# Everest Group PEAK Matrix™ for Application and Digital Services in Capital Markets 2020

Focus on TCS

December 2019

# Introduction and scope

Everest Group recently released its report titled "Application and Digital Services in Capital Markets – Services PEAK Matrix™ Assessment 2020: Beating the Slowdown with Data." This report analyzes the changing dynamics of the application and digital services in capital markets landscape and assesses service providers across several key dimensions.

As a part of this report, Everest Group updated its classification of 29 service providers on the Everest Group PEAK Matrix™ for application and digital services in capital markets into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of application and digital services in capital markets service providers based on their absolute market success and delivery capability. Everest Group also identified five service providers as the "2020 Application and Digital Services in Capital Markets 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'** application and digital services in capital markets experience and capabilities and includes:

- TCS' position on the application and digital services in capital markets PEAK Matrix
- Detailed application and digital services in capital markets 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)

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# Background, scope, and methodology for ADS in capital markets – Services PEAK Matrix™ assessment 2020

- Global capital markets firms have been stepping up their technology purchases and upgrades, in order to increase efficiency from operations, develop new services, or raise the service quality as they wrestle with the signs of a global slowdown. These firms are looking at data and digital initiatives to help them drive growth by launching new products, tapping into new customer segments, and experimenting with new business models

- These enterprises have been embracing co-innovation with FinTechs and technologies such as Artificial Intelligence (AI), Robotic Process Automation (RPA), distributed ledgers, and cloud to innovate across their growth, efficiency, and risk and compliance mandates

- In this research, we studied the vision and capability of 29 IT service providers for capital markets Applications and Digital Services (ADS). We also evaluated the market impact generated by each IT service provider

## Scope of this report

**Industry**
Capital markets
(Investment banking, asset management, custody and fund administration, and brokerage)

**Market segment**
ITS market – Third-party ITS transactions; excludes shared services or Global Capability Centers (GCC)

**Geography**
Global

**Sources**
- Everest Group's proprietary database of 800+ active, multi-year ITS contracts within capital markets
- Operational capability of 20+ capital markets IT service providers updated through Request for Information (RFI)
- Service provider's demonstration of capabilities through briefings and discussions
- Interactions with the service provider's clients

## Service providers covered in the analysis

accenture · aspire SYSTEMS · AtoS · birlasoft CK BIRLA GROUP · Capgemini · CGI · Cigniti · Cognizant · DXC.technology · endava

epam · genpact · GFT · HCL · HEXAWARE · IBM · INCEDO · Infosys · LTI · Mphasis The Next Applied

NIIT technologies · NTT DaTa Global IT Innovator · Quinnox · Softtek · TATA CONSULTANCY SERVICES · Tech Mahindra · virtusa · wipro · YASH Technologies

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# ADS in Capital Markets – Services PEAK Matrix characteristics

**Leaders:**

Accenture, Capgemini, Cognizant, DXC Technology, EPAM, HCL Technologies, Infosys, TCS, and Wipro

- Leaders have grown their ADS practices in capital markets, driven by capability-building and experience across the digital services spectrum (i.e., consult, build/design, and manage) and across all business segments within the capital markets
- These players continue to invest in building an extensive and robust partnership ecosystem with third-party platform providers. They also proactively invest in next-generation technologies and services capability development (internal IP/tools, platform/product assessment frameworks, acquisitions, accelerators, etc.)
- Leaders focus on driving large-scale / complex transformation, specifically for the large enterprise segment. They focus on driving alignment between enterprises' business and IT teams to increase value through contextual solutions that are tailored to specific enterprise requirements

**Major Contenders:**

Atos, Birlasoft, CGI, Genpact, GFT, Hexaware, IBM, Incedo, LTI, Mphasis, NIIT Technologies, NTT DATA, Tech Mahindra, and Virtusa

- Major Contenders comprise a mix of large- and mid-sized players that focus on global/regional markets
- Various mid-sized providers including LTI, Virtusa, and Tech Mahindra have built strong credibility in the market for Commercially Off-the-Shelf (COTS) product implementations and digital services; players such as Mphasis, Birlasoft, and NIIT Technologies have developed tools/accelerators/frameworks to reduce implementation costs and accelerate time-to-market
- Though Major Contenders have demonstrated their ability to win large deals, they need to have a cohesive portfolio to win in transformation engagements

**Aspirants:**

Aspire Systems, Cigniti, Endava, Quinnox, Softtek, and YASH Technologies

- Aspirants have a niche focus on areas such as application maintenance, testing automation, software packages implementation, and platform engineering
- Player such as Aspire Systems and Incedo look to leverage analytics, cognitive, and mobile solutions for winning deals around customer engagement, payments automation, and regulatory reporting
- Their small scale and limited buyers portfolio has helped them become service providers of choice for clients seeking greater attention for engagement

# Everest Group PEAK Matrix™
## Application and Digital Services in Capital Markets – Services PEAK Matrix™ Assessment 2020 | TCS positioned as a Leader

**Everest Group Application and Digital Services in Capital Markets – Services PEAK Matrix™ Assessment 2020**
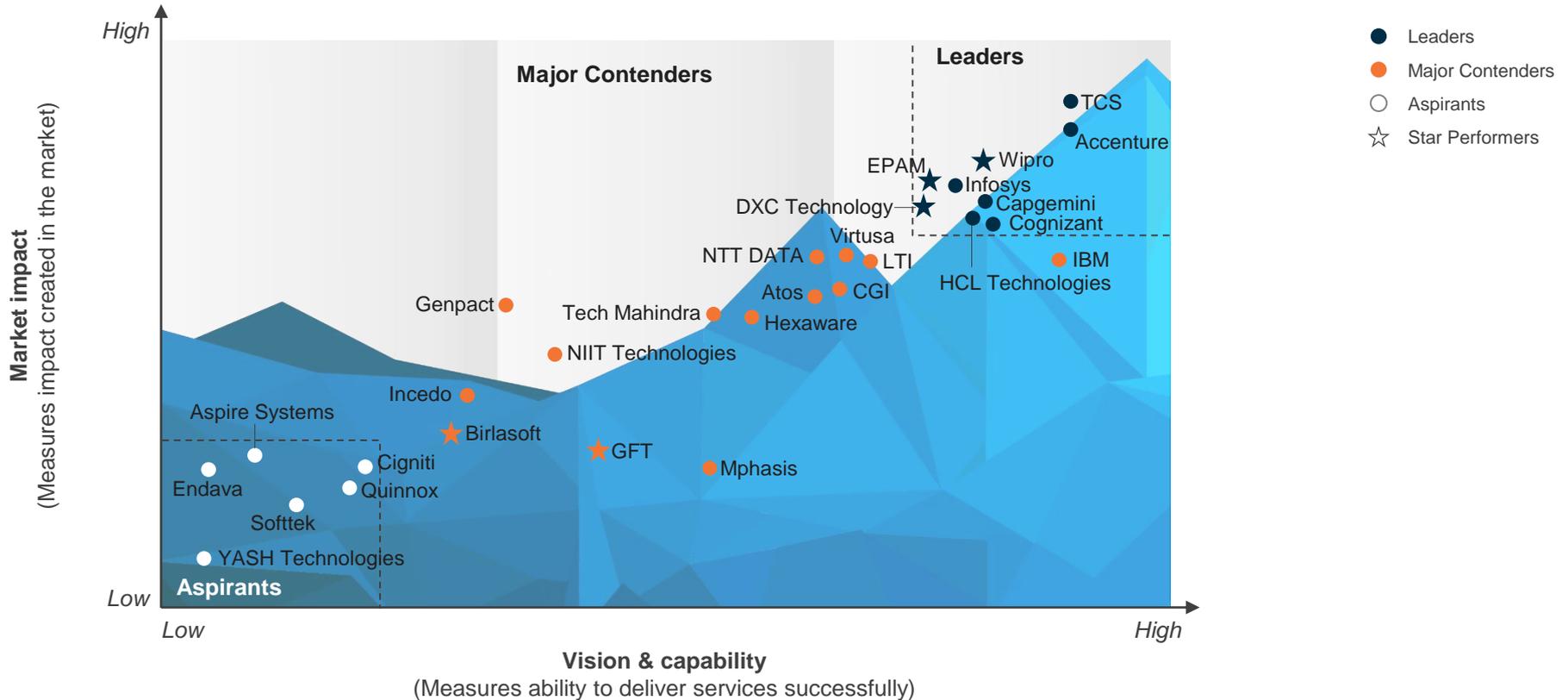


**Note:** Assessment for Aspire Systems, Birlasoft, DXC Technology, Endava, Genpact, Softtek, and YASH Technologies; excludes service provider inputs on this particular study and is based on Everest Group's estimates that leverage Everest Group's proprietary Transaction Intelligence (TI) database, ongoing coverage of these service providers, their public disclosures, and interaction with buyers. For these companies, Everest Group's data for assessment may be less complete
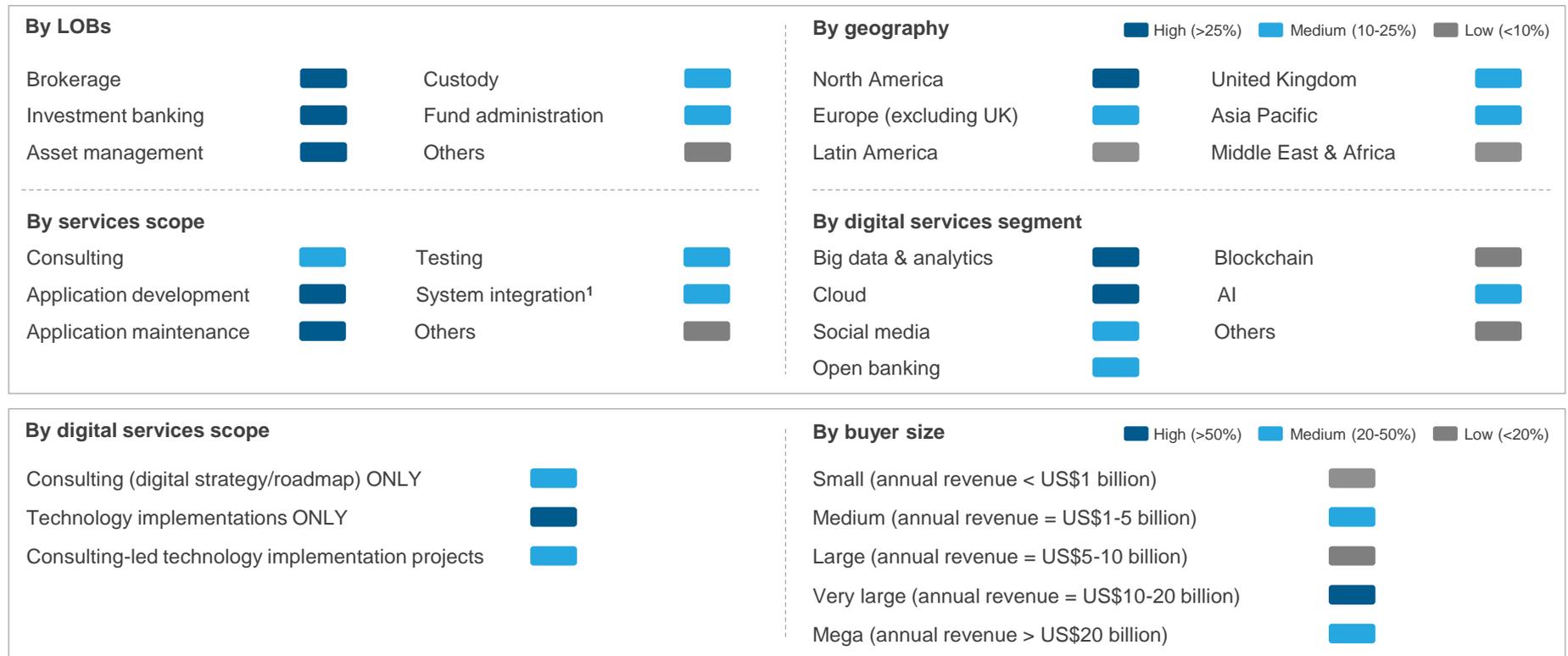
Source: Everest Group (2019)

# TCS | Capital markets application and digital services profile
## Overview

**Vision for capital markets IT services practice:** The capital markets industry continues to undergo a transformation driven by pressures on margins, increasing client expectations, advances in technology, and changes due to regulatory and market initiatives. TCS envisions to support capital markets enterprises in their journey to adopt Agile & DevOps and provide rich customer experience.

**Application and digital services mix:**

### By LOBs

| | | | |
|---|---|---|---|
| Brokerage | ■ | Custody | ■ |
| Investment banking | ■ | Fund administration | ■ |
| Asset management | ■ | Others | ■ |

**High (>25%)**  **Medium (10-25%)**  **Low (<10%)**

### By geography

| | | | |
|---|---|---|---|
| North America | ■ | United Kingdom | ■ |
| Europe (excluding UK) | ■ | Asia Pacific | ■ |
| Latin America | ■ | Middle East & Africa | ■ |

### By services scope

| | | | |
|---|---|---|---|
| Consulting | ■ | Testing | ■ |
| Application development | ■ | System integration[1] | ■ |
| Application maintenance | ■ | Others | ■ |

### By digital services segment

| | | | |
|---|---|---|---|
| Big data & analytics | ■ | Blockchain | ■ |
| Cloud | ■ | AI | ■ |
| Social media | ■ | Others | ■ |
| Open banking | ■ | | |

### By digital services scope

| | |
|---|---|
| Consulting (digital strategy/roadmap) ONLY | ■ |
| Technology implementations ONLY | ■ |
| Consulting-led technology implementation projects | ■ |

### By buyer size

**High (>50%)**  **Medium (20-50%)**  **Low (<20%)**

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

1   System integration includes package implementation
Source:   Everest Group (2019)

## Key solutions

*NOT EXHAUSTIVE*

| Proprietary IP/solutions/frameworks/accelerators/tools developed internally to deliver application and digital services to BFS customers | |
|---|---|
| **Domain** | **Details** |
| Capital markets-specific | • Application portfolio management framework: It handles application componentization, sizing, decommissioning, and rationalization<br>• TCS wealth advisory suite: A solution framework that enables banks to implement advisor recommendations, robotic advisory, research and social sentiment analysis, and collaborative financial planning<br>• Cognitive solutions: Host of AI-based solutions such as conversational agents, intelligent agents, and automated robots for wealth management firms<br>• Private equity valuation: Cognitive solution accelerators for private equity valuation |
| Other key solutions | • TCS JILE tool: It helps customers manage/orchestrate the DevOps pipeline across the technology spectrum and has ready-to-use dashboards for monitoring and analytics support<br>• TCS Agile Academy: Deployed on TCS cloud, the solution enables Agile/DevOps training in a distributed manner across various technologies. It includes ready pipelines to train up to 3,000 engineers across the world<br>• TCS mastercraft suite: Offers tools for transformation, simplification, data migration, and application decommission<br>• Cloud readiness assessment framework: Framework that helps TCS in assessing client's organization to determine their readiness to move to the cloud. It enables assessment across multiple dimensions including business objectives, infrastructure, application architecture, and IT organization<br>• ML-based model for NPA/default management: Solution to accelerate adoption of ML techniques to strengthen default management<br>• M&A data integration tool: Modules for data profiling, mapping, and migration, which are key activities in M&A<br>• LIBOR offering: Cross functional offering from business consulting to implementation support for LIBOR regulations |

Source: Everest Group (2019)

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# TCS | Capital markets application and digital services profile
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## 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**

- TCS undertook initiatives to address gaps in its existing offerings. For example, it partnered with the Royal College of Arts to gain capabilities in CXM platforms for targeting financial institutions and retail organizations

- Clients cite TCS' ability to overcome challenges during implementation and post-implementation support as a key strength across complex FS-projects

- It has extensive experience in agile implementation and leverages distributed agile concepts efficiently in an onsite-offshore model for large-scale transformation projects

- It has built a strategic approach to FinTech collaboration (Co-Innovation Network) to build an innovation ecosystem

- Delivery excellence, competitive pricing model, and solutioning flexibility are key differentiators for TCS
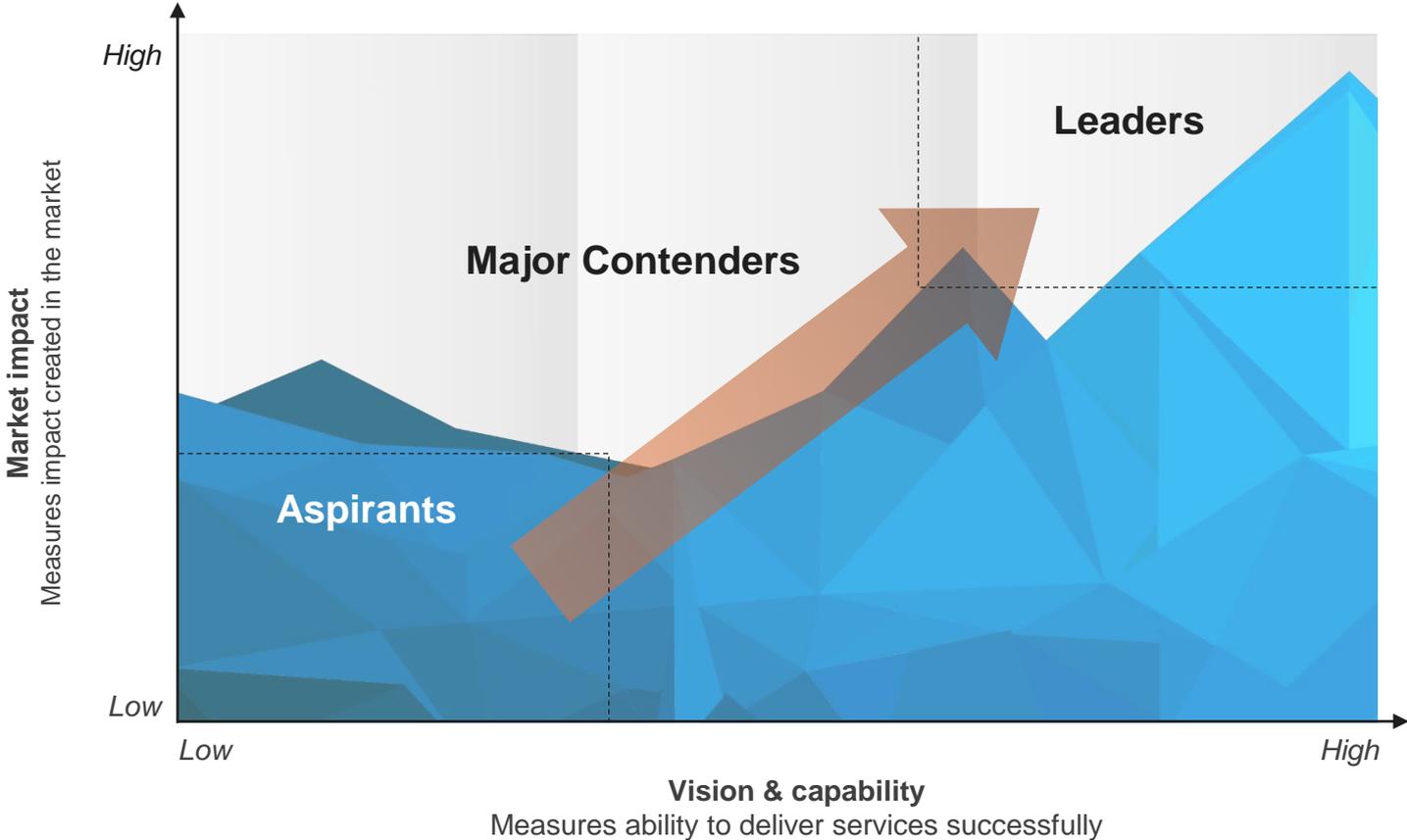
**Areas of improvement**

- Recent lawsuits by some of TCS' peers, enterprises, and product vendors alleging the misappropriation of intellectual property will become a major challenge and hamper its positioning as an SI partner for third-party products in the FS space

- It lacks success proof points on delivering innovation beyond cost and efficiency; it needs to demonstrate platform-led transformation capabilities and consulting capabilities for product selection

- It could leverage its existing co-innovation model to develop accelerators / tools across its vendors landscape in order to expedite time-to-market

# Appendix

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

**Everest Group PEAK Matrix**



Leaders

Major Contenders

Aspirants

**Market impact**
Measures impact created in the market

High

Low

Low · · · · · · · · · · · · · · · · · · · · · · · · · · · High

**Vision & capability**
Measures ability to deliver services successfully

# 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



**Market impact** (vertical axis)

- Leaders
- Major Contenders
- Aspirants
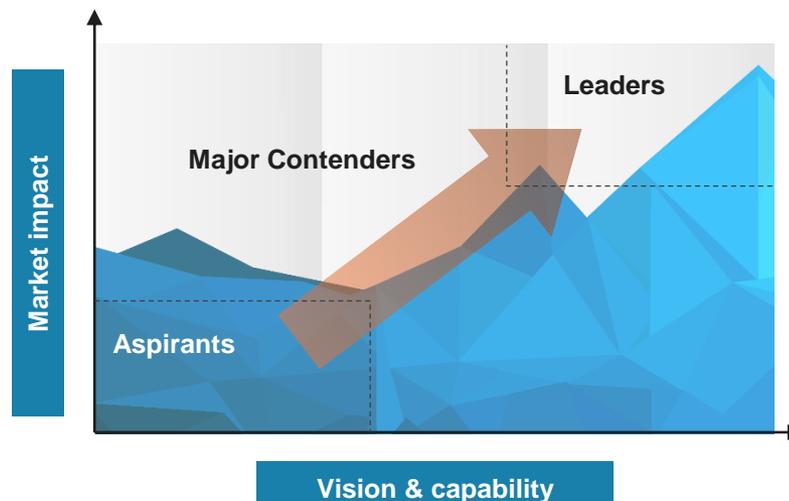
### Vision & capability
Measures ability to deliver services successfully. This is captured through four subdimensions

### 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 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

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# 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

**Market Impact** (y-axis)

Year 1

Year 0

**Vision & capability** (x-axis)
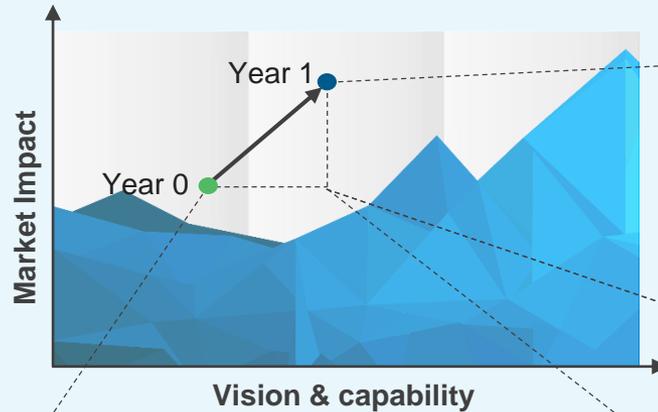
In order to assess advances on **market impact**, we evaluate each service provider's performance across a number of parameters including:
- Yearly ACV/YOY revenue growth
- # of new contract signings and extensions
- Value of new contract signings
- Improvement in portfolio mix
- Improvement in value 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

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

# FAQs

**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

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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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