



Digital Services in Wealth Management – Rise of Hybrid Advisory: Services PEAK Matrix™ Assessment and Market Trends 2018

Banking, Financial Services & Insurance (BFSI) - Information Technology Outsourcing (ITO) Market Report – December 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

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Background of the research

Background of the research

- Wealth management enterprises are facing challenges such as fee compression as non-traditional competitors are offering automated investment advisory services and there is an increase in demand for superior digital experience due to factors such as the rise in the proportion of millennials inheriting wealth
- Wealth management firms need partners for their digital transformation journey as they look to enhance customer experience as well as provide digital platforms and tools to augment the capabilities and experience of wealth advisors. This is leading to the rise of the hybrid advisory model, which requires a fine balance of human interaction and deployment of intelligent automated investment advisory offerings (robo-advisory tools)
- Accordingly, service providers have stepped up their investments to deliver a holistic front-to-back digital transformation for wealth management firms. Service providers with third-party digital platforms/products implementation experience, front-office design & experience capabilities, domain & business consulting expertise, a strong partnership & innovation ecosystem, and breadth of solutions/services across digital technologies are able to demonstrate superior market success and client experience
- In this research, we present an assessment and detailed profiles of 18 digital service providers featured on the digital services for wealth management PEAK Matrix. Each service provider profile presents a comprehensive picture of the provider's service focus, key Intellectual Property (IP) / solutions, partnerships/alliances, and other digital & domain-specific investments
- The assessment is based on Everest Group's annual Request for Information (RFI) process for the calendar year 2017, interactions with leading services providers, client reference checks, and analysis of the wealth management digital services market

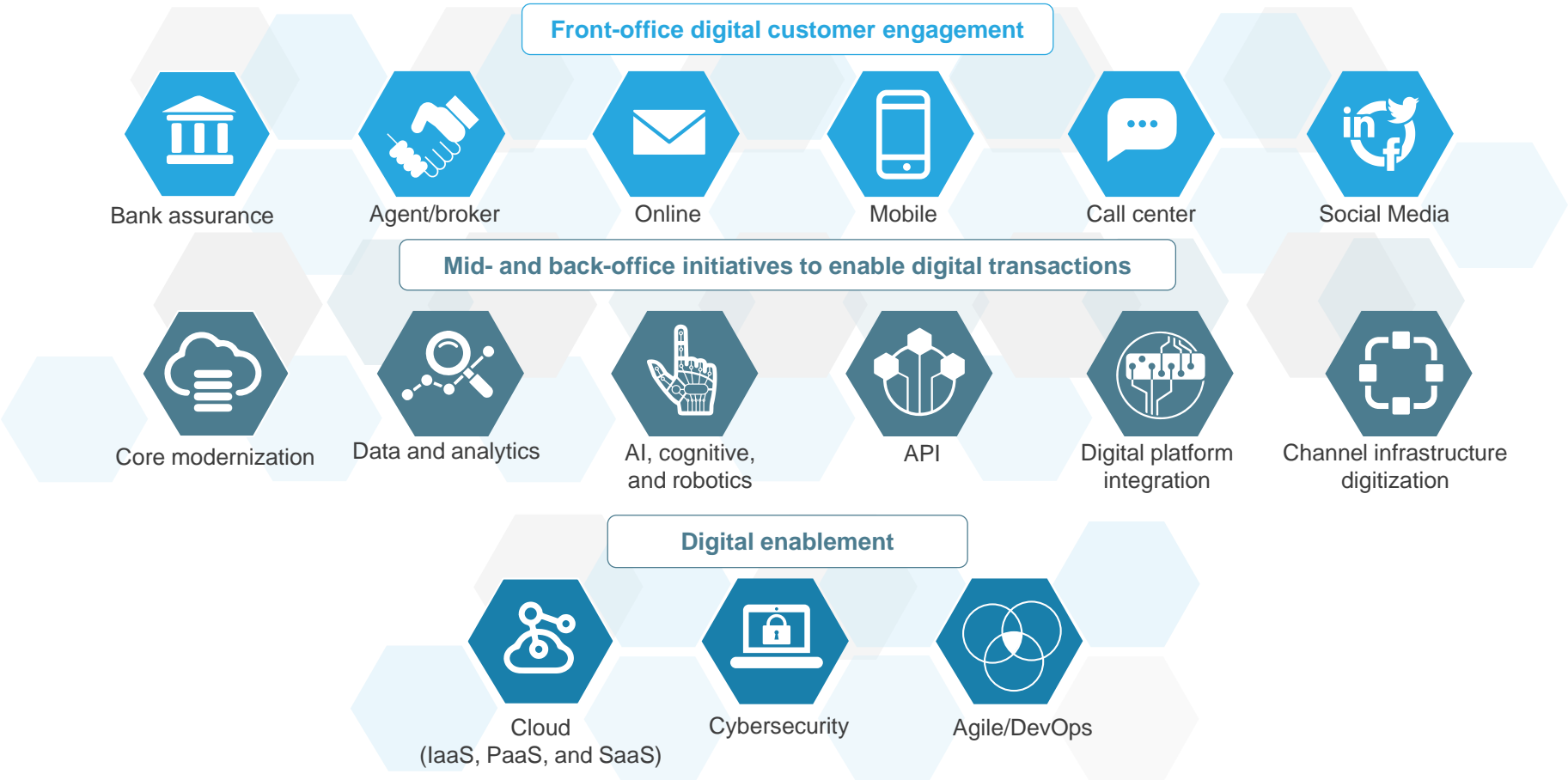
Scope of this report

- **Services:** Digital services
- **Geography:** Global
- **Subvertical:** Wealth management
- **Service providers:** 18 leading digital service providers

Source: Everest Group (2017)

Definition | Digital Services in wealth management

Consulting, implementation, support, testing, user experience design, and system integration across



Overview and abbreviated summary of key messages

The report provides a comprehensive assessment of the service provider landscape for digital services in the wealth management space 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 wealth management buyers and service providers.

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

Digital services in wealth management PEAK Matrix characteristics

- Leaders differentiate in their ability to scale up digital capabilities across front-, mid-, and back-office functions; extensive leverage of consulting-led problem solving and comprehensive solutions/services portfolio across all major digital technology stacks has helped Leaders partner with wealth managers in their digital transformation journey
- Major Contenders have exhibited a significant focus on forming strategic alliances with key technology vendors, launching frameworks/accelerators on industry-leading product packages, and setting up innovation hubs to demonstrate their digital services capabilities. They are trying to differentiate by demonstrating expertise in core wealth management platform/product implementations
- Aspirants have demonstrated strong capabilities in niche geographies or functionalities. Though they have a small digital services practice, they are investing heavily in developing IPs/accelerators/partnerships as well as innovation centers in emerging technologies

Implications for buyers and service providers

- Service providers articulate definite business outcomes for wealth management enterprises digital spend and ensure predictability as buyers face significant market uncertainty.
- Service providers need to differentiate through wealth management-specific verticalized digital offerings and thought leadership, pro-active investments in Proof of Concepts (POCs) and strong partner and FinTech ecosystem.
- As the hybrid model evolves, wealth management firms need to proactively adopt digital models to reduce costs and serve customers better. Investment in digital talent and focus on cultural change will be critical to success in the market.

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)

The figure shows the PEAK Matrix for FAS, a 2x2 matrix with 'Market Maturity' on the x-axis and 'Technology Adoption/Investment' on the y-axis. It includes a line chart showing market maturity over time and a bar chart showing technology adoption/investment over time.

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

The figure is an 'Appendix: respondent profile' chart showing the distribution of respondents by region and company size. It includes a pie chart for regional distribution and a bar chart for company size distribution.

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)

The figure is a diagram showing the 'Service Industry' at the center, surrounded by 'Enterprises', 'Service Providers', and 'Service Enablers'. Below this, a flowchart shows the process from 'Problem' through 'Issue' to 'Hypothesis', leading to 'Data Gathering and Analysis' and finally 'Conclusions and Recommendations'.

4 Fact-based research
(Data-driven analysis with expert perspectives, trend analysis across market adoption, contracting, and service providers)

The figure contains two bar charts. The top chart shows the 'Number of new multi-process FAS contracts over time' from 2009 to 2016. The bottom chart shows the 'Average breadth of new contracts vs. submissions in FAS contracts' across various categories like Accounts payable, Accounts receivable, Payroll, etc.

- 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' experience of advising BFSI clients on ITO and BPO decisions
- Executive-level relationships with buyers, service providers, technology providers, and industry associations

Everest Group's digital services in wealth management research is based on three key sources of proprietary information

- 1 Service provider briefings**
 - Key elements covered in these interactions include:
 - Focus areas within digital services in wealth management
 - Scale of operations and delivery locations
 - Areas of investment (partnerships, M&As, IP, innovation, etc.)

- 2 Ongoing buyer surveys and interactions**
 - Key topics covered in these interactions include:
 - Drivers and challenges for adopting digital services
 - Assessment of service provider performance
 - Business outcomes achieved
 - Emerging investment priorities
 - Lessons learnt and best practices

- 3 Transaction intelligence database and service provider RFIs**
 - Everest Group's proprietary transaction intelligence database that tracks publicly-announced IT deals
 - The database has in excess of 22,000 IT and digital services contracts
 - Annual wealth management RFI from service providers that include:
 - Vision and strategy
 - Investments in solutions/IP/accelerators, domain, and partnerships
 - Delivery footprint and talent initiatives
 - Case studies for digital services capabilities across seven digital themes

Service providers covered in the analysis



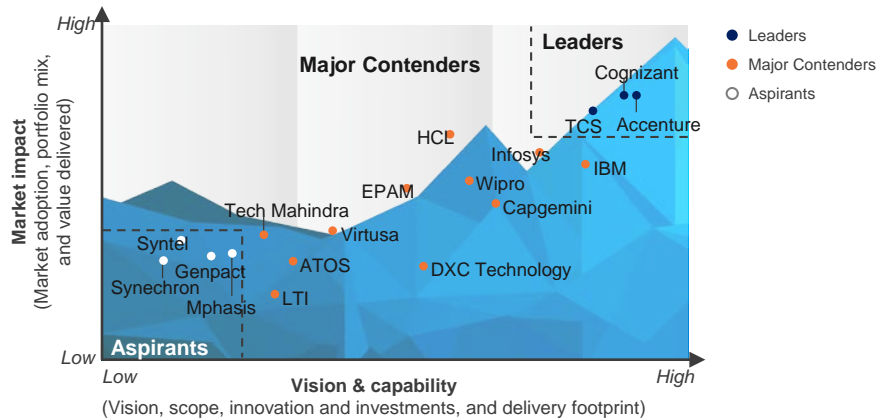
1 Assessment for Accenture, IBM, and Genpact excludes service provider inputs, and is based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with insurance buyers

Note: We continuously monitor market developments and track additional service providers beyond those included in the analysis

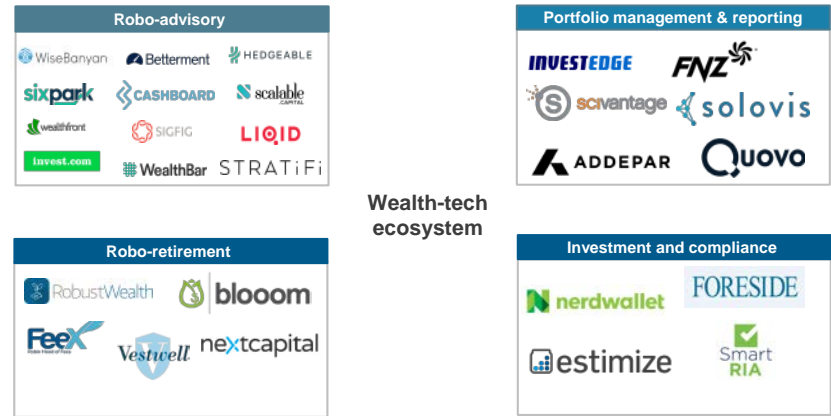
Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any information, that is contract-specific, will be presented back to the industry only in an aggregated fashion

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

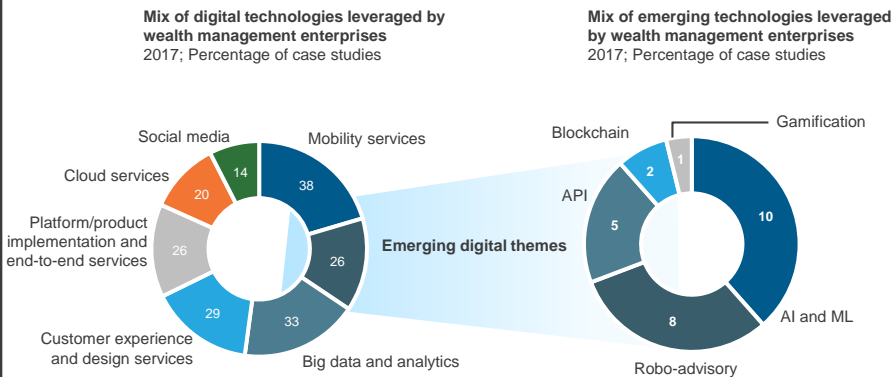
PEAK Matrix™ for Digital Services in Wealth Management



Digital innovation ecosystem | FinTech in wealth management



Wealth management | State of digital technology adoption



Best-in-class case examples | Big data & analytics

Key players	Business situation/challenge	Solution offered	Results / impact generated
Vendor: Vendor A Client: A leading financial services firm in India	<ul style="list-style-type: none"> The firm wanted to digitally transform its vehicle and home finance business, right from loan origination through recovery, to reduce costs and improve agility It wanted to develop multi-channel applications for staff and vendors 	<ul style="list-style-type: none"> Vendor A came up with "Digital Fabric" solution leveraging technology, process, and domain. It developed technology roadmap and business process models, information architecture, and set of mobile/web apps (integrated with existing systems) Leveraged XYZ suite to offer mobile backend-as-a-service and capabilities in ADM, testing, and cloud integration 	Customer turnaround time is estimated to improve from eight days to one day and efficiency by 30%; costs are expected to reduce by 35%
Vendor: Vendor B Client: A leading U.S. mortgage provider	<ul style="list-style-type: none"> The bank wanted to implement its vision of embracing digital and implementing features such as P2P payment, digitalization of mortgage process, and migrate wallet solution to cloud for better agility and scalability 	<ul style="list-style-type: none"> Vendor B developed P2P payment application supporting Apple watch and hosted wallet solution on AzureCloud Containers leveraging Docker microservices Vendor B helped in designing architecture, opening bank to FinTechs and third-party providers using APIs, automated business processes, and developed rules engine for credit decision 	Time to refinance application submission reduced to < one minute and disbursement reduced to one day from one week
Vendor: Vendor C Client: A financial services firm in the United Kingdom	<ul style="list-style-type: none"> Rising agent cost and need for enhanced customer engagement influenced the financial services firm to adopt digital channels for delivering services to customers at lower costs 	<ul style="list-style-type: none"> Vendor C developed multi-lingual customer apps (mobile and web) for collection and agent app and scoring app for profiling and loan disbursement Leveraged Kony mobile platform, SiteCore content management system, DevOps tools such as Jenkins, Selenium, Sonar dashboard, and TFS cycle and its Agile CoE to come up with new digital lending platform powered with real-time analytics 	Successfully rolled out mobile app to 1,500 agents; guaranteed money disbursement in < 15 minutes; zero downtime and 100% availability

Source: Everest Group (2017)

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
Risk and Regulatory Compliance in BFS: Service Provider Landscape with PEAK Matrix™ Assessment 2017	November 2017
Insurance ITO – Annual Report: Insurer of the future	December 2017
Digital Services in Consumer Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2017	December 2017
Digital Services in Wealth Management – Service Provider Landscape with PEAK Matrix™ Assessment 2017	December 2017
Digital Services in Wealth Management – Rise of Hybrid Advisory: Services PEAK Matrix™ Assessment and Market Trends 2018:	December 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 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

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