Everest Group®

State of the Market Report | Service Optimization Technologies

Intelligent Document Processing (IDP) State of the Market 2023

July 2023: Complimentary Abstract / Table of Contents

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Service Optimization Technologies, Intelligent Document Processing

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- Enterprise Platform Services
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- Healthcare Business Process
- Healthcare Information Technology
- HealthTech
- Human Resources
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Background of the research

Everest Group defines Intelligent Document Processing (IDP) as any software product or solution that uses AI technologies such as computer vision, OCR, Natural Language Processing (NLP), and machine/deep learning to capture, categorize, and extract data from documents (e.g., e-mail, text, PDF, and scanned documents) for further processing. These solutions are typically non-invasive and can be integrated with internal applications, systems, and other automation platforms.

IDP products find a wide variety of use cases from different business functions and verticals. The adoption of IDP solutions can not only help enterprises to achieve cost savings, but can also improve their workforce productivity and employee and customer experience. These products are also rapidly evolving in the sophistication of their capabilities, features, and functionalities, and IDP technology providers are increasingly offering a low-code/no-code platform to enable citizen developers to configure the platform without the need for data scientists.

In this study, we assess IDP software products that leverage AI/cognitive capabilities and are available for independent licensing. They are offered either as platforms that allow enterprises to deploy out-of-the-box solutions using pre-built modules or as custom solutions to buyers with the intent of classifying and extracting data from documents.

In this study, we analyze the IDP technology landscape across various dimensions:

- Outlook for 2023-24
- IDP market size and adoption trends
- Buyer expectations
- IDP product capabilities and trends
- IDP solution characteristics
- IDP provider landscape
- Unstructured document processing
- Challenges and best practices to IDP adoption

Scope of this report

Geography
Global

Products
Intelligent Document Processing (IDP)

Technology providers
36 leading IDP technology providers

Our research methodology is based on four pillars of strength to produce actionable and insightful research for the industry

01

Robust definitions and frameworks

Function specific pyramid, Total Value Equation (TVE), PEAK Matrix®, and market maturity

02

Primary sources of information

Annual contractual and operational RFIs, provider briefings and buyer interviews, web-based surveys

03

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

04

Fact-based research

Data-driven analysis with expert perspectives, trend-analysis across market adoption, contracting, and providers

Proprietary database on Intelligent Document Processing (IDP) capabilities of 36 technology providers

Large repository of existing research in IDP

Dedicated team for IDP research

Over 30 years of experience advising clients on strategic IT, business services, engineering services, and sourcing

Executive-level relationships with buyers, providers, technology providers, and industry associations

This report is based on multiple sources of proprietary information

Proprietary database of 36 IDP technology providers

- The database tracks the providers' offerings/capabilities for:
  - Document processing and software learning features
  - Interoperability, monitoring, and improvement features
  - Deployment and hosting options
  - Partnerships with service providers and other technology providers
  - Product-related training and support services
  - Availability and adoption of commercial model(s)
  - IT governance and security

Proprietary operational information database of technology providers (updated annually)

- The database tracks the following operational information for each provider:
  - Revenue and number of FTEs
  - Number of clients
  - FTE split by different Lines of Business (LoBs)
  - Portfolio coverage in terms of industry, geography, process areas, and buyer size

Demonstrations and interactions with technology providers and other industry stakeholders

- Detailed demos for a comprehensive product view and executive-level discussions with IDP providers that cover:
  - Current state of the market
  - Vision and strategy
  - Annual performance and outlook
  - Opportunities and challenges
  - Emerging areas of investment

Buyer reference interviews, ongoing buyer surveys, and interactions

- Interviews with technology providers' reference clients and enterprise IDP buyers to get the buyer perspective around:
  - Drivers and objectives for adopting IDP
  - Apprehensions and challenges
  - Assessment of providers' performance
  - Emerging priorities / buying criteria
  - Outcomes achieved
  - Lessons learned and best practices adopted

Providers assessed[1]

ABBYY, ALKYMI, ANTWORKS, appian, AUTOMATION ANYWHERE, automation hero_, AYR.ai, BIS, DOCVU.AI, CELATON, codemantra, DATAMATICS, edgeverve, EXL, HCLTech, Hypatos, (h[s]) HYPERSCIENCE, IBM, INDICO DATA, Infinia ML, Infrrd, JIFFY.ai, KnowledgeLake, KOFAX, LAIYE, Microsoft, NIVIDOUS, openbots, PARASCRIPT, qBotica, RIPCORD, ROSSUM, Straive, UiPath, UST, WorkFusion

1 Assessment for Microsoft excludes detailed provider inputs on this particular study and is based on Everest Group's estimates that leverage Everest Group's proprietary Transaction Intelligence (TI) database, ongoing coverage of the technology providers, its public disclosures, and interaction with buyers. For this provider, Everest group's data for assessment may not be complete

Note: **The source of all content is Everest Group unless otherwise specified**

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

The IDP supplier landscape consists of multiple players that play varying roles

Focus of this research

NOT EXHAUSTIVE

IDP landscape

IDP Independent Software Vendors (ISVs)

Technology providers that offer IDP solutions as a stand-alone product/solution, typically available for independent licensing

ABBYY, Automation Anywhere, (h[s]) Hyperscience, IBM, Indico Data, Kofax, Parascript, WorkFusion

IT-BPS service providers

Service providers that provide IDP solutions in their services portfolio; may or may not be available as stand-alone products/solutions

accenture, genpact, TCS Tata Consultancy Services, wipro

Overview and abbreviated summary of key messages

This report is meant to provide IDP buyers, software vendors, and third-party enablers (service providers, system integrators, etc.) a detailed view of the current state of the market. As part of this, the current report provides insights into the market growth, buyer adoption trends, insights from buyer satisfaction surveys, adoption trends, and solutioning characteristics. This report also focuses on product features and technologies that are powering IDP solutions.

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

Introduction to IDP

- IDP solutions are capable of handling complex documents with accuracy. They are generally more resilient to change (e.g., template, position of data elements, and input image quality) than traditional OCR-based solutions
- These solutions blend the power of AI technologies to efficiently process all types of documents and feed the output into downstream applications

IDP market size and adoption trends

- The IDP market size was estimated to be ~US$975 million in 2022 and is expected to grow at a rate of 25-30% over the next year due to the growing organizational focus on digital transformation and business process automation
- Banking and insurance continued to be the largest adopters of IDP solutions and accounted for 34% and 12% of the IDP market, respectively

Buyer expectations

- Improving operational efficiency and productivity is a key driver of IDP adoption among buyers, followed by cost savings
- Providers have been successful in helping enterprises to achieve operational efficiencies and productivity, which has resulted in high satisfaction. IDP has also had a positive impact on cost, especially with faster RoI and customer satisfaction

IDP product capabilities and trends

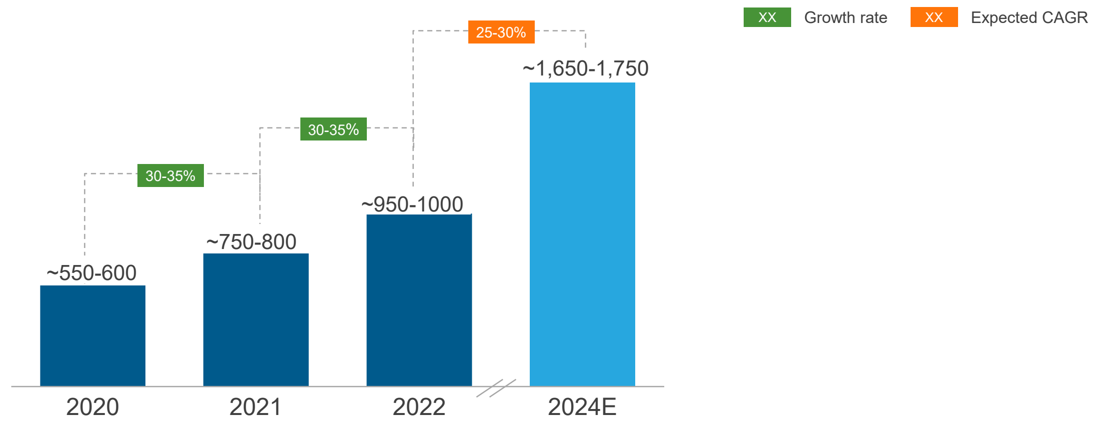
- OCR, computer vision, ML and deep learning models, and Natural Language Processing (NLP), generative AI will enhance the performance of IDP solutions
- Pre-training, set up training, and continuous learning are the three modes for training IDP solutions

Overview and abbreviated summary of key messages

IDP solution characteristics	• Cloud deployment adoption increased due to remote automation collaboration, integrations, and ease of deployment. Regular audits to improve client data security and compliance with privacy regulations has catered to existing apprehensions • IDP providers offer product training through instructor-led programs, online training portals, and end-user guidance tools such as manuals and embedded help tools
IDP provider landscape	• ABBYY, Hyperscience, IBM, Kofax, and WorkFusion, are top providers in terms of IDP license revenue. EXL, Indico Data, OpenBot.ai, UiPath, and UST SmartOps have observed the highest growth in the overall market share • ABBYY, Hyperscience, and WorkFusion are leading players across major industries; Automation Anywhere, Kofax, and IBM are among other providers with a high market share across industries
Challenges to IDP adoption and best practices	• The key barriers to IDP adoption include model drift, integration with legacy systems, security and compliance, and higher accuracy and STP rates • Providers should integrate with LLM models to automate the data labeling process and reduce annotation efforts. Additionally, prioritizing critical documents, intelligent queuing, and monitoring system performance are essential for efficiency
Unstructured document processing	• Unstructured data refers to information that lacks a consistent schema or model and does not adhere to a predefined or organized format • Enterprises leverage IDP for processing a wide range of documents including contracts, e-mail, and financial statements
Outlook for 2023-24	• IDP providers are expected to offer more pre-trained ML models and out-of-the-box verticalized solutions to serve industry-specific complexities in document processing, enabling quicker deployment • Listing of IDP solutions on hyperscaler marketplaces such as AWS and Microsoft Azure is expected to pick up pace for wider reach • A rise in demand is expected within the IDP solution to allow enterprises to integrate their own ML models for specific use cases, through the bring-your-own-model feature

This study offers seven distinct chapters providing a deep dive into key aspects of IDP market; below are four charts to illustrate the depth of the report

IDP independent technology vendor market size



Key factors driving IDP adoption

	2021	2022	Subdimensions	Relevance of the driver for clients (2022)	Provider performance 2021	Provider performance 2022
Operational impact	5.8	5.8	Improve operational efficiency and productivity	6.6	6.2	6.1
			Enhance employee experience	5.7	6.2	5.9
			Improve governance and compliance	5.1	5.9	5.4
Cost impact	5.7	5.7	Generate cost savings	5.7	6.1	5.7
			Enable faster RoI	5.5	5.9	5.7
Business impact	5.2	5.3	Increase customer satisfaction	5.8	6.0	5.8
			Grow revenue	4.8	5.3	5.0

IDP solution characteristics

- Deployment
- Client training and support
- Talent
- Partner ecosystem
- Go-to-market strategy
- Commercial models

IDP provider landscape

>3%: ABBYY, (h[s]) Hyperscience, IBM, KOFAX, WorkFusion

1-3%: Automation Anywhere, HCLTech, Infrrd, Microsoft, Parascript, UiPath

Less than 1%: ALKYMI, AntWorks, appian, automation hero_, AYR.ai, BIS, CELATON, codemantra, DATAMATICS, DocVu.AI, edgeverve, EXL, Hypatos, INDICO DATA, Infinia ML, JIFFY.ai, KnowledgeLake, LAIYE, NIVIDOUS, openbots, qBotica, RIPCORD, ROSSUM, Straive, UST

Research calendar
Service Optimization Technologies (SOT)

Published   Current release

Reports title	Release date
Visualizing Business Operations at a Micro Level – Task Mining State of the Market Report 2022	October 2022
Robotic Process Automation (RPA) – Technology Provider Landscape with PEAK Matrix® Assessment 2023	October 2022
Scaling Automation Across the Enterprise	October 2022
Enterprise Automation Playbook	November 2022
The Importance of Process Optimization in System Transformation	November 2022
Process Orchestration – Technology Provider Landscape with Products PEAK Matrix® Assessment 2023	November 2022
The Evolution of Process Mining: Game-changing Innovations and Future Outlook	November 2022
Process Orchestration – Technology Provider Compendium 2023	December 2022
The Rise of Smart Digital Workers – Robotic Process Automation (RPA) State of the Market Report 2023	January 2023
Unlocking the Power of Hybrid Workforce – Process Orchestration State of the Market 2023	February 2023
Intelligent Automation – How Much is Your Dollar Worth?	March 2023
Intelligent Process Automation (IPA) PEAK Matrix® Assessment 2023	April 2023
Intelligent Document Processing (IDP) and Unstructured Document Processing Products PEAK Matrix® Assessment 2023	May 2023
Intelligent Document Processing (IDP) – Provider Compendium 2023	July 2023
Intelligent Document Processing (IDP) State of the Market 2023	**July 2023**

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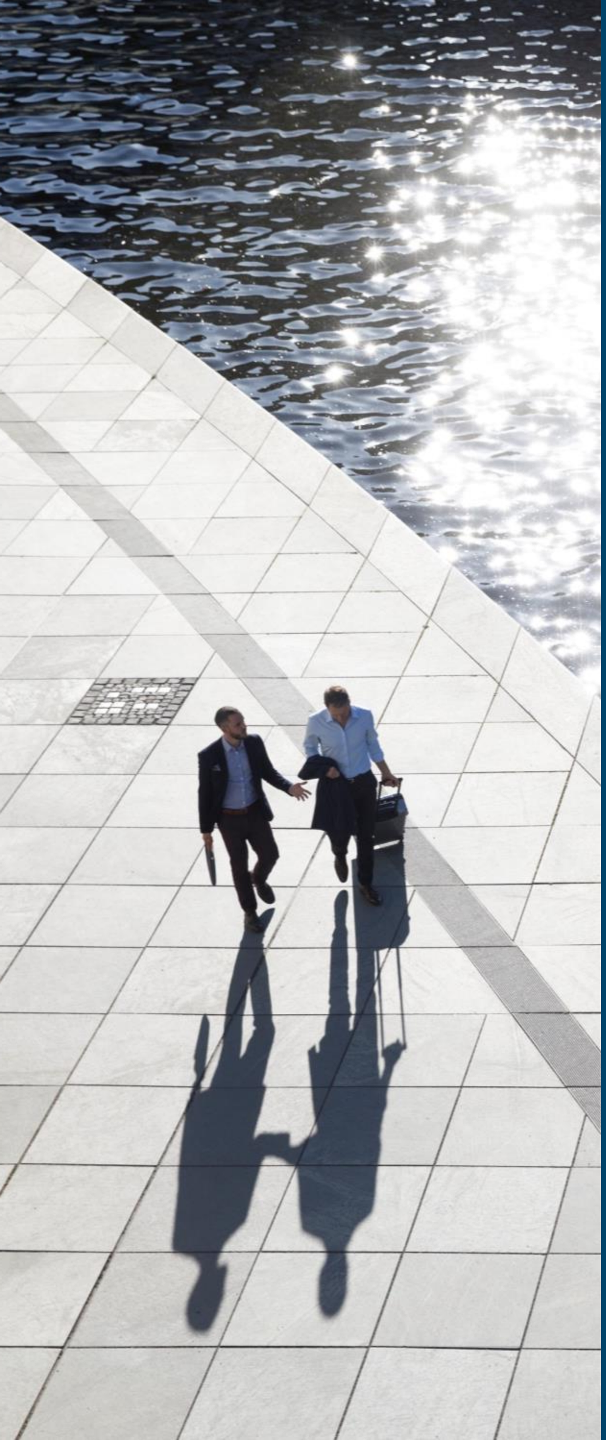

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