Business Process Services Delivery Automation (BPSDA) – Service Provider Landscape with PEAK Matrix™ Assessment 2017

Service Optimization Technologies (SOT) & Business Process Services (BPS) Market Report – June 2017 – Preview Deck

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Everest Group RESEARCH

Background of the research

Background of the research

- The Business Process Services (BPS) market is being buffeted by strong winds of change. Multiple digital elements are disrupting the status quo in the supply as well as demand landscape – enterprises are expecting not only mundane cost reduction but also next next-generation benefits from their BPS relationships and service providers are recognizing that they need to pivot quickly from the traditional labor arbitrage-driven model to a digital-powered one to provide those benefits to their buyers
- One of the most potent digital levers enabling this transformation is Service Delivery Automation (SDA). A spectrum of SDA solutions is being deployed by service providers to help buyers attain certain key benefits – higher speed, improved accuracy, enhanced customer experience, and reduced cost, among others
- In this research, we present an assessment 18 leading broad-based BPS providers' SDA market impact and vision & capability using Everest Group's proprietary framework, the PEAK Matrix. We also describe the competitive landscape in the market. Lastly, we provide a commentary on key strengths and areas of improvement for BPS providers, with specific focus on automation

Scope of this research

- **Services:** Business Process Services Delivery Automation (BPSDA)
- **Geography:** Global
- **Service providers:** 18 leading broad-based BPS providers

Principles of Service Delivery Automation (SDA)

1

Automation – at its most basic level – must utilize technology to replace a series of human actions. Correspondingly, not all technologies provide automation, and replacing a single human action with technology (e.g., a mathematical equation in a spreadsheet) is not automation. At the same time, automation can be done by degrees, but some steps will still require human interaction.

2

Much automation is already embedded in software systems (e.g., linking client information across marketing and supply chain systems); however, since it is part of the normal feature-functionality of a system, it is generally not considered as automation, but a simply more powerful system(s).

3

Automation for IT is very different than for business processes:

- In IT, automating is generally addressed by improving the core functionality and is handled by the IT system management tools. Further, these activities are owned by central IT, which is naturally incented to create more efficient IT operations
- In business processes, system limitations are generally much more difficult to overcome, and follow a process that stretches across many systems in the organization. As such, the business case for significant system change is generally unappealing. Finally, the benefits of improved processes accrue to the business and are hard to quantify with an ROI that can motivate central IT groups to invest their resources

4

Service delivery automation can be accomplished by combining multiple technologies. For example, traditional Business Process Management (BPM) technologies can be further enhanced by combining with newer UI/robotic process tools. Cognitive computing, although at its infancy, represents the next horizon, as automation not only replicates human behavioral characteristics while executing judgment-intensive IT and business processes, but also creates the potential to spawn new businesses for IP-owners and enterprises.

Everest Group's SDA Spectrum

SDA includes a spectrum of automation solutions for delivering global services

High Low

Maturity

Future tech

Human involvement

Intelligence

	Ability to handle input data type	Processing approach	Ability to learn	Context awareness	Approach	Illustrative examples
Robotic Desktop Automation (RDA)	Structured only	Deterministic	No	No	Human triggers	Pega, Softomotive, UiPath, NICE
Robotic Process Automation (RPA)	Structured and semi-structured	Deterministic	No	No	Orchestrated process automation	Automation Anywhere, BluePrism, UiPath, Softomotive, NICE, Redwood, WorkFusion
Autonomics	Structured and semi-structured	Deterministic	No	Yes, but limited to its computing environment	Distributed computing	IPsoft, Ayehu, SyntBots, Thoughtonomy, WorkFusion
Narrow artificial intelligence	All types of data including unstructured	Probabilistic	Yes, but limited to a particular area	Yes, but limited to a particular domain	Cognitive computing (Machine learning, deep learning, and NLP)	RAGE Frameworks, RAVN, Loop AI, IBM Watson, Wipro HOLMES, IPsoft Amelia, Celaton, Arago, WorkFusion, TCS Ignio, Infosys Nia
General artificial intelligence	All types of data including unstructured	Probabilistic	Yes across multiple areas	Yes, across multiple domains and similar to human brain	Advances in deep learning	NA

Note: In this report we have referred to rules-based/deterministic SDA solution (i.e. RDA, RPA, and Autonomics) collectively as RPA

Focus of this report

We focus on business process automation solutions, containing a services component, offered by prominent BPS providers operating in this space

	Focus of this report	Not in scope
1 Services	Business process services	IT services
2 Supplier ecosystem	BPS providers	SDA Independent Software Vendors (ISV) Specialist system integrators
3 Sourcing model	Software (in-house or third-party) + associated implementation services	Standalone software license

Everest Group's BPSDA research is based on three key sources of proprietary information

1

Everest Group's proprietary database of BPSDA capability of 18 providers

The database, developed through a comprehensive RFI exercise, tracks each service provider's capability along elements such as

- Clients with BPSDA deployments, BPSDA Proof of Concepts, cost savings, case studies, FTE release rate, and BPSDA bots deployed
- BPSDA client portfolio across buyer sizes, geographies, industries, and BPS segments
- BPSDA vision and strategy, top BPSDA solutions, their value propositions, development mode, and RPA and AI features
- Technology partners and collaborations with academic institutes
- Investments specific to SDA
- Engagement & commercial models
- BPSDA Full Time Employees (FTEs) and their split by scope of services

2

- **Service provider briefings and demonstrations**
  - Detailed briefings and demos with service providers for a comprehensive view of their solutions
  - Vision and strategy for BPSDA
  - Current state of the market
  - Opportunities and challenges
  - Expected direction of movement in the industry
  - Emerging areas of investment (e.g., focus on artificial intelligence and cognitive solutions)

3

Buyer surveys and interactions

Surveys and one-on-one executive-level interviews of reference buyers were undertaken to get their feedback on service providers' BPSDA offerings and their performance in delivering BPSDA solutions. The surveys/interviews focus on aspects such as:

- Deployment details such as scale, business function, type of automation, and services scope
- Drivers of automation and emerging priorities
- Overall performance of the provider including strengths and improvement areas
- Service provider performance across elements such as driver satisfaction, RPA & AI expertise, flexibility in engagement & commercial model, implementation & integration, and proactiveness

Service providers covered in the analysis

accenture
Capgemini
Cognizant
CONDUENT
EXL
GENPACT
HCL
Hexaware
HGS
IBM
Infosys
intelenet
Mphasis
NTT Data
SUTHERLAND
SYNTEL
wipro
WNS

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

EGR-2017-13-PD-2243

Overview and abbreviated summary of key messages

In this report, we present an assessment 18 leading broad-based BPS providers' SDA market impact and vision & capability using Everest Group's proprietary framework, the PEAK Matrix. We also describe the competitive landscape in the market. Lastly, we provide a commentary on key strengths and areas of improvement for BPS providers, with specific focus on BPSDA

Some key elements and findings of the report are:

Everest Group PEAK Matrix™ for BPSDA solution

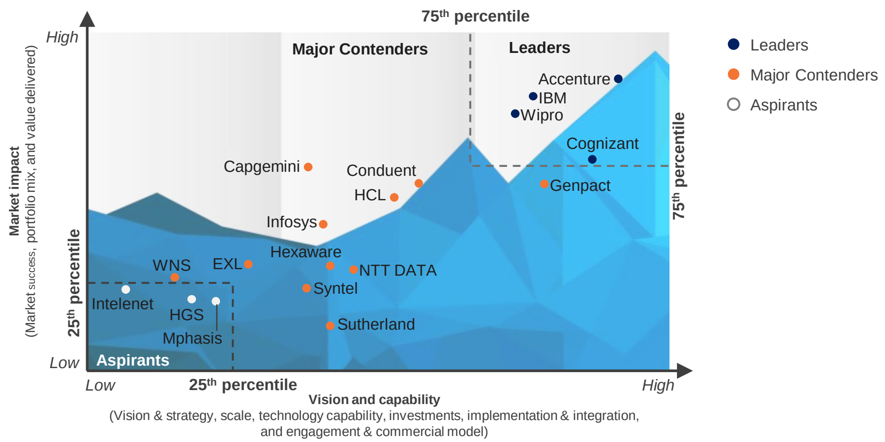
- Everest Group classifies 18 broad-based BPS providers on its PEAK Matrix™ for BPSDA solution into the three categories of Leaders, Major Contenders, and Aspirants
  - **Leaders:** Accenture, Cognizant, IBM, and Wipro
  - **Major Contenders:** Capgemini, Conduent, EXL, Genpact, HCL, Hexaware, Infosys, NTT DATA, Sutherland Global Services, Syntel, and WNS
  - **Aspirants:** HGS, Intelenet Global Services, and Mphasis

Key insights on BPSDA market shares

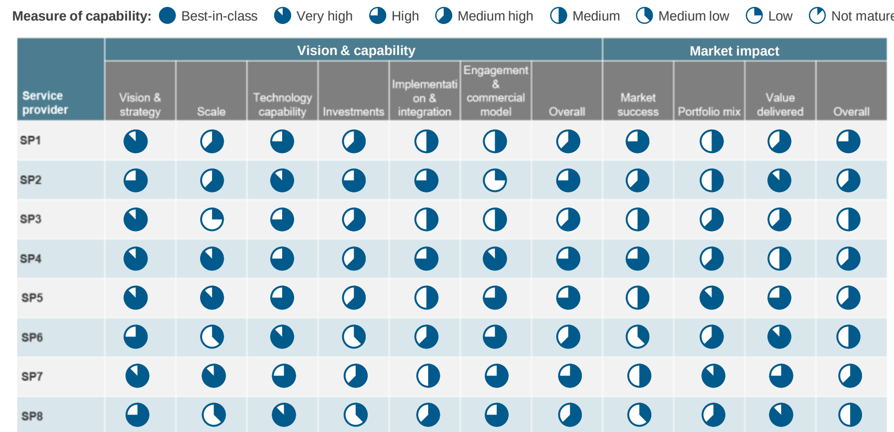
- Accenture and Conduent have the most number of clients with BPSDA deployments by far. They are followed by Capgemini, Cognizant, Genpact, IBM, and Wipro
- Accenture and Conduent lead in most geographies. In APAC, in addition to Accenture, Genpact has found good traction
- Providers' success differs across BPS segments. Competitive intensity is high in all other high potential areas except contact center, which is heavily dominated by Conduent
- Even the reference buyers have average satisfaction with SDA in BPS though Leaders are doing better. There is significant room for BPS providers to improve their AI expertise
- Accenture and Cognizant have the most number of FTEs dedicated to BPSDA. Genpact and Cognizant have the highest share of FTEs in BPSDA product development

The study offers three distinct chapters providing an assessment of BPS providers' automation capabilities, their key strengths & areas of improvement, and the competitive landscape

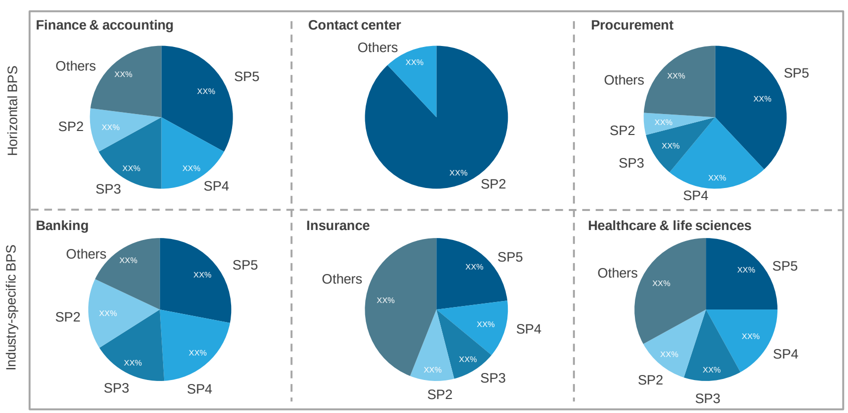
Everest Group BPSDA PEAK Matrix™



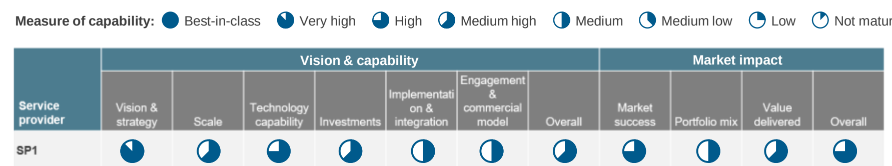
Capability assessment



Providers' success differs across BPS segments



Everest Group's remarks on service providers



Strengths

- With one of the largest and fastest growing portfolios of clients with SDA deployments, XYZ is continually achieving success in business process automation
- Its vision for digital transformation is driven by automation, Artificial Intelligence (AI), and advanced predictive & prescriptive analytics, and is supported by appropriate investments
- It has adopted a technology-agnostic approach to develop solutions, and consequently, its SDA suite is dominated by solutions based on partnerships with leading third-party automation technology vendors such as V1, V2, V3, V4, and V5
- XYZ is focused on leveraging its domain expertise to drive verticalization of SDA solutions and developing industry-specific reusable use cases
- It is continually making investments to enhance/augment its automation capabilities
- It is ahead of many in maturing toward an integrated automation ecosystem by putting in place a Network Operations Center (NOC) to centrally schedule, monitor, and report multiple client automations
- Its clients praised its readiness to proactively propose automation initiatives, relationship management skills, and the ability to effectively evaluate the need for reengineering before automation

Areas of improvement

- XYZ has scope to more effectively operationalize its vision to embed outcome-based pricing models such as gainsharing in its automation-heavy deals
- It should explore means to access rich process-level training data to further train its AI systems for developing more vertical-specific end-to-end solutions
- It can sharpen focus on automation-as-a-service opportunities, while maintaining its orientation to win automation-embedded BPS deals and create more end-to-end impact. We recognize that XYZ is working in this direction and the acquisition of ABC is an example of this
- While using partner software, it needs to more clearly articulate its AI skills and development capabilities for solutions such as chatbots or virtual agents, and how these can be repurposed and reused for multiple clients
- It should focus on better controlling costs associated with automation, while delivering higher automation rate
- Its clients believe that it should integrate its automation solutions more smoothly with the underlying IT environment

SOT research calendar

Published | Current

Topic	Release date
Business Case for Robotic Process Automation (RPA) in Global In-house Centers (GICs)	September 2016
The Service Delivery Automation (SDA) Journey	September 2016
IT Application Services Automation: Think Benefits, Not Costs	November 2016
Robotic Process Automation (RPA) – Technology Vendor Landscape with FIT Matrix Assessment	December 2016
Robotic Process Automation (RPA) – Technology Vendor Profile Compendium	December 2016
Rise of Automation in P&C Insurance	January 2017
Robotic Process Automation (RPA) – Technology Vendor State of the Market Report	February 2017
IT Infrastructure Automation – Market Update and PEAK Matrix™ Assessment for Solutions	April 2017
Pushing the Dial on Business Process Automation	May 2017
EdgeVerve Service Delivery Automation (SDA) Profile	June 2017
Business Process Services Delivery Automation (BPSDA) – Service Provider Landscape with PEAK Matrix™ Assessment 2017	July 2017
Robotic Process Automation Talent Hotspots	Q3 2017
Business Process Services Delivery Automation (BPSDA) – Service Provider Profile Compendium	Q3 2017
Business Process Services Delivery Automation (BPSDA) – State of the Market	Q3 2017
AI-based Automation Tools Market Report	Q3 2017

Additional SOT research recommendations

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. **Robotic Process Automation (RPA) - Technology Vendor Landscape with FIT Matrix Assessment – Technologies for Building a "Virtual Workforce"** (EGR-2016-13-R-2030); 2016. This report uses Everest Group's proprietary FIT Matrix™ to assess and rate RPA technology vendors on the various dimensions of their market impact and vision & capabilities. It also includes Everest Group's remarks on vendors, highlighting their key strengths & areas of development as well as insights into advances in RPA technologies, operating models, capabilities of different platforms, and commercial models

2. **Robotic Process Automation (RPA) – Technology Vendor Profile Compendium** (EGR-2016-13-R-2036); 2016. This report provides detailed, comprehensive, and fact-based profiles of 10 key RPA technology vendors. Each four page profile provides a detailed picture of the vendor's solution scope, technology & deployment characteristics, scale of operations, as well as an assessment of the provider as part of Everest Group's Features, Implementation, and impacT (FIT) Matrix™. The report also analyzes key strengths and areas of improvement for technology vendors from the perspective of their RPA solutions.

3. **Business Case for Robotic Process Automation (RPA) in Global In-house Centers (GICs)** (EGR-2016-2-R-1926); 2016. The report assesses the business case for adoption of RPA in offshore GICs and the associated payback period. It also provides insights into various factors impacting the business case and the threshold limits for each of them in order to have a justifiable business case

4. **Service Delivery Automation (SDA) – Best Practice Guide to Establishing an SDA Center of Excellence** (EGR-2016-13-R-1750); 2016. This report provides a guide to setting up and expanding an SDA COE. It is intended for organizations that are setting out to build a COE, service providers looking to build COEs for their clients, and SDA technology vendors seeking insights into the bigger COE picture

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

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