

Everest Group PEAK Matrix™ for Banking BPO Service Providers

Focus on TCS
April 2018



Introduction and scope

Everest Group recently released its report titled “[Banking BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018](#)”. This report analyzes the changing dynamics of the banking BPO landscape and assesses service providers across several key dimensions.

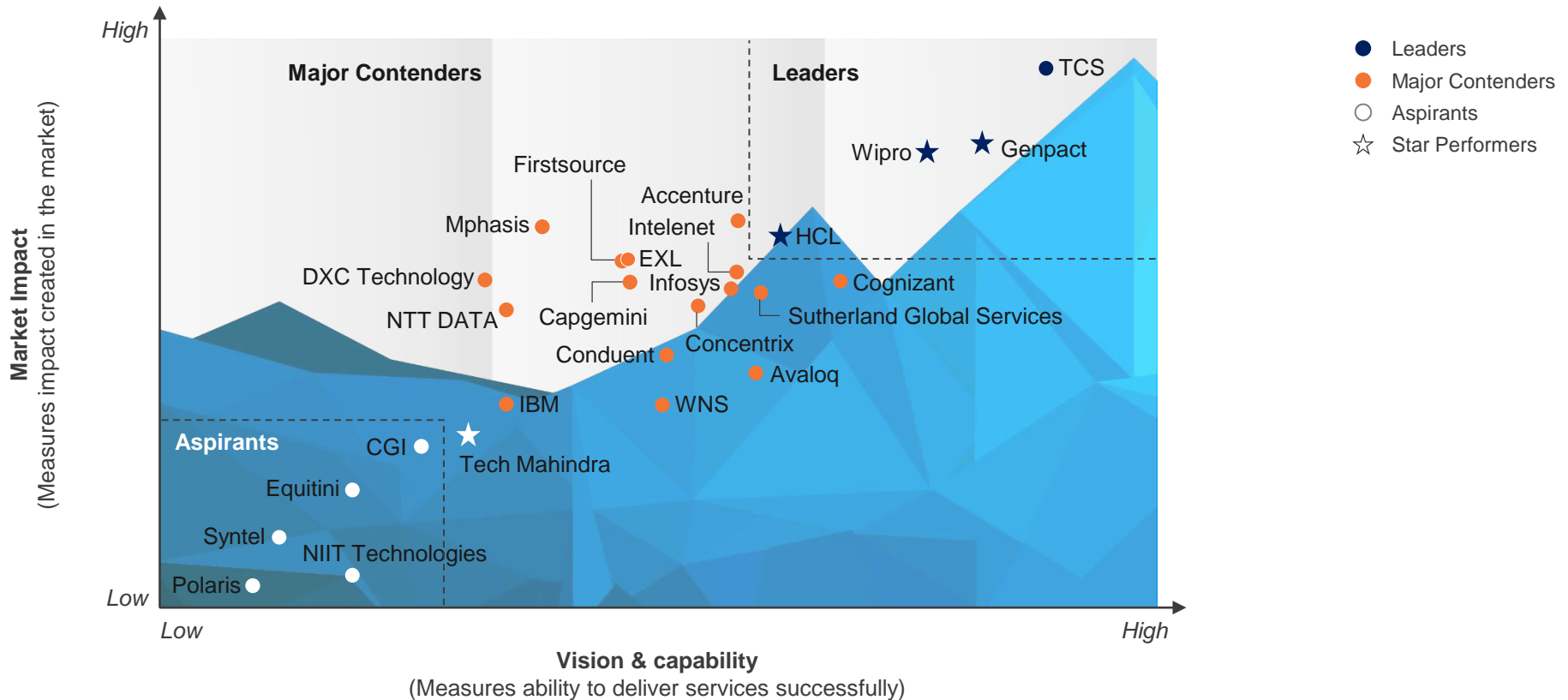
As a part of this report, Everest Group updated its classification of 26 service providers on the Everest Group PEAK Matrix™ for banking BPO into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of banking BPO service providers based on their absolute market success and delivery capability. Everest Group also identified four service providers as the “2018 banking BPO Star Performers” based on the strongest forward movement demonstrated on the PEAK Matrix year-on-year.

Based on the analysis, **TCS emerged as a Leader**. This document focuses on TCS’s banking BPO experience and capabilities and includes:

- TCS’s position on the banking BPO PEAK Matrix
- Detailed banking BPO profile of TCS

Buyers can use the PEAK Matrix to identify and evaluate different service providers. It helps them understand the service providers’ relative strengths and gaps. However, it is also important to note that while the PEAK Matrix is a useful starting point, the results from the assessment may not be directly prescriptive for each buyer. Buyers will have to consider their unique situation and requirements, and match them against service provider capability for an ideal fit.

Everest Group Banking BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018



1 Service providers scored using Everest Group's proprietary scoring methodology given on page 12, 13, and 14
 Note: Assessment for Accenture, Avaloq, CGI, DXC Technology, Equitini, IBM, Mphasis, Polaris, and Syntel excludes service provider inputs on this particular study, and is based on Everest Group's estimates which leverage Everest Group's proprietary Transaction Intelligence (TI) database, ongoing coverage, service provider public disclosures, and interaction with buyers

TCS | Banking BPO profile (page 1 of 7)

Everest Group assessment

Measure of capability: ● Best-in-class ● Very high ● High ● Medium high ● Medium ● Medium low ● Low ● Not mature

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

Strengths

- TCS has consolidated its position as a Leader by growing at an appreciable pace with high banking BPO revenue
- It has an extensive delivery footprint, making use of onshore, nearshore as well as offshore FTEs
- Its proven expertise in banking BPO and its ever-expanding suite of technology solutions, including its BaNCS solution, give it a compelling value proposition to pitch to clients

Areas of improvement

- It can look at inorganic growth to achieve rapid growth in a mature market
- It can explore innovative pricing models such as outcome-based pricing
- Its focus on North America may become a hindrance in maintaining its growth rate as banking BPO in this geography matures

1 Value delivered score and overall PEAK matrix positioning adversely impacted for those service providers who did not provide adequate information

TCS | Banking BPO profile (page 2 of 7)

Overview

Company overview

Tata Consultancy Services (TCS) is an IT, consulting, and Business Process Services (BPS) organization. TCS has a diverse base of BFS clients and extensive, in-depth domain expertise across all banking products to enable financial institutions to transform their businesses through rapid technology adoption. TCS' suite of services caters to all industry segments including retail banking, cards, lending, commercial banking, and capital markets. It also offers a host of fraud control and AML solutions to minimize operational risks and manage data security. TCS' flexible, scalable, and convenient engagement models, coupled with ValueBPS™ approach, helps companies achieve operational excellence and business transformation.

Key leaders

- **Veeturi R. Mohan**, Global Head, BFSI BPS
- **K Krithivasan**, President and Global Head, Banking and Financial Services, TCS

Headquarter: Mumbai, India

Website: www.tcs.com

Suite of services

- Commercial/wholesale banking
- Commercial real estate
- Consumer lending
- Retail banking and investments / private banking
- Cards
- Risk management (credit, market, liquidity, operations, and regulatory)
- Payments
- Analytics

	2015 ¹	2016 ¹	2017 ¹
Revenue (US\$ million)	~450	~505	~585
Number of FTEs	~16,985	~21,020	~24,325
Number of clients	30-35	40-45	45-50

Recent acquisitions and partnerships

- **2017:** Partnered with Oracle Mantas for AML platform
- **2017:** Partnered with Newgen for automation and mobility in check processing
- **2017:** Partnered with IBM on iReply – next-generation service request monitoring tool based on NLP algorithm
- **2016:** Partnered with IBM for call center compliance monitoring
- **2016:** Partnered with multiple RPA vendors such as Blue Prism, Automation Anywhere, WorkFusion, and UiPath underway
- **2016:** Partnered with Kofax, a software company, for its automatic data extraction and workflow solution

Recent developments

- **2017:** Signed a partnership with a U.S.-based consulting firm in the AML regulatory space
- **2017:** Launched Merchant Pay, a digital payments integration platform
- **2016:** Invested in digital underwriting to improve underwriter and mortgage processor productivity
- **2016:** Developed a cloud-based solution to offer a complete new customer onboarding system
- **2016:** Built an end-to-end disputes management workflow platform
- **2016:** Built a check processing solution leveraging IBM Mobile
- **2016:** Lending origination as a service on IBM Global Solutions Directory and Appliance
- **2016:** Built Common Reporting Standard (CRS) solution
- **2015:** Focused investments in creating a pool of consultants for RPA / BPM/BA requirements

¹ 12 months ending June 30 of any particular year, i.e., from July 20XX to June 20XX+1

Key delivery locations



TCS | Banking BPO profile (page 4 of 7)

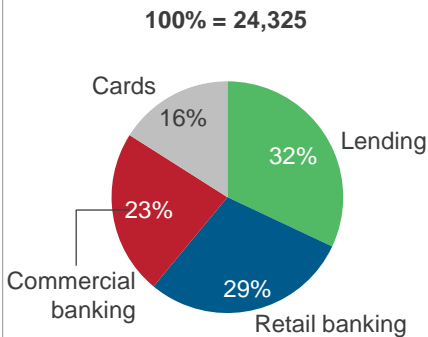
Capabilities and key clients

Key banking BPO engagements

Client name	LoB	Region	Client since
Canadian multinational banking and financial services corporation	Retail banking and cards	North America	2016
A top-three banking and financial services provider	Commercial banking and retail banking	United Kingdom	2015
Leading bank in the Middle East	Commercial banking and retail banking	Middle East & Africa	2015
Leading European multinational bank	Commercial banking and retail banking	Europe	2014
Largest independent mortgage banker in the U.S.	Lending	North America	2012
Largest NBFC in India	Lending and retail banking	APAC	2011
Large global bank	All	Global	2008

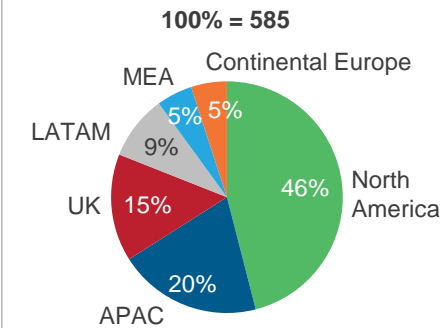
Banking BPO FTE mix by segment

FTEs in numbers



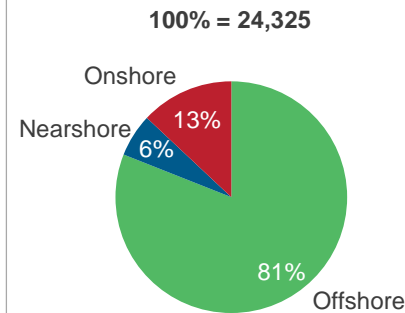
Banking BPO revenue mix by geography

Revenue in US\$ million



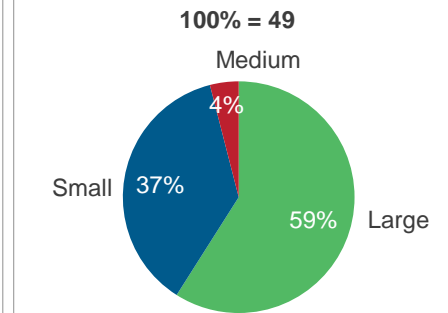
Banking BPO FTE split by delivery location

FTEs in numbers



Banking BPO number of clients by buyer size¹

Number of clients



¹ Buyer size is defined as large (>US\$10 billion in revenue), medium (US\$5-10 billion in revenue), and small (<US\$5 billion in revenue)
 Note: Based on contractual and operational information as of December 2017

TCS | Banking BPO profile (page 5 of 7)

Technology and analytical solutions/tools

Tools	Processes covered	Year launched	Solution description	No. of clients
mMortgage-Digital Quality Control	Lending	2017	A rule engine with built in OCR / ICR technology, which performs automated data points check on information between multiple documents and Loan Originations Systems	<3
mMortgage-Digital Servicing	Lending	2017	A platform and device agnostic solution that allows online document upload, real-time chats, and transparency in service request progress status. It can be used to resolve customer queries	<3
BaNCS Compliance Module	Retail banking and commercial banking	2017	TCS BaNCS KYC solution is an in-house workflow application with features such as OCR, web-crawling, risk rating intelligence, and a workflow that has multiple rules to speed up the process of KYC	<3
Disputes Workflow	Cards	2017	Workflow tool designed to meet the tracking requirements of disputes process	<3
Quest Tool	Cards	2017	A decision support tool to be used by the end users (client-facing teams) before raising a query to the helpdesk team and browse for an answer, depending on the specific system and scenario	<3
Rapid Tracking System	Cards	2017	System to track the SR received by the helpdesk team. The system aids to track the action taken, current status, generate reports & MIS	Not disclosed
Enhanced Rules	Cards	2017	Enhancing the TLM system auto match rules to increase the auto match percentage from current 54% to 75%	<3
Mobile Referral App	Cards, lending, and commercial banking	2017	A mobile application that aids faster communication with the RMs, in regards to check clearance and other transactional referrals	<3
Check Deposit Automation	Cards and commercial banking	2017	Automation of check data extraction as part of the check deposit process	<3
Process Automation	All	2017	Multiple automation projects taken up for easing the operational efforts including automation of letter generation, balance confirmation, liability letters, police verifications, automation of covering letters, advice generations, and daily dash boards	<3
Gamification	All	2017	Deployment of gamification tool for performance and productivity management	<3

TCS | Banking BPO profile (page 6 of 7)

Technology and analytical solutions/tools

Tools	Processes covered	Year launched	Solution description	No. of clients
iReply - Nextgen Service request monitoring	Cards and retail banking	2017	A predictive classification engine that classifies service requests based on NLP algorithm, for further processing	Not disclosed
Cognitive customer experience	Cards and retail banking	2017	This solution takes a look at the challenges faced by contact centers and back-office agents and discusses ways to improve operations to deliver a superior customer experience at every interaction	Not disclosed
Call center compliance monitoring	Cards and retail banking	2017	Our solution helps the call center monitoring team to analyze the call and fulfill the checklist. Converted transcripts will be parsed based on checklist parameters using natural language classifier	Not disclosed
Top 50 counter party reporting	All	2017	The solution addresses the compliance set forth by Basel Committee. It consists of populating four templates as required by the regulatory body by assimilating data from various sources in the bank	Not disclosed
Merchant pay	Cards and retail banking	2017	TCS launched "Merchant Pay", a unique digital payments integration platform using central government issued ID	Not disclosed
Trapeze automation suite	Cards, retail banking, and lending	2017	Trapeze automation suite consists of TCS RPA components, a non-intrusive, non-personal, IP-based solution	<5
Probability to default model	Cards and retail banking	2016	Predicting accounts' propensity to default in the near future and identifying high-risk accounts to focus on, that have the potential to lead to significant loss in revenue	<3
Probability to foreclose model	Retail banking	2016	Predicting accounts' propensity to foreclose / pre-close their loan accounts in the near future and identifying potential high risk accounts, to focus on, that can lead to significant loss in revenue	<3
Time to foreclose model	Cards and retail banking	2016	Forecasting the time frame for account survival. This is done on the static attributes (approved loan amount, due amount, etc.) that enables TCS to build this model as soon as an account is opened	<3

TCS | Banking BPO profile (page 7 of 7)

Risk management & regulatory reporting

Risk management support	Details	No. of BPO clients
Credit risk	TCS is engaged in multiple activities to support the following: <ul style="list-style-type: none"> Pre- and post-sanction decision-making Credit operations including, but not limited to, static data maintenance, facility setting up, customer hierarchy maintenance, excess tickets reviews, data quality adherence, alignment of risk, and finance systems 	<5
Operations risk	<ul style="list-style-type: none"> TCS provides consulting and execution services for designing ORM framework and testing business process controls These controls and tests are mapped against business requirements, policies, and regulations The services also cover designing and implementation of supplier risk management framework 	>10
Market risk	TCS supports market risk production activities such as: <ul style="list-style-type: none"> Market data time series sourcing, cleansing, and validation. It also supports scenario generation Validation and reporting of sensitivities, Value at Risk (VaR), and economic capital reporting 	<5
Liquidity risk	<ul style="list-style-type: none"> Reporting on liquidity position across debt, equity, FX, derivative, loans, and deposits asset classes Computing maximum cash outflows for the business at asset level and performing stress testing on them 	<3
Regulatory risk	Reporting services for key regulations such as DFA, EMIR, and MiFID II, and also building solutions using disruptive technologies for regulatory requirements	<10
Risk analytics	Risk analytics covering credit risk, fraud risk, operational risk, and market risk	10
Client onboarding	KYC and FATCA are within the remit of client onboarding Center of Excellence (CoE)	<5
AML transaction monitoring and sanctions	TCS provides end-to-end support for AML (includes, analytics, platform, consulting, and operation services)	<10

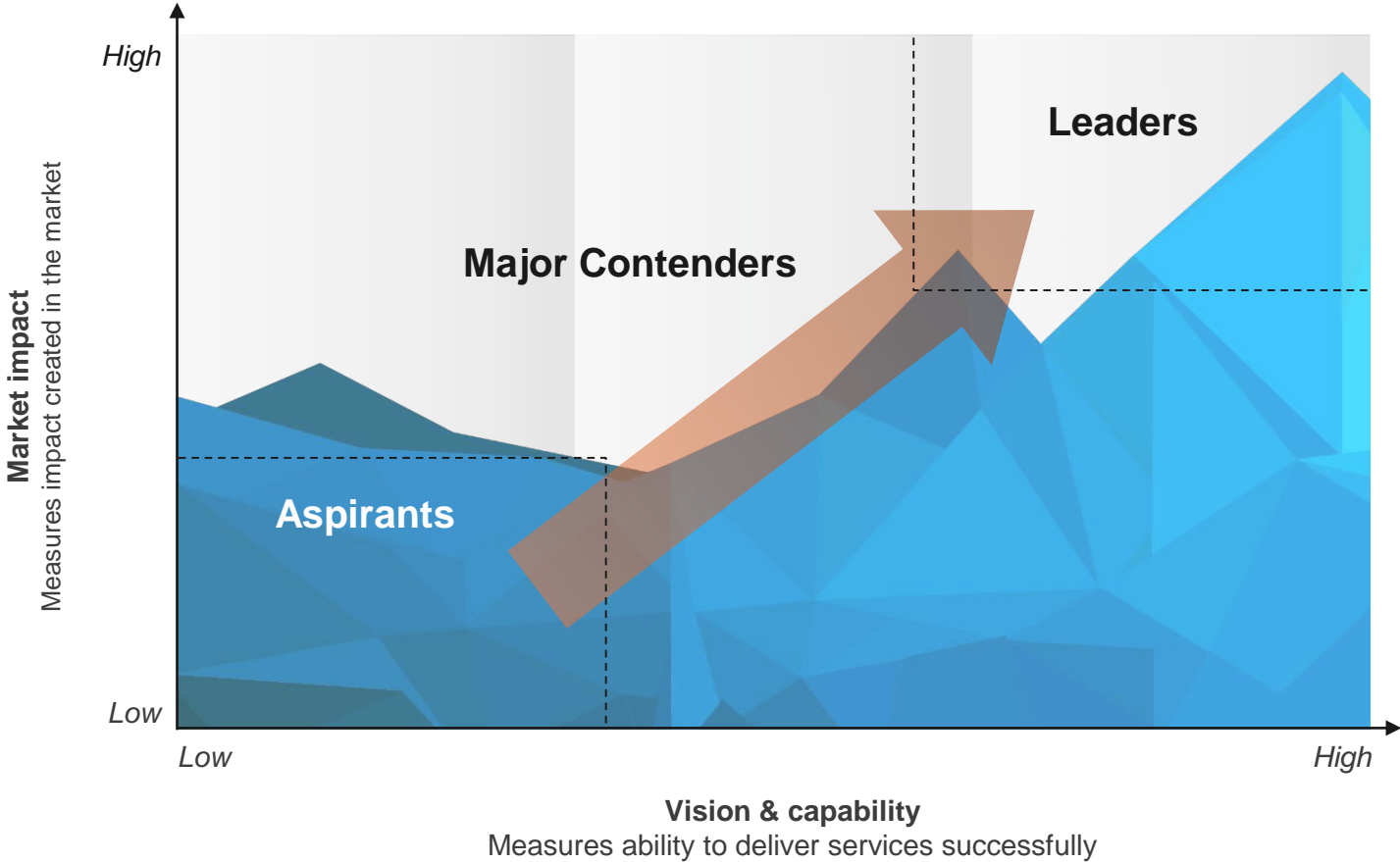
Regulatory reporting support	List of regulations	Description	No. of BPO clients
U.S. regulations	CFPB, RESPA, TRID, HMDA, SAFE Act, ECOA & Investor Guide, FDCPA, FCRA, OCC, DOD Frank, TILA, Electronic Funds Transfer Act, TCPA, SCRA, FACTA, USAPA, CPA, GLBA, HOPA, CSR, USC	The U.S. regulations that are kept in mind while performing activities	>10
UK regulations	Financial Services Authority (FSA) requirements	Implemented regulatory reporting tool for a large U.S. bank, for FSA reporting	<3
EU regulations	European Market Infrastructure Regulation (EMIR)	Supporting a large Europe-based bank in EMIR compliance	<5
Local regulations	SSHR (Netherlands)	Offering tools based support for a Europe-based bank in their local regulatory reporting	<7
Regulatory analytics	BASEL and CCAR	Modeling, analysis, and reporting support across credit risk, market risk, operations risk, and liquidity risk	<7

Appendix

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

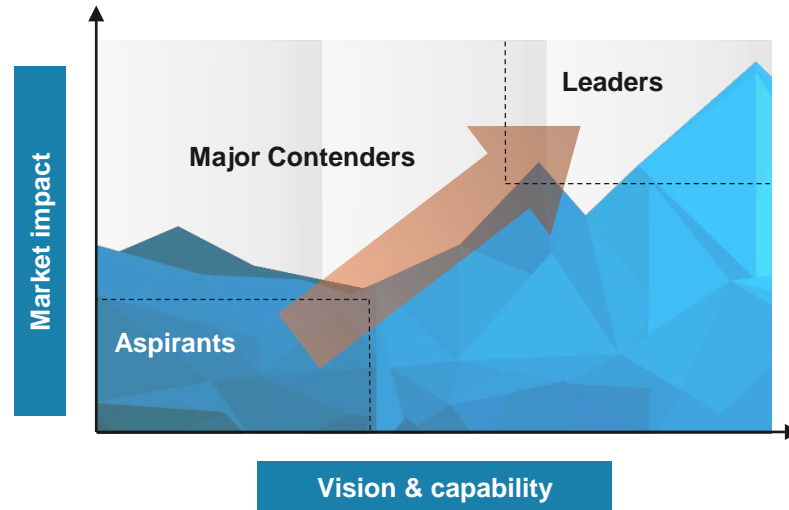
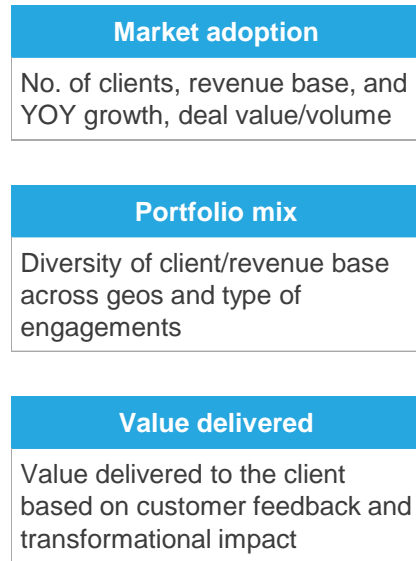


Everest Group PEAK Matrix

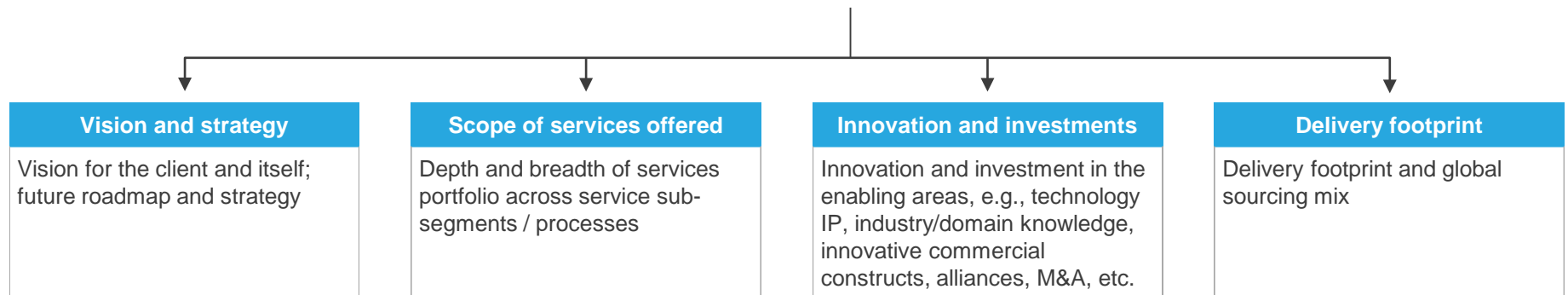


Services PEAK Matrix™ evaluation dimensions

Measures impact created in the market – captured through three subdimensions



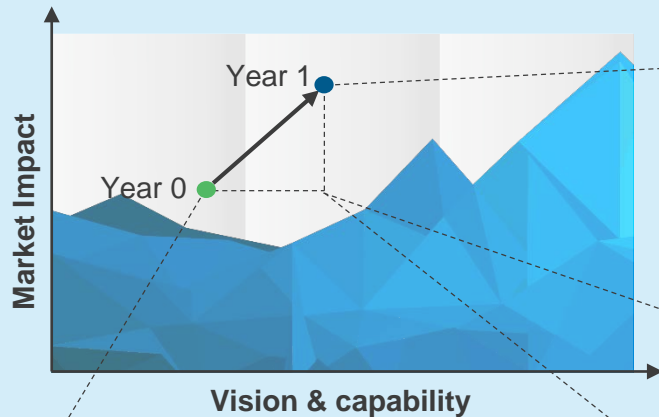
Vision & capability
Measures ability to deliver services successfully. This is captured through four subdimensions



Everest Group confers the Star Performers title on providers that demonstrate the most improvement over time on the PEAK Matrix™

Methodology

Everest Group selects Star Performers based on the relative YOY improvement on the PEAK Matrix



In order to assess advances on **market impact**, we evaluate each service provider's performance across a number of parameters including:

- Yearly ACV/YOY revenue growth
- # of new contract signings and extensions
- Value of new contract signings
- Improvement in portfolio mix
- Improvement in value delivered

In order to assess advances on **vision and capability**, we evaluate each service provider's performance across a number of parameters including:

- Innovation
- Increase in scope of services offered
- Expansion of delivery footprint
- Technology/domain specific investments

We identify the service providers whose improvement ranks in the top quartile and award the Star Performer rating to those service providers with:

- The maximum number of top-quartile performance improvements across all of the above parameters AND
- At least one area of top-quartile improvement performance in both market success and capability advancement

Star Performers are identified by top quartile performance improvement on the X and Y axes for each segment

The Star Performers title relates to YOY performance for a given service provider and does not reflect the overall market leadership position, which is identified as Leader, Major Contender, or Aspirant.

Does the PEAK Matrix™ assessment incorporate any subjective criteria?

Everest Group's PEAK Matrix assessment adopts an unbiased and fact-based approach (leveraging service provider / technology vendor RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information). In addition, these results are validated / fine-tuned 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 service 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 PEAK Matrix assessment are relevant to buyers and providers besides the “PEAK Matrix position”?

A PEAK Matrix position is only one aspect of Everest Group's overall assessment. In addition to assigning a “Leader”, “Major Contender,” or “Aspirant” title, Everest Group highlights the distinctive capabilities and unique attributes of all the PEAK Matrix providers assessed in its report. The detailed metric-level assessment and associated commentary is helpful for buyers in selecting particular providers/vendors for their specific requirements. It also helps providers/vendors showcase their strengths in specific areas

What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?

- Participation incentives for buyers include a summary of key findings from the PEAK Matrix assessment
- Participation incentives for providers/vendors include adequate representation and recognition of their capabilities/success in the market place, and a copy of their own “profile” that is published by Everest Group as part of the “compendium of PEAK Matrix providers” profiles

What is the process for a service provider / technology vendor to leverage their PEAK Matrix positioning and/or “Star Performer” status ?

- Providers/vendors can use their PEAK Matrix positioning or “Star Performer” rating in multiple ways including:
 - Issue a press release declaring their positioning. See [citation policies](#)
 - Customized PEAK Matrix profile for circulation (with clients, prospects, etc.)
 - Quotes from Everest Group analysts could be disseminated to the media
 - Leverage PEAK Matrix 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 the designated POC at Everest Group.

Does the PEAK Matrix evaluation criteria change over a period of time?

PEAK Matrix assessments are designed to serve present and future needs of the enterprises. 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 as well as serve the future expectations of enterprises



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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