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RESEARCH

Enterprise Perspectives on Next-Generation of Outsourcing – Moving From Services Delivery to Business Orchestration

Banking & Financial Services (BFS) – BPS, BFS – IT Services
Market Report – July 2019: Complimentary Abstract / Table of Contents

Our research offerings for global services

▶ **Market Vista™**
Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

▶ Application Services	▶ Human Resources
▶ BPS | Banking & Financial Services	▶ ITS | Banking & Financial Services
▶ BPS | Healthcare & Life Sciences	▶ ITS | Healthcare
▶ BPS | Insurance	▶ ITS | Insurance
▶ Catalyst™	▶ IT Services Executive Insights™
▶ Cloud & Infrastructure	▶ ITS | Life Sciences
Customer Experience Management Services	▶ Locations Insider™
▶ Data & Analytics	▶ PricePoint™
▶ Digital Services	▶ Procurement
▶ Engineering Services	▶ Recruitment & Talent Acquisition
▶ Finance & Accounting	▶ Service Optimization Technologies

More about membership

In addition to a suite of published research, a membership may include

- Accelerators™
- Analyst access
- Data cuts
- Pinnacle Model™ reports
- PriceBook
- Virtual Roundtables
- Workshops

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

Membership information

- This report is included in the following research program(s)
  - Banking and Financial Services (BFS) – Business Process Services (BPS)
  - Banking and Financial Services (BFS) – IT Services
- If you want to learn whether your organization has a membership agreement or request information on pricing and membership options, please contact us at info@everestgrp.com, unitedkingdom@everestgrp.com, or india@everestgrp.com

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Background of the research

Background of the research

- Mounting digital transformation pressures, changing consumer preferences, and the need for financial institutions to come up with new business models are disrupting the current financial services landscape. Enterprises are moving away from being perceived as a physical structure that offers financial services/products to being an ambient fabric connecting people and businesses

- The repercussion of the financial industry being at the center of this rapid change is that enterprises are relying significantly on service providers to assist them in navigating their technology and business operations landscape

- Everest Group believes that it is imperative to understand the true picture around enterprises' experience and satisfaction levels in working with service providers

- The assessment is based on a mix of interviews and surveys conducted in 2017-2018, with enterprises globally, across IT and business process services. These enterprises include companies nominated as reference clients by different service providers across multiple PEAK Matrix™ evaluations of Everest Group

Scope of this report

Interviews + surveys
200+ interviews and online surveys

Services
ITS and BPS

Geography
Global

Service providers
40+ global service providers

Confidentiality of data
All findings of the interviews and surveys have been portrayed in aggregate to present a holistic view, and data has not been presented in a manner where the reader can identify specific buyer name, situation, or issues.

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Summary of key messages

01 There is a significant increase in buyer expectations; this is primarily driven by digital disruptions, as the industry is moving from arbitrage-first to digital-first model

02 Buyers expect service providers to act as able "strategic partners" in the digital journey and help achieve their business objectives such as driving operational efficiencies and minimizing costs

03 While service providers are responding to evolving buyer expectations by being proactive and infusing technology and innovation, there is still a lot of ground to be covered
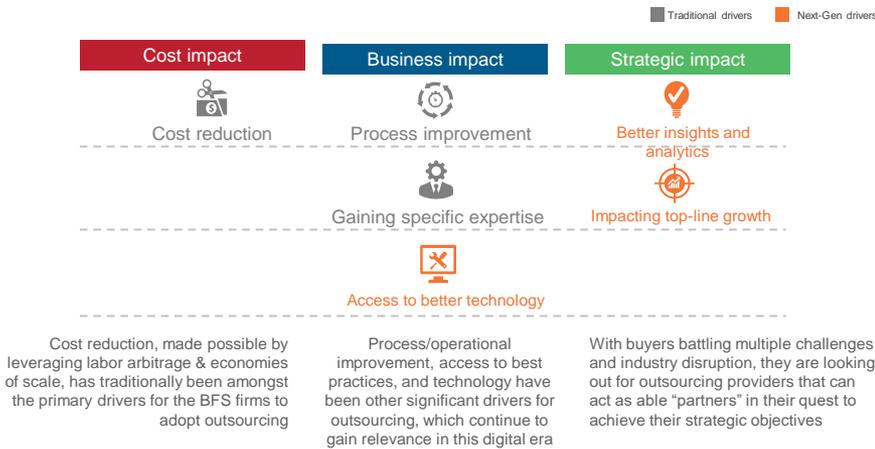
04 Incumbents such as TCS and Wipro have managed to create the best overall experience for clients in 2018, for both IT & BP services
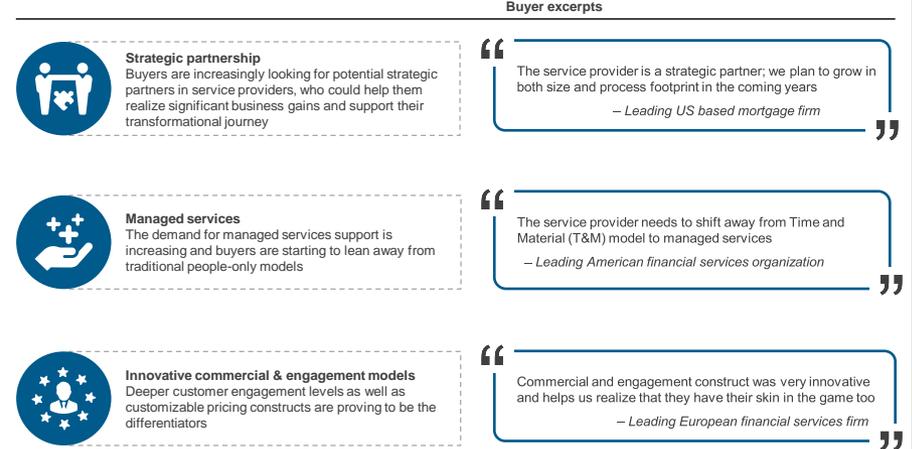
05 Both service providers and enterprises have a part to play – focus should be on having a collaborative mindset to instigate a business & strategic outcome-driven relationship

This study offers three distinct chapters providing a deep dive into key aspects of BFS market; below are four charts to illustrate the depth of the report
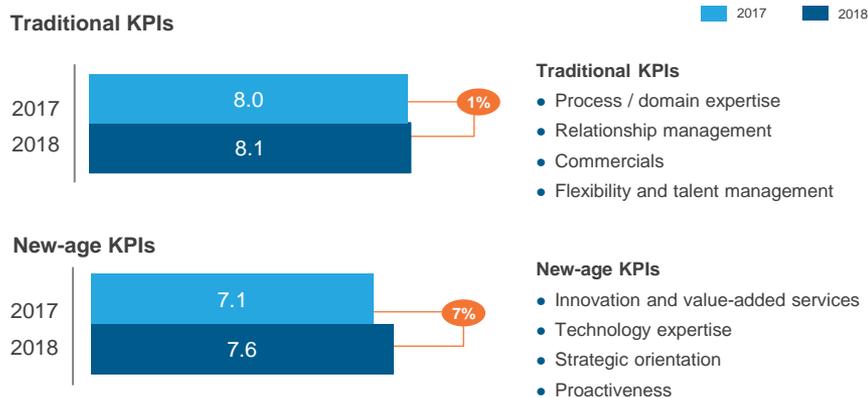
Categorization of outsourcing drivers by impacted created

Legend: **Traditional drivers** | **Next-Gen drivers**

Cost impact	Business impact	Strategic impact
Cost reduction	Process improvement	Better insights and analytics
	Gaining specific expertise	Impacting top-line growth
Access to better technology		

Cost reduction, made possible by leveraging labor arbitrage & economies of scale, has traditionally been amongst the primary drivers for the BFS firms to adopt outsourcing

Process/operational improvement, access to best practices, and technology have been other significant drivers for outsourcing, which continue to gain relevance in this digital era

With buyers battling multiple challenges and industry disruption, they are looking out for outsourcing providers that can act as able "partners" in their quest to achieve their strategic objectives

BFS buyers' desired service provider capabilities

Buyer excerpts

Strategic partnership
Buyers are increasingly looking for potential strategic partners in service providers, who could help them realize significant business gains and support their transformational journey

"The service provider is a strategic partner; we plan to grow in both size and process footprint in the coming years
— Leading US based mortgage firm"

Managed services
The demand for managed services support is increasing and buyers are starting to lean away from traditional people-only models

"The service provider needs to shift away from Time and Material (T&M) model to managed services
— Leading American financial services organization"

Innovative commercial & engagement models
Deeper customer engagement levels as well as customizable pricing constructs are proving to be the differentiators

"Commercial and engagement construct was very innovative and helps us realize that they have their skin in the game too
— Leading European financial services firm"

Service provider performance rating on traditional and new-age KPIs

Legend: **2017** | **2018**

Traditional KPIs

2017	8.0
2018	8.1

↑ 1%

Traditional KPIs
- Process / domain expertise
- Relationship management
- Commercials
- Flexibility and talent management

New-age KPIs

2017	7.1
2018	7.6

↑ 7%

New-age KPIs
- Innovation and value-added services
- Technology expertise
- Strategic orientation
- Proactiveness

Collaborative approach of buyers and service providers

Buyers' approach | **Service providers' approach**

Develop a business & strategic outcome-driven relationship
Clearly articulate long-term plans to align strategic intent. In addition to cost outcomes, set expectations to improve business & strategic outcomes in long run

Test the waters frequently but in the "right" manner
Periodically check if the incumbent provider is evolving in sync with the changing industry dynamics. Do not get fixated on the cost but review existing service provider evaluation criteria to incorporate the new-age metrics

Close monitoring with constant feedback
In case of a new relationship, close monitoring with constant feedback, right from the inception stage, will ensure quality and help address any lapses. Having a collaborative mindset can help in solving the underlying problems fast

Keep innovation at the forefront
Bring in the innovation lens to display an understanding of latest technology trends, while focusing on existing / future use cases

Develop domain-specific human capital
Build talent resources with required domain expertise by constant upskilling / reskilling to offer better service to buyers

Help in making strategic decisions
Build a strong sense of partnership to get aligned with buyers' broader objectives and become a strategic partner

Check client pulse
Develop tailor-made solutions that cater to the specific client challenges and focus on higher levels of engagement

Research calendar – BFS BPS

	Published	Planned	Current release

Flagship BFS BPO reports	Release date
Banking BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018	March 2018
Know Your Customer-Anti Money Laundering (KYC-AML) BPO – State of the Market with Services PEAK Matrix™ Assessment 2018	June 2018
Banking BPO Annual Report 2018: Digital Transformation or Digital Washing: Looking Beyond the Hype	July 2018
Banking BPO – Service Provider Profile Compendium 2018	August 2018
Mortgage BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2019	January 2019
Banking BPO Digital Capability Platform (DCP) – Service Provider Landscape with Solutions PEAK Matrix™ Assessment 2019	March 2019
Mortgage BPO Annual Report 2019	May 2019
Mortgage BPS – Service Provider Profile Compendium 2019	June 2019
Banking BPS – Service Provider Landscape with Services PEAK Matrix™ Assessment 2019	July 2019
AML/FCC – Service Provider Landscape with Services PEAK Matrix™ Assessment 2019	Q3 2019

Thematic BFS BPO reports	
Trade Finance of the Future – A Blockchain Story	July 2017
Blockchain: Is it the Silver Bullet?	April 2018
Think Banks Have Gotten the Most Out of Automation - Think Again	February 2019
Buyer Satisfaction In BFS – What Makes the Banks Frown?	July 2019
Enterprise Perspectives on Next-Generation of Outsourcing – Moving From Services Delivery to Business Orchestration	**July 2019**
Achieve the most out of our Analytics Spend – Analytics Success Stories in BFS	Q3 2019
The Truth about BPaaS – Report on Current Adoption and Future Direction of BPaaS Solutions	Q3 2019

Note: For a list of all BFS BPO reports published by us, please refer to our website page

Research calendar – BFS ITS

Published | **Planned** | Current release

Flagship BFS IT Services reports	Release date
Enterprise Platform IT Services in BFS PEAK Matrix™ Assessment 2019: Modernization at Speed and Scale	June 2019
Next-generation IT Infrastructure Services in BFS PEAK Matrix™ Assessment 2019: Hybrid IT for Migrating Core on Cloud	June 2019
Banking Report Card 2019 – IT Outsourcing Transaction Trends	Q3 2019
Capital Market Report Card 2019 – IT Outsourcing Transaction Trends	Q3 2019
State of the Market – Capital Markets IT	Q3 2019
State of the Market – Banking IT	Q3 2019
Banking IT Services Profiles Compendium	Q3 2019
Capital Markets IT Services Profiles Compendium	Q3 2019
Banking Application and Digital Services – PEAK Matrix™ Assessment 2019	Q3 2019
Capital Markets Application and Digital Services – PEAK Matrix™ Assessment 2019	Q3 2019
Risk and Compliance IT Services In BFS – PEAK Matrix™ Assessment	Q4 2019

Thematic BFS IT Services reports	
Future Proofing Credit Unions from the Digital Onslaught	February 2019
Guidebook for Blockchain Adoption in Banking and Financial Services: A Compilation of Insights from 130+ Projects	March 2019
Enterprise Perspectives on Next-Generation of Outsourcing – Moving From Services Delivery to Business Orchestration	July 2019
BigTech Wars – Public Cloud in BFS	Q3 2019
BigTech Wars – Customer Experience Platforms in BFS	Q3 2019

Note: For a list of all of our published BFS IT Services reports, please refer to our website page

Additional BFS BPS and BFS ITS research references

The following documents are recommended for additional insight on 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. **Banking BPO Annual Report 2018: Digital Transformation or Digital Washing: Looking Beyond the Hype** (EGR-2018-27-R-2706); 2018. This report assists key stakeholders (buyers, service providers, and technology providers) in understanding the changing dynamics in the banking BPO market and identifying recent trends and the future outlook. In this backdrop, this report tries to investigate the levers of true digital transformation and identifies the difference between transformation and washing when it comes to digital

2. **Banking BPO Digital Capability Platform (DCP) – Service Provider Landscape with Solutions PEAK Matrix™ Assessment 2019** (EGR-2018-27-R-3115); 2019. With almost every banking BPO service provider in the market trying to ride on the "digital" wave, it is a difficult proposition to evaluate and assess their digital capabilities against each other. The report seeks to accomplish this objective by examining the next-generation digital capabilities of these service providers, their ability to integrate different technology levers, and their impact on the banking BPO processes

3. **Digital Effectiveness in Retail Banking | Focus on Banks in the United Kingdom and Europe: Identifying Digital Banking Leaders in the Open Banking Era** (EGR-2018-31-R-2641); 2018. In this research, we analyze the customer-facing digital investments for 20 European retail banks. These banks have been mapped on Everest Group's Digital Effectiveness Assessment model, which is a composite index of a range of distinct metrics related to each bank's capability maturity and the resultant business outcomes

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

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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.

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