

Everest Group PEAK Matrix™ for Property and Casualty (P&C) Insurance BPO Service Providers 2019

Focus on TCS
April 2019



Introduction and scope

Everest Group recently released its report titled “[Property and Casualty \(P&C\) Insurance BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2019](#)”. This report analyzes the changing dynamics of the P&C insurance 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 P&C insurance BPO into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of P&C insurance BPO service providers based on their absolute market success and delivery capability. Everest Group also identified 5 service providers as the “2019 P&C insurance BPO Market 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 and Star Performer**. This document focuses on **TCS’** P&C insurance BPO experience and capabilities and includes:

- TCS’ position on the P&C insurance BPO PEAK Matrix
- TCS’ year-on-year movement on the P&C insurance BPO PEAK Matrix
- Detailed P&C insurance BPO profile of TCS

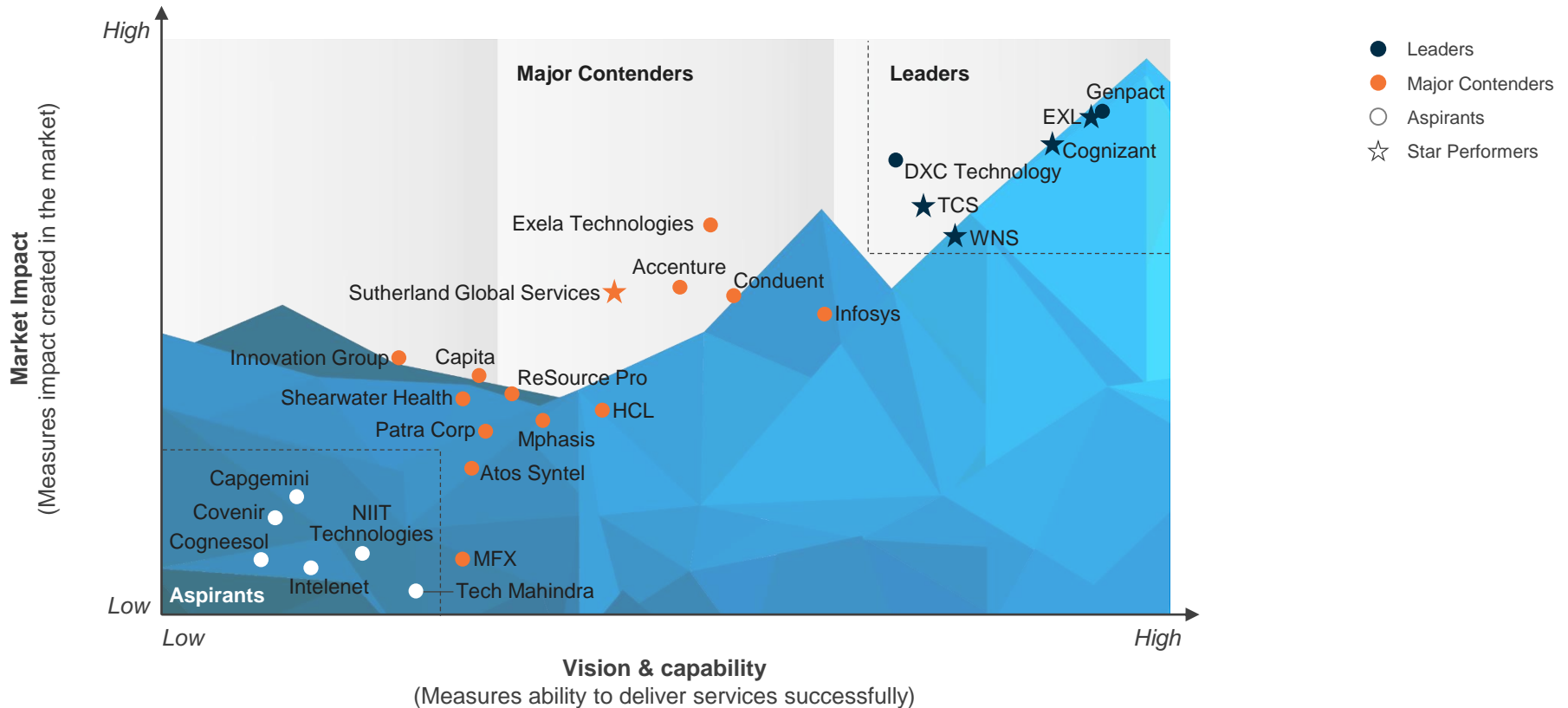
Buyers can use the PEAK Matrix to identify and evaluate different service providers. It helps them understand the service providers’ relative strengths and gaps. However, it is also important to note that while the PEAK Matrix is a useful starting point, the results from the assessment may not be directly 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.

Source: Everest Group (2019) unless cited otherwise

Everest Group PEAK Matrix™

P&C insurance BPO Services PEAK Matrix™ Assessment 2019 | TCS positioned as Leader

Everest Group P&C Insurance BPO Services PEAK Matrix™ Assessment 2019¹



¹ Service providers scored using Everest Group's proprietary scoring methodology given on pages 10 and 11 Assessment for Accenture, Atos Syntel, Capgemini, Capita, Cognesol, Covenir, DXC Technology, HCL, Innovation Group, Intelenet, MFX, NIIT Technologies, Patra Corp, ReSource Pro, Shearwater Health, and Tech Mahindra excludes service provider inputs and is based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with insurance buyers

Source: Everest Group (2019)

Overview

Company overview

Tata Consultancy Services (TCS) is an IT, consulting, and business operations organization. It offers end-to-end business process services across the P&C insurance value chain leveraging next-generation digital and technology solutions. TCS currently guides its customers on their transformation journeys through its Business 4.0™ thought leadership framework and has made investments in key areas that includes partner ecosystem, platform (holistic decision support system), digital partnerships (RPA, AI, and blockchain), IT operations interplay, analytics & insights, and self-service options through digital channels.

Key leaders

- Mohan R Veeturi, Global Head, BFSI Cognitive Business Operations (CBO)
- Meenu Mittal, Business Head, Insurance CBO

Headquarters: Mumbai, India

Website: www.tcs.com

Suite of services:

- New business underwriting and reinsurance
- Policy services and customer care
- Claims support
- Actuarial and modeling
- Underwriting assistance
- Binding authority
- Claims management

P&C insurance BPO	2016	2017	2018 (H1)
Revenue (US\$ million)	65	70-75	Not Disclosed
Number of FTEs	~2,160	~2,180	2,180-2,200
Number of clients	14	14	20-25

Recent developments

- **2018: MailButtler** – automated tracking, classification, and allocation of emails in claims process
- **2018: Productiv** – track work effort on the floor and generate trend analysis of agents' behavior
- **2018: Jarvis Bot family** – knowledge bot, action bot, and self-help bot
- **2018: Medical underwriting** – AI/cognitive solution "Decision Fabric" to optimize information extraction from documents such as medical records
- **2018: Robotics & automation** – TCS has rolled out Machine First Delivery Model (MFDM™) framework across all P&C BPO delivery operations to increase process efficiency and productivity of operations using MFDM levers: RPA, tactical automation, and platform changes
- **2018: Customer-centric solutions** – TCS has collaborated with clients to deliver customer-centric solutions viz. bundled IT + business process reengineering solution, Cognitive Computing Suite backed by TCS domain-specific contextual knowledge and technology expertise, and a self-service Knowledge Bot (kBot)
- **2017: TCS Digital Insurance Hub: Enterprise analytical apps** – an insurance-focused data curation and analytics framework enabled by an app market providing self-contained analytical apps offered to insurance and healthcare clients
- **2017: Peer-2-Peer insurance using blockchain** – helped insurer launch a peer-2-peer insurance platform for small risks that they do not want to cover, but let customers retain and act as surplus insurer

Key delivery locations



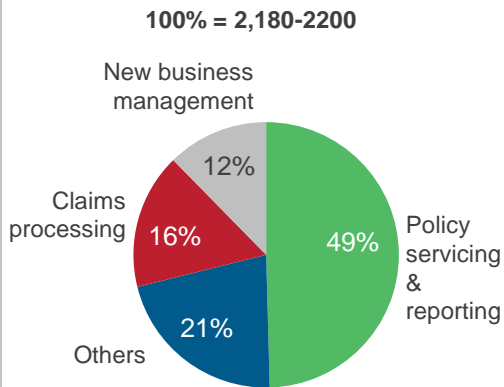
TCS | P&C insurance BPO profile (page 3 of 5)

Capabilities and key clients

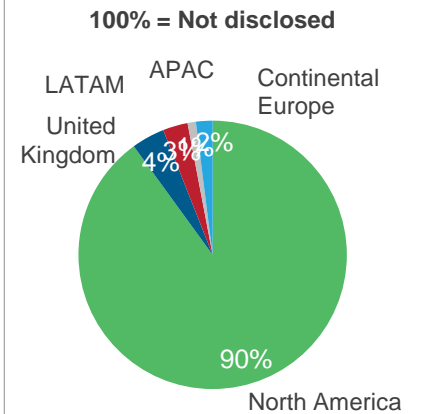
Key P&C insurance BPO engagements

Client name	Region	Client since year
The largest Indian public sector general insurance company	Asia Pacific	2017
Chile arm of British multinational general insurance company	Latin America	2016
Chilean unit of large Swiss multinational insurance company	Latin America	2015
A leading provider of P&C personal lines	North America	2012
A leading U.S. insurance brokerage	North America	2010
A Fortune 500 financial services and annuity provider	North America	2009

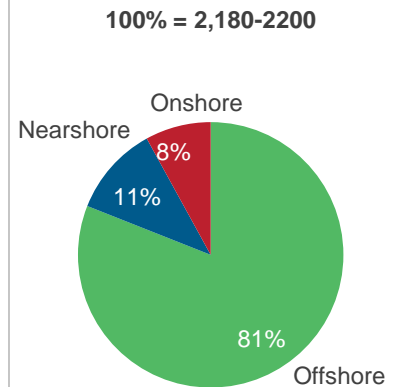
P&C insurance BPO FTE mix by processes covered
FTEs in numbers



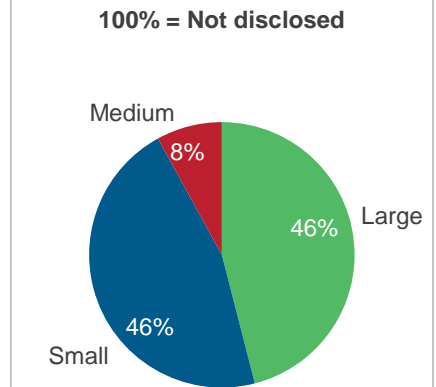
P&C insurance BPO revenue mix by geography
Revenue in US\$ million



P&C insurance BPO FTE split by delivery location
FTEs in numbers



P&C insurance BPO revenue by buyer size¹
Revenue in US\$ million



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 on June 2018

TCS | P&C insurance BPO profile (page 4 of 5)

Technology solutions/tools










NOT EXHAUSTIVE

Application	Processes covered	Year launched	Description	No. of BPO clients
AI Studio for Insurance	Applicable across the value-chain	2018	Aim of AI Studio for Insurance is to enable insurers to leverage AI in a structured way, manage internal & external datasets, provide machine learning steps such as feature engineering, training, multiple algorithm comparisons, and testing, and exposing trained models with a standard API to integrate with enterprise systems. It comes pre-built with a set of machine learning models based on TCS-gathered data and external data called as recipes like Driver Signature model that predicts the probability of the insured driver driving the car based on telematics data	Unable to disclose
Agile PAS	Applicable across the value-chain	2018	TCS Agile PAS framework is a lean and agile digital platform accelerator that helps insurers accelerate the launch of simple insurance products, riders, and features. It provides agility to reconfigure products and makes it easy to add new features & configure business processes for quote, bind, service, and claims	Unable to disclose
Insurance Assistant Bot & Insurance Advisor Bot	Sales & distribution and channel management	2018	Insurance Assistant Bot can help a customer change his address using conversation, while providing value-added suggestions. Other features include but are not limited to help a customer report an auto loss, upload picture to recognize the car, triage the damage using deep learning, and report FMLA leave/claim Insurance Advisor Bot can answer questions based on FAQs and search from Wiki, provide specific answers, and advise on products	Unable to disclose
Risk compliance reports tool	Policy servicing and reporting	2018	The tool helps team with coding in the mainframe system, enabling billing team to reconcile additional/return premium to the insured and charge accurate premium to the insured	Unable to disclose
Blockchain	Product development and business acquisition	2017	Ride Sharing Auto Insurance in blockchain: "Ride Sharing Auto Insurance" is an insurance solution for ride sharing auto owners to manage their commercial & personal insurance effectively	Unable to disclose
TCS Digital Insurance Hub: Enterprise analytical apps	Applicable across the value-chain	2017	TCS Digital Insurance Hub is an insurance-focused data curation and analytics framework enabled by an app market providing the self-contained analytical apps offered to insurance and healthcare clients	Unable to disclose

TCS | P&C insurance BPO profile (page 5 of 5)

Everest Group assessment – Leader

Measure of capability:  High  Low

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

- A large-scale FTE resource base, clientele of small-, mid-, and large-sized buyers across multiple geographies, multiple delivery centers to provide services spread across the policy administration life cycle, and technology mettle given the huge IT services business make TCS a strong competitor in the P&C insurance BPO market
- Its resolute focus on intensifying its digital positioning has resulted in some strong investments around insurance-specific digital solutions such as AI studio for insurers, blockchain for peer to peer insurance and sharing economy, analytics for claims fraud detection, and telematics for usage-based pricing
- TCS is also focusing on balancing its technology backbone with a domain-infused approach to services. This is illustrated by their investments in certifying their workforce both for P&C insurance expertise and digital domain development
- It has the capability to offer cost and operational efficiencies generated with an offshore-inclined delivery model layered with automation of operations through its MFDM™ framework

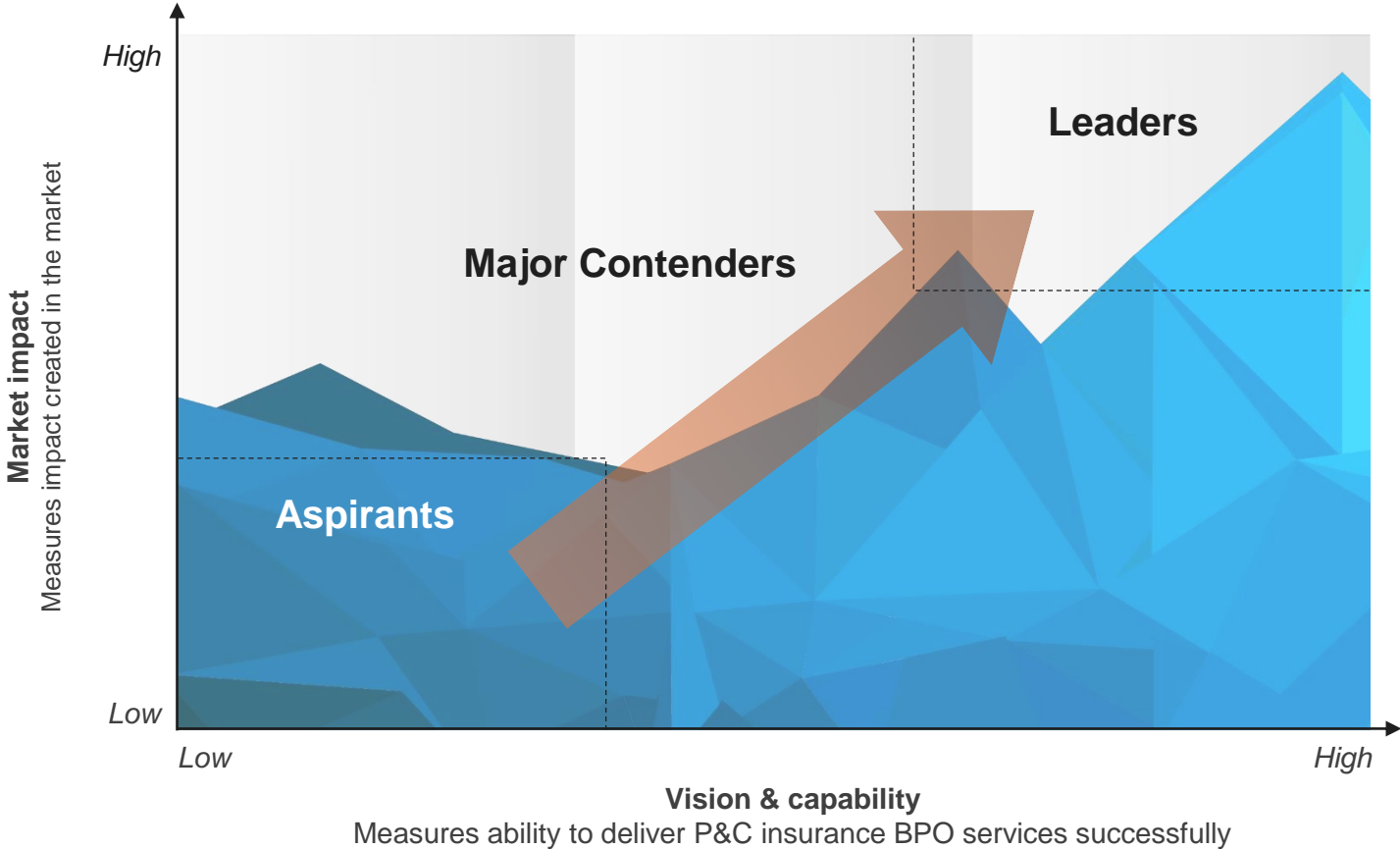
Areas of improvement

- While TCS' services portfolio is primarily centered around back-office policy servicing, its competitors in this space are augmenting capabilities in the claims and underwriting segments. Given that TCS has technology solutions for these critical operational segments, it should more aggressively leverage these to augment existing relationships
- In order to compete with some of the stronger pure-play BPO providers in this space, it needs to start building domain capabilities in more judgment-intensive activities of the value chain. Additionally, it could also institute capabilities for non-core activities such as regulatory compliance and risk management support, which are also witnessing intensified demand due to market dynamics
- As TCS scales further, it would also need to expand its delivery presence in some of the onshore and nearshore locations given the increased demand for localization by buyers in certain geographies

Appendix

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

Everest Group PEAK Matrix



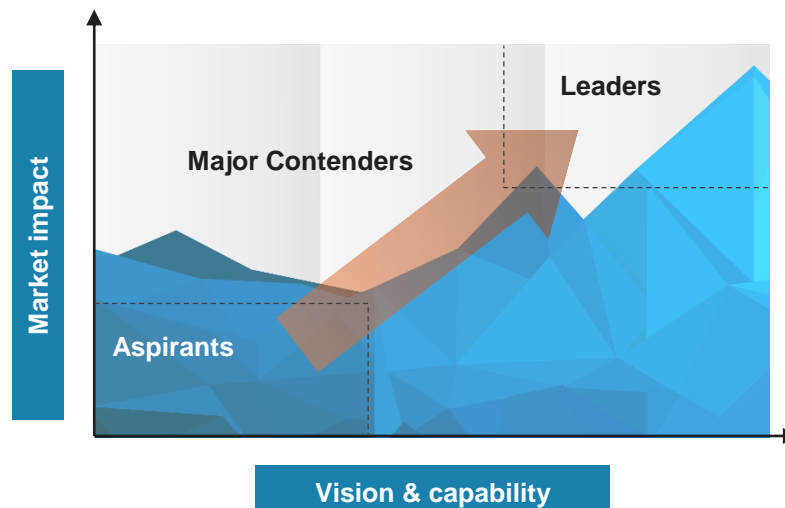
Services PEAK Matrix™ evaluation dimensions

Measures impact created in the market – captured through three subdimensions

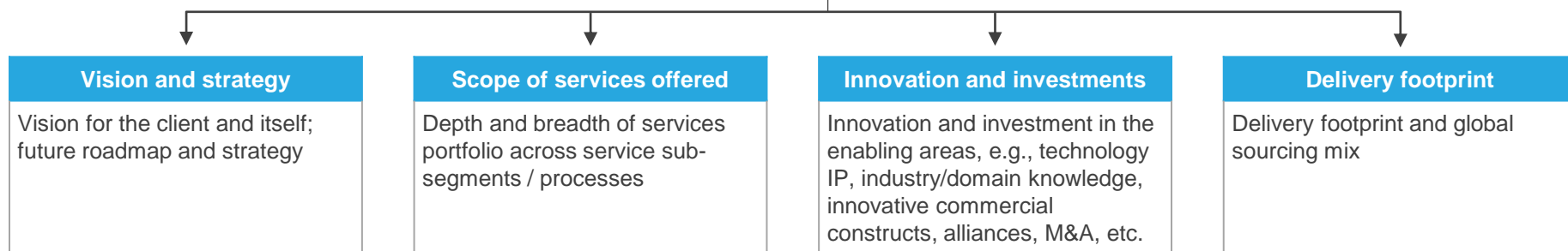
Market adoption
No. of clients, revenue base, and YOY growth, deal value/volume

Portfolio mix
Diversity of client/revenue base across geos and type of engagements

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



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 sub-segments / processes

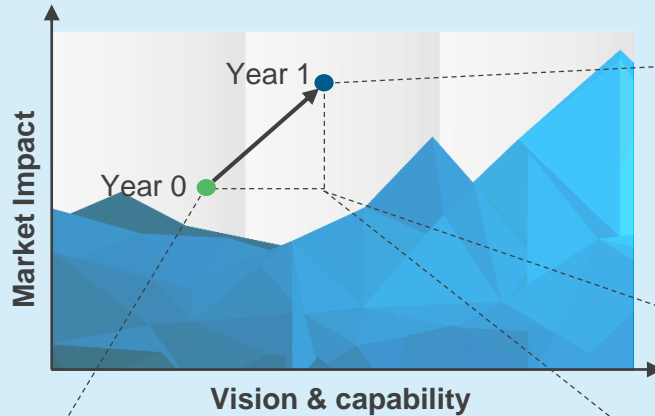
Innovation and investments
Innovation and investment in the enabling areas, e.g., technology IP, industry/domain knowledge, innovative commercial constructs, alliances, M&A, etc.

Delivery footprint
Delivery footprint and global sourcing mix

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.

Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

Bangalore

india@everestgrp.com
+91-80-61463500

Delhi

india@everestgrp.com
+91-124-496-1000

London

unitedkingdom@everestgrp.com
+44-207-129-1318

New York

info@everestgrp.com
+1-646-805-4000

Toronto

canada@everestgrp.com
+1-416-388-6765

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