Everest Group Payments IT Services PEAK Matrix® Assessment 2023

Focus on TCS
August 2023

Introduction

The payments landscape is changing rapidly. Consumers today have more options to make payments than ever before, primarily because of the unprecedented rise of FinTechs, PayTechs, and NeoBanks bringing in faster, innovative, and convenient ways to transact such as Buy Now Pay Later (BNPL), digital wallets, Request to Pay (R2P), embedded payments, and digital currencies. The acceleration in digital payments and the demand for seamless instant payments by consumers is giving rise to the adoption of real-time payments systems.

New regulations and standards such as ISO 20022 are paving the way for more faster and efficient payments. These new data standards are opening multiple data monetization opportunities. Financial institutions are investing in modernizing payment infrastructure to support instant payments, unlock the monetization opportunities, offer alternative payment methods, and launch digital currencies.

In this research, we present an assessment of 30 payments IT services providers featured on the Payments IT Services PEAK Matrix® Assessment 2023. The assessment is based on Everest Group's annual RFI process for calendar year 2023, interactions with leading providers, client reference checks, and an ongoing analysis of the payments IT services market.

The full report includes the profile of TCS as featured on the Payments IT Services PEAK Matrix® Assessment 2023

Scope of this report

Geography
Global

Providers
30 payments IT service providers

Services
Payments IT services

Payments IT services PEAK Matrix® characteristics

Leaders

Accenture, Capgemini, Cognizant, HCLTech, Infosys, LTIMindtree, NTT DATA, Persistent Systems, TCS, and Wipro

- Leaders are working with industry and regulatory bodies across the globe to define standards and bring in innovation. Accenture has worked with NACHA and Payments Canada to define industry standards. Capgemini conducted experiments with SWIFT to leverage CBDCs for cross-border payments
- Leaders have a strong global presence, innovative commercial models, the ability to hire and upskill the best talent in the industry, and the ability of co-innovation with clients by setting up research and innovation labs
- Leaders have invested in creating an extensive partnership ecosystem with hyperscalers, Payment Service Providers (PSPs), technology providers, and FinTechs to co-develop solutions for emerging payment use cases
- Leaders have developed capabilities to support clients in end-to-end payment modernization initiatives. They are investing in building payment academies and domain trainings for talent upskilling and ensuring that resources stay up to date with the rapidly changing payments landscape

Major Contenders

Birlasoft, CGI, EPAM, Eviden, Hitachi Vantara, IBM, Maveric Systems, Mphasis, Sopra Steria, Tech Mahindra, Tietoevry, UST, Virtusa, and Zensar

- Major Contenders are focusing on next-generation themes in payments such as digital currencies and CBDCs. They have multiple accelerators and dedicated playbooks for payment services such as ISO 20022 migrations, testing, switching, and transaction processing, which act as key differentiators in engagements
- Major Contenders have made targeted investments to expand their footprint in the regions experiencing growth and are partnering with regional players for joint GTM motions in the region and augmenting payment capabilities

Aspirants

Aspire Systems, Coforge, Endava, Globant, Incedo, and Stefanini

- Aspirants are investing in building partnerships with FinTechs and platform providers to win engagements and expand their business in new geographies
- They are investing in building niche capabilities across horizontal themes such as digitization and legacy modernization to win large deals
- They differentiate themselves by being highly responsive to client-specific needs in small-scale transformation deals

Everest Group PEAK Matrix®
Payments IT Services PEAK Matrix® Assessment 2023 | TCS is positioned as a Leader

Everest Group Payments IT Services PEAK Matrix® Assessment 2023[1]
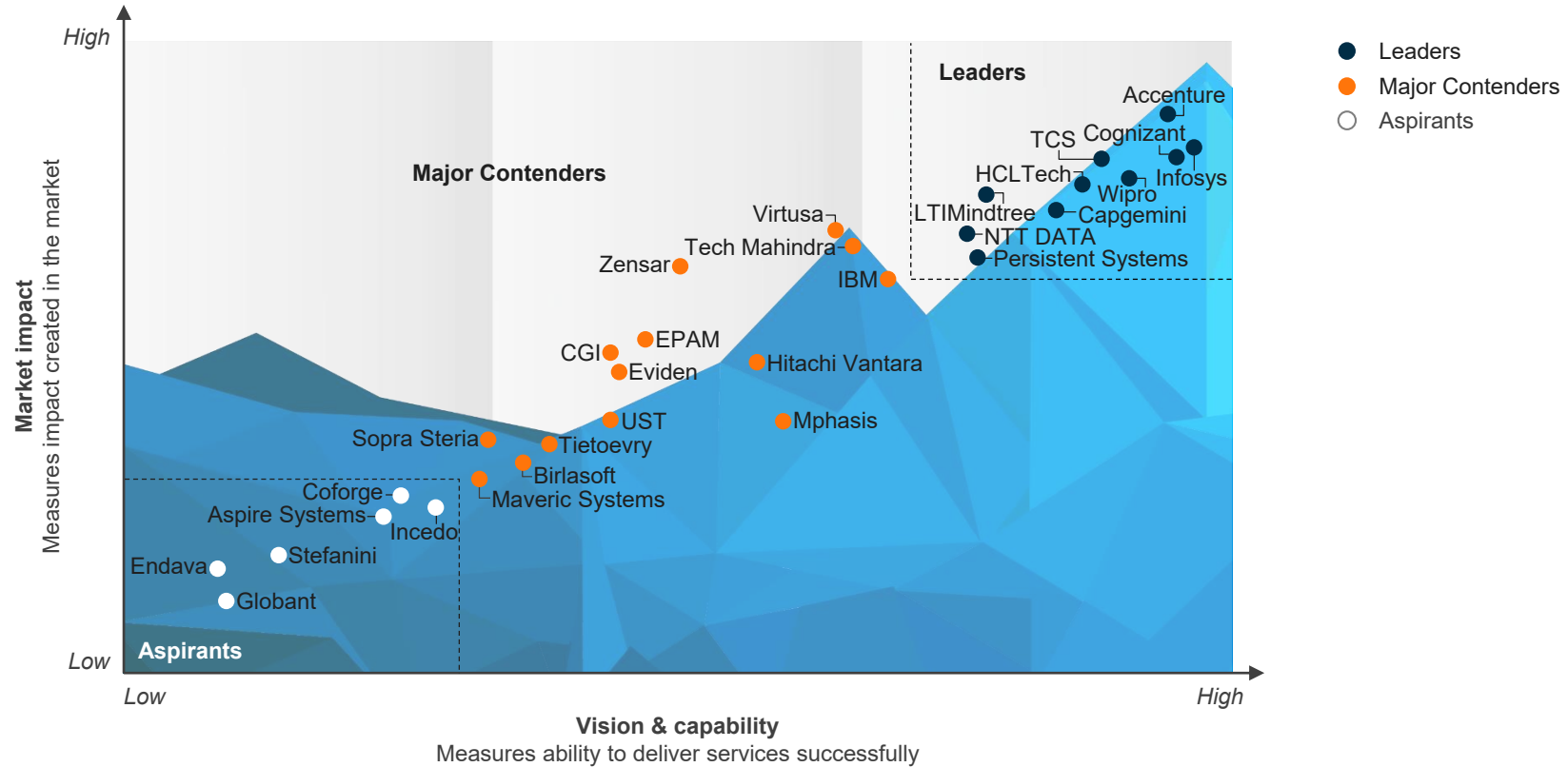
1   Assessment for CGI, Coforge, Endava, Globant, IBM, Sopra Steria, Tietoevry, and UST excludes service provider inputs on this study and is based on Everest Group's estimates that leverage Everest Group's proprietary Transaction Intelligence (TI) database, ongoing coverage of these service providers, their public disclosures, and interaction with buyers. For these companies, Everest Group's data for assessment may be less complete

Source: Everest Group (2023)

TCS profile (page 1 of 4)
Overview

N/A (0%)　　Low (1-20%)　　Medium (20-40%)　　High (>40%)

Vision for payments IT services:

Tata Consultancy Services (TCS) is a provider of information technology services, consulting, and business solutions. It leverages its expertise in technology, to catalyze the change for customer's businesses and the payments industry. Since its inception in 1968, TCS has been a part of business and industry change, which has resulted in a gradual evolution of financial and payment market infrastructures across the globe.

TCS supports its clients to innovate, transform, and reimagine how customers respond to the continued change in the new and emerging world of social, commercial, and economic imperatives. TCS strives to be the backbone of progress and of the transformation of its clients' business and the industry, by leveraging expertise in technology, talent, and partnerships to drive growth and change

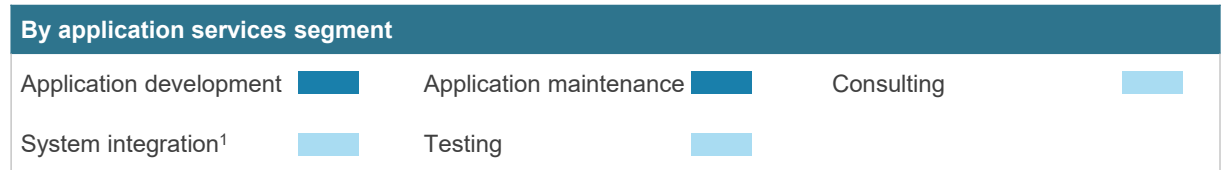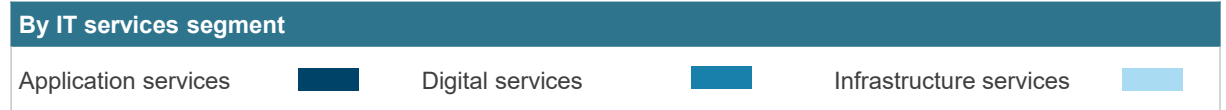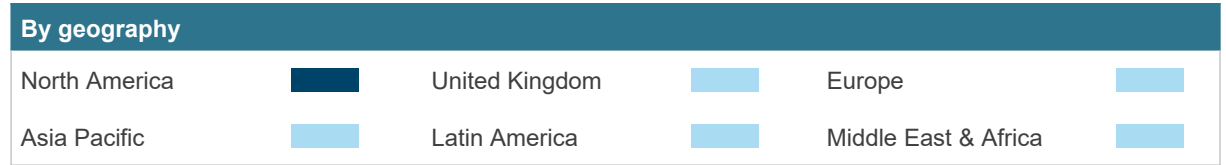**Payments IT services revenue mix (CY 2022)**

By geography

North America		United Kingdom		Europe	
Asia Pacific		Latin America		Middle East & Africa	

By IT services segment

Application services		Digital services		Infrastructure services	

By application services segment

Application development		Application maintenance		Consulting	
System integration¹		Testing			

Payments IT services revenue (CY 2022)

<US$20 million	US$20-100 million	US$100-300 million	>US$300 million
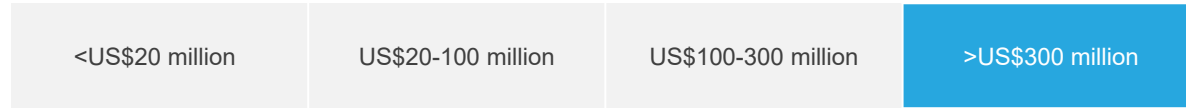
Number of active clients for Payments IT services

<10	10-20	20-40	>40

By buyer size

Small (annual client revenue <US$1 billion)		Medium (annual client revenue US$1-5 billion)		Large (annual client revenue US$5-10 billion)	
Very large (annual client revenue US$10-20 billion)		Mega (annual client revenue >US$20 billion)			

1　System integration includes package implementation

TCS profile (page 2 of 4)
Key offerings and investments

NOT EXHAUSTIVE

Proprietary IP/solutions/frameworks/accelerators/tools developed internally to deliver the payments IT services	
Name	**Details**
Payments Ecosystem Architecture Review (PEAR)	Evaluation model to litmus test the current payments estate to continue delivery services. The outcome from this model is primarily used to ensure continuous and uninterrupted operations and service delivery
Payments business and operational fitment benchmarking	Framework for benchmarking the positioning of the payments enterprise to peer groups in terms of strategy, cost, operations, products, services, and business models to understand the overall position of the organization
ISO20022 enterprise readiness evaluation toolkit	Business audit toolkit built to audit all the ISO20022 programs announced across both domestic and international payments. The fundamental objective of this tool is to qualitatively validate the readiness of the payments organization to seamlessly transition toward the world of ISO20022.
Interchange fee leakage and optimization	Offering is aimed to assess the accuracy of interchange reimbursements from the scheme, measure the extent of leakage, and remediate to address any further leakage
Payments business and technology fitment evaluation model	Evaluation model to assess the current payments estate to meet the evolving and complex needs of the future of payments business for growth, compliance, cost, monetization, and efficiency
Compendium of industry standard business architectures (current state) and capability models	Repository of the typical view of the current state business architecture and capability models, across business domains that interface with payments (compliance, fraud, data, settlements, liquidity, and treasury). These models form the foundational basis for advisory engagements

Key partnerships/alliances/acquisitions/JVs leveraged to deliver the payments IT services		
Name	**Type of investment (year)**	**Details of investment**
Finastra	Partnership	GTM partner for payments, lending, and capital markets
SunTech	Partnership	GTM partner for customer relationship management, pricing, and billing platform
TAS Group	Partnership	GTM partner for card management platform
OpenWay	Partnership	GTM partner for card management platform
Luis Payments	Partnership	GTM partner for transaction platforms

TCS profile (page 3 of 4)
Client success stories

NOT EXHAUSTIVE

Case study 1	Transformation of a legacy card management platform for a leading card issuer and global bank

Business challenge

The client, a leading card issuer, offers a diverse suite of card products to the North American and global markets. The current platform was based on legacy technology, involving complexity to achieve speed, lower the cost, and increase the ease of creating new products. The client wanted a transformation of the legacy card management platform.

Solution

- The cards business defined a strategic mandate to create a platform, where solutions could be provided as a service, at a low cost, and with a high degree of configuration to meet the evolving customer and business needs. The intent was to decompose the current platform and transform it to meet the next-generation business model requirements where solutions could be offered, through flexibility and composition, both from internal and external capabilities
- TCS had the foresight to articulate its vision of the next business model and how the existing legacy model could be repurposed to deliver the target outcomes. The use of business capability models to drive transformation was a key success factor, together with domain-driven business delivery

Impact

- Created a design of the platform to cater to the next generation of business demands of platform monetization, capabilities as a service, and multi-cloud, ready to consume external capabilities for enhanced product differentiation
- The platform resulted in low turnaround time to define innovative products and services, cost savings of ~30% year on year, and creating the foundation for a larger integrated ecosystem

Case study 2	A large UK bank

Business challenge

The client wanted to leverage open banking to extend need-based financial services to new and prospective customers by accelerating their inclusion into the mainstream. The intent was to capture non-financial needs based on their lifestyle and create appropriate products to bring them into the bank.

Solution

- Identify, engage, and accelerate new prospective customer segments to access the financial services offered by the customer
- Purpose-driven innovation and delivery capabilities

Impact

TCS created open APIs to consider the engagement of prospective customers in non-financial interactions and engage them in the financial mainstream

TCS profile (page 4 of 4)
Everest Group assessment – Leader

Measure of capability: ◔ Low ● High

Market impact				Vision & capability				
Market adoption	Portfolio mix	Value delivered	Overall	Vision and strategy	Scope of services offered	Innovation and investments	Delivery footprint	Overall
◕	◕	◔	◕	◕	◕	◕	◕	◕

Strengths

- TCS's investments in developing proprietary evaluation tools such as distributed ledger technology evaluation toolkit, ISO20022 enterprise readiness evaluation toolkit, payments financial crime and compliance effectiveness evaluation, and the payments business audit and readiness toolkit bolsters its capabilities in strategic engagements

- TCS' expertise in modernizing application architecture has been appreciated by clients

- Its extensive partnership ecosystem and joint GTM motions for areas such as cross-border payments, RTGS payments, and card management further enhances its capabilities

Limitations

- It lags peers in market evangelization, thought leadership, and client advocacy to showcase the work it does in emerging, next-generation themes

- Clients have raised concerns over the ability to retain the senior leadership within the payments practice

- Clients expect TCS to proactively bring in new and innovative ideas to the table and play the role of a strategic advisor in payments legacy platform modernization engagements

Appendix

Everest Group PEAK Matrix® is a proprietary framework for assessment of market impact and vision & capability

Everest Group PEAK Matrix
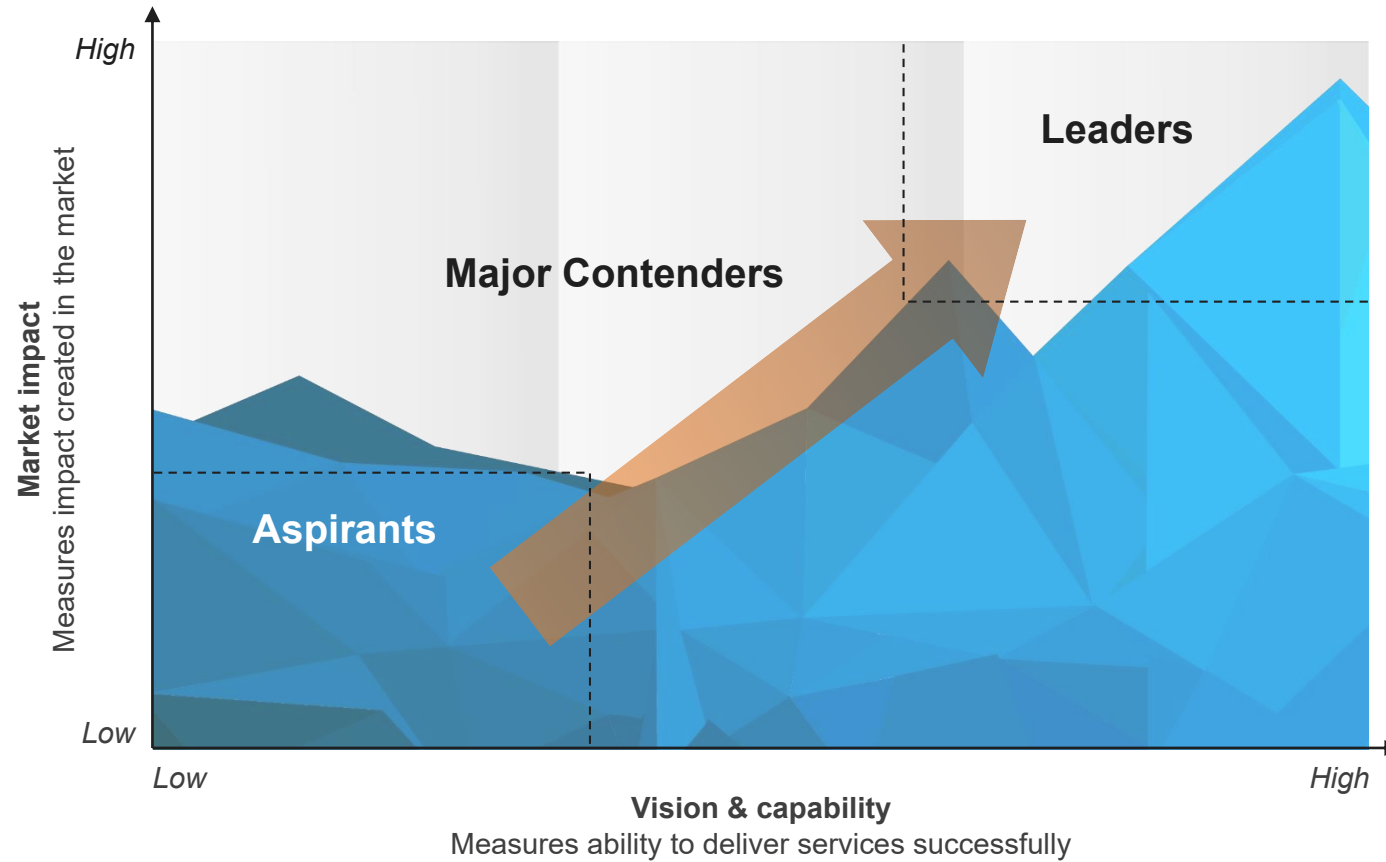
Services PEAK Matrix® evaluation dimensions

Measures impact created in the market – captured through three subdimensions

Market adoption

Number of clients, revenue base, YoY growth, and deal value/volume

Portfolio mix

Diversity of client/revenue base across geographies and type of engagements

Value delivered

Value delivered to the client based on customer feedback and transformational impact

Market impact

Leaders

Major Contenders

Aspirants

Vision & capability
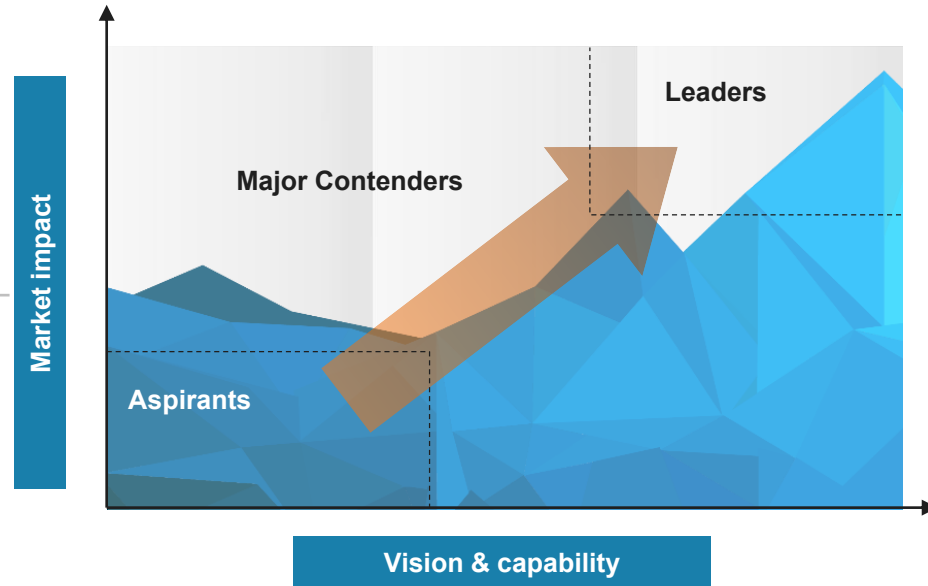
Measures ability to deliver services successfully. This is captured through four subdimensions

Vision and strategy

Vision for the client and itself; future roadmap and strategy

Scope of services offered

Depth and breadth of services portfolio across service subsegments/processes

Innovation and investments

Innovation and investment in the enabling areas, e.g., technology IP, industry/domain knowledge, innovative commercial constructs, alliances, M&A, etc.

Delivery footprint

Delivery footprint and global sourcing mix

FAQs

Does the PEAK Matrix® assessment incorporate any subjective criteria?
Everest Group's PEAK Matrix assessment takes an unbiased and fact-based approach that leverages provider / technology vendor RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information. In addition, we validate/fine-tune these results based on our market experience, buyer interaction, and provider/vendor briefings.

Is being a Major Contender or Aspirant on the PEAK Matrix, an unfavorable outcome?
No. The PEAK Matrix highlights and positions only the best-in-class providers / technology vendors in a particular space. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix at all. Therefore, being represented on the PEAK Matrix is itself a favorable recognition.

What other aspects of the PEAK Matrix assessment are relevant to buyers and providers other than the PEAK Matrix positioning?
A PEAK Matrix positioning is only one aspect of Everest Group's overall assessment. In addition to assigning a Leader, Major Contender, or Aspirant label, Everest Group highlights the distinctive capabilities and unique attributes of all the providers assessed on the PEAK Matrix. The detailed metric-level assessment and associated commentary are helpful for buyers in selecting providers/vendors for their specific requirements. They also help providers/vendors demonstrate their strengths in specific areas.

What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?
- Enterprise participants receive summary of key findings from the PEAK Matrix assessment
- For providers
  – The RFI process is a vital way to help us keep current on capabilities; it forms the basis for our database – without participation, it is difficult to effectively match capabilities to buyer inquiries
  – In addition, it helps the provider/vendor organization gain brand visibility through being in included in our research reports

What is the process for a provider / technology vendor to leverage its PEAK Matrix positioning?
- Providers/vendors can use their PEAK Matrix positioning or Star Performer rating in multiple ways including:
  – Issue a press release declaring positioning; see our citation policies
  – Purchase a customized PEAK Matrix profile for circulation with clients, prospects, etc. The package includes the profile as well as quotes from Everest Group analysts, which can be used in PR
  – Use PEAK Matrix badges for branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)
- The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with Everest Group; please contact your CD or contact us

Does the PEAK Matrix evaluation criteria change over a period of time?
PEAK Matrix assessments are designed to serve enterprises' current and future needs. Given the dynamic nature of the global services market and rampant disruption, the assessment criteria are realigned as and when needed to reflect the current market reality and to serve enterprises' future expectations.

Everest Group®

With you on the journey

Everest Group is a leading research firm helping business leaders make confident decisions. We guide clients through today's market challenges and strengthen their strategies by applying contextualized problem-solving to their unique situations. This drives maximized operational and financial performance and transformative experiences. Our deep expertise and tenacious research focused on technology, business processes, and engineering through the lenses of talent, sustainability, and sourcing delivers precise and action-oriented guidance. Find further details and in-depth content at **www.everestgrp.com**.

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