Group (2017)



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## Provider-A | Risk & regulatory compliance AO in BFS

### Key investments (partnerships, M&As, and other initiatives)

Investment name	Investment type	Details
ABC	Acquisition (2017)	• Acquired to expand its consulting and digital capabilities in the payments sector
PQR	Acquisition (2016)	• Acquired to expand its capabilities to help global investment managers, institutional investors, and asset servicers to stay ahead of new and emerging digital innovations and technology paradigms to strengthen their competitiveness
ZYX	Partnership (2016)	• Partnered to strengthen its capabilities in helping banks, asset managers, hedge funds, and clearing organizations transform their trading technology platforms
CBA	Partnership (2016)	• Partnered an Australian consulting company specializing in identity and access management, security services for major Australian banks and government agencies

#### Recent activities

Developments/announcements	Details
Innovation center	• Opened finance & risk innovation center in New York, United States (March 2017), to help financial institutions accelerate and scale advanced analytics, data, and reporting initiatives for finance and risk
Provider-A Application Studio	• Launched studios in Silicon Valley, Paris, and Milan to help businesses accelerate application development
New delivery center	• Launched a new technology delivery center in Budapest to cater to nearshore needs of European clients

Source: Everest Group (2017)



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Source: Everest Group (2017)



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# Research calendar – Banking, Financial Services & Insurance (BFSI) - Information Technology Outsourcing (ITO)

Published
  Planned
  Current release

## Flagship BFSI ITO reports

Release date

Analytics Services in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016 .....	January 2017
Mobility Services in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016 .....	January 2017
Banking ITO Service Provider Landscape with PEAK™ Matrix Assessment and Profiles Compendium .....	June 2017
Capital Markets ITO Service Provider Landscape with PEAK™ Matrix Assessment and Profiles Compendium .....	June 2017
Future of banking – “Experience First” : Banking ITO Annual Report .....	September 2017
Simpler, Smarter, and Seamless Capital Markets – The Digital Revolution: Capital Markets ITO Annual Report .....	September 2017
Digital Expectations of Buyers Transforming the Service Provider Landscape – Insurance AO PEAK Matrix™ Assessment 2017 and Profiles Compendium .....	September 2017
Insurance ITO – Annual Report: Insurer of the future .....	September 2017

## Service Provider Landscape with PEAK Matrix™ Assessment 2017 for Risk & Regulatory Compliance

### Application Services in BFS: Sustainable Competitive Advantage Through Digital Risk & Compliance Efforts ..... November 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

## Thematic BFSI ITO reports

Release date

FinTechs in Payments – Top 40 Trailblazers .....	May 2017
InsurTechs Envisioning the Future of Insurance – Top 40 Trailblazers .....	May 2017
Digital Force Multiplier – A Cloud Adoption Story in Banking and Financial Services: Public Cloud First .....	August 2017

Note: For a list of all Banking, Financial Services & Insurance (BFSI) - Information Technology Outsourcing (ITO) reports published by us, please refer to our [website page](#)

# 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 2017 and Profiles Compendium** ([EGR-2017-11-R-2232](#)); 2017. 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 2016 with regards to such large capital markets AO deals
2. **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
3. **Future of Banking – “Experience First” : Banking ITO Annual Report** ([EGR-2017-11-R-2319](#)); 2017. This report provides a point of view on future state of the banking industry and technology implications. It also captures key trends in market size, technology adoption, regional/functional break-outs of the market, emerging themes & key areas of technology investment by analyzing movements in volumes/values of banking AO transactions

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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 empower 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](http://www.everestgrp.com).

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