

Everest Group PEAK Matrix™ for Mortgage BPO Service Providers 2019

Focus on TCS
January 2019



Introduction and scope

Everest Group recently released its report titled “[Mortgage BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2019](#).” This report analyzes the changing dynamics of the mortgage BPO landscape and assesses service providers across several key dimensions.

As a part of this report, Everest Group updated its classification of 20 service providers on the Everest Group PEAK Matrix™ for mortgage BPO into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of mortgage BPO service providers based on their absolute market success and delivery capability. Everest Group also identified two service providers as the “2019 mortgage 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**. This document focuses on **TCS’** mortgage BPO experience and capabilities and includes:

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

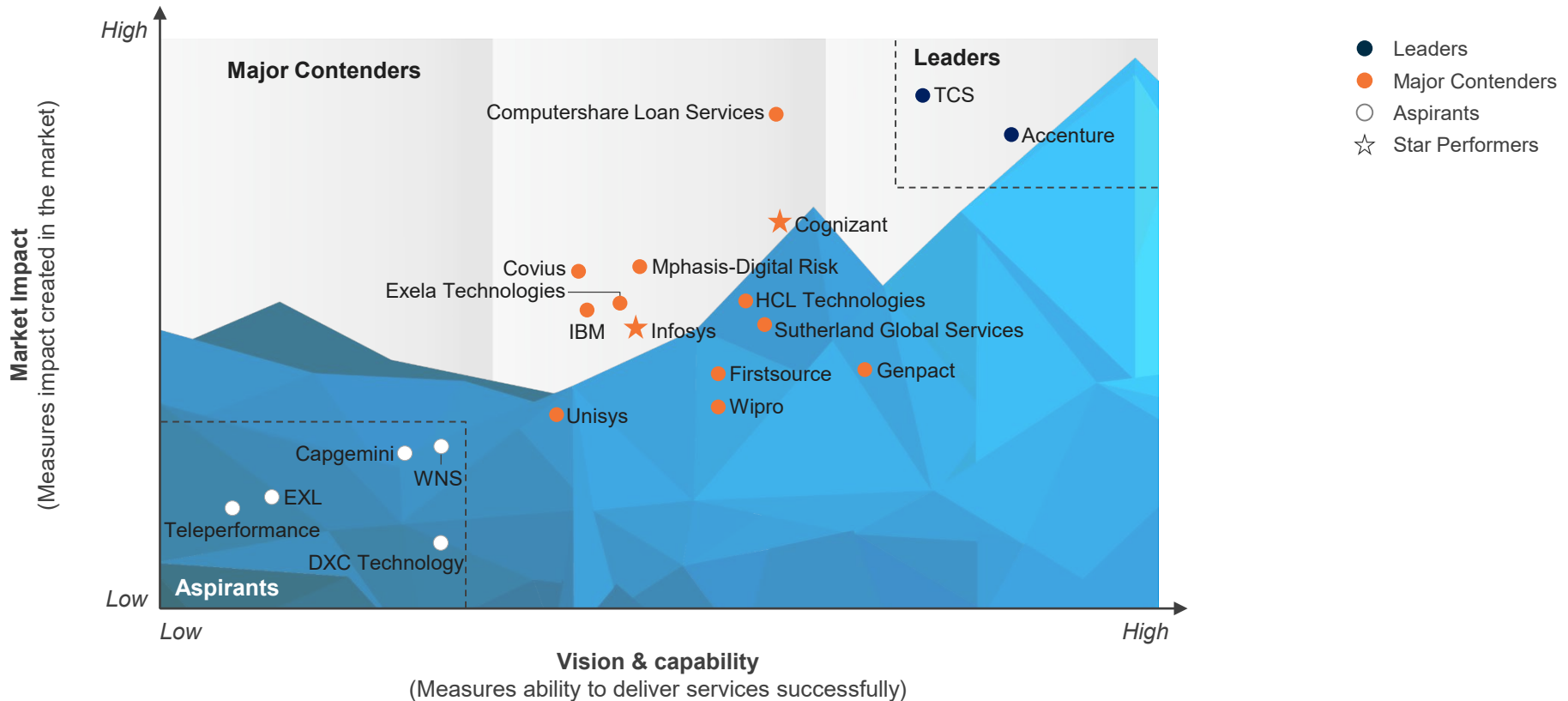
Buyers can use the PEAK Matrix to identify and evaluate different service providers. It helps them understand the service providers’ relative strengths and gaps. However, it is also important to note that while the PEAK Matrix is a useful starting point, the results from the assessment may not be directly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

Mortgage Business Process Outsourcing (BPO) Services PEAK Matrix™ Assessment 2019 | TCS positioned as Leader

Everest Group Mortgage Business Process Outsourcing (BPO) Services PEAK Matrix™ Assessment 2019



Note: This assessment is based on Everest Group's estimates that leverage its proprietary Transaction Intelligence (TI) database, service provider public disclosures, and interaction with buyers. It has also taken inputs through RFIs from seven service providers (Cognizant, Exela Technologies, HCL Technologies, Infosys, Mphasis-Digital Risk, TCS, and WNS)

Overview

Company overview

Tata Consultancy Services (TCS) is an IT, consulting, and BPS organization. TCS supports consumer lending operations across the lending value chain and offers a wide array of services and solutions ranging from business process services to custom-built point solutions, platform-based managed services, consulting, analytics, and business transformation. TCS has also established specialized Centers of Excellence (CoEs) to bring innovation to the mortgage industry that includes machine learning-based cognitive document digitization solutions, artificial intelligence-based chatbot solutions, digital, and cloud solutions & offerings.

Key leaders

- Mohan Veeturi, Global Head, BFSI BPS
- Karthik Kumar, Mortgage Practice Head
- Vinay Hansaria, Mortgage BPS Operations Head

Headquarter: Mumbai, India

Website: www.tcs.com

Suite of services

- Originations
- Active servicing
- Default servicing
- Analytics – risk analytics, customer analytics, and fraud & marketing analytics
- Risk management (credit, market, liquidity, operations, and regulatory)
- Payments
- Fraud, risk, and compliance
- Digital mortgage services

Lending BPO	2016	2017	2018
Revenue (US\$ million)	~160	~175	Not disclosed
Number of FTEs	7,000-7,770	7,500-7,775	6,465-7,000
Number of clients	30-35	35-40	40-45
Mortgage BPO	2016	2017	2018
Revenue (US\$ million)	~145	~155	Not disclosed
Number of FTEs	6,300-6,400	6,200-6,300	4,900-5,000
Number of clients	30-35	33-35	35-40

Recent acquisitions and partnerships

- **2017:** Partnered with IBM on iReply – next-generation service request monitoring tool based on NLP algorithm
- **2016:** Partnered with IBM on check processing solution and lending originations as a service
- **2016:** Partnered with multiple RPA vendors such as Blue Prism, Automation Anywhere, WorkFusion, and UiPath

Recent developments

- **2018:** Developed Post-Close-As-a-Service platform to improve portfolio salability and insurability in the secondary market
- **2017:** Developed digital quality control, that aims to reduce compliance and regulatory risk through a robust rule engine
- **2017:** Developed digital servicing solution, an omnichannel friction-less self-service solution for customers to manage loan account and payments
- **2016:** Developed in-house tool, Kofax, a data extraction and workflow solution, that enables automatic data extraction
- **2016:** Developed digital underwriting, a cognitive digital solution for underwriters to make faster and accurate credit decisions by managing “data, document, and decision”

Location landscape

Mortgage BPO delivery locations



TCS | Mortgage BPO profile (page 3 of 6)

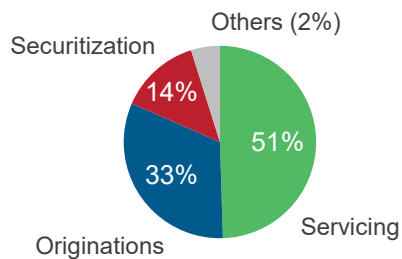
Capabilities and key clients

Key mortgage BPO engagements

Client name	Category (origination, securitization, or servicing)	Region	Client since
A U.S.-based non-bank consumer lender	Origination	North America	2017
One of the top 10 U.S. investment banks	Origination and securitization	North America	2016
One of the top three mutual fund and financial services groups	Origination and servicing	North America	2016
A U.S.-based full service banking provider	Origination	North America	2016
A leading Texas-based servicer	Origination, securitization, and servicing	North America	2012
One of the top three Ecuador banks	Servicing	Ecuador	2007
A large global bank	Origination, securitization, and servicing	North America	2003

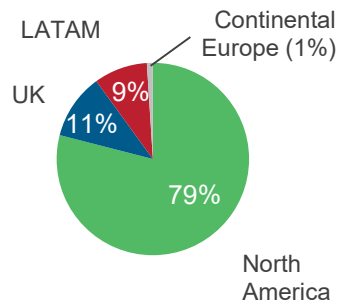
Mortgage BPO FTE mix by segment FTEs in numbers

100% = 4,900-5,000



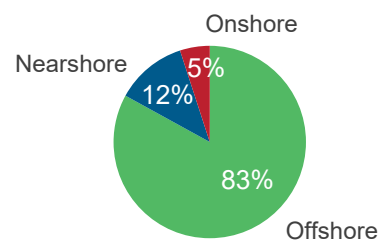
Mortgage BPO revenue mix by geography Revenue in US\$ million

100% = Not disclosed



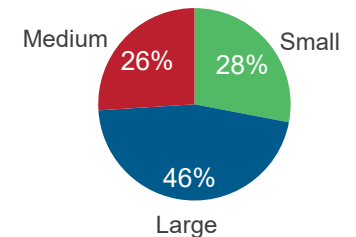
Mortgage BPO FTE split by delivery location FTEs in numbers

100% = 4,900-5,000



Mortgage BPO client split by buyer size (buyer revenue)¹ Number of clients

100% = 35-40



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 | Mortgage BPO profile (page 4 of 6)

Digital solutions/tools

Application	Category	Year launched	Description	No. of BPO clients
Post-Close-As-a-Service	Originations	2018	Solution critically examines loans on several parameters and provides defect-free portfolio	Not disclosed
iReply – Nextgen service request monitoring	Servicing	2017	It classifies the service requests on NLP algorithm, and uses exceptions to build and train the predictive engine	Not disclosed
Digital quality control	Origination and servicing	2017	TCS Digital Quality Control solution is a checklist-driven platform that leverages a rule-based solution complemented by data digitization. The solution entails automated data point check, OCR to digitize data from loan documents, automated alert, and conditions based on checklists	<3
Digital servicing	Servicing	2017	It is an omnichannel friction-less self-service solution for customers to manage the loan account and payments throughout the loan term. The solution entails responsive design to support multiple devices, real-time communication for service requests, and complete loan account management	<3
Cognitive call center	Servicing	2017	The solution helps contact centers and back-office agents to deliver better customer experience at every interaction	Not disclosed
Digital underwriting	Origination and servicing	2016	TCS Digital Underwriting solution allows mortgage lenders to make faster and accurate credit decisions to not only increase employee productivity and operational efficiency, but also improve credit decision quality and turnaround time. The solution leverages OCR/ICR, robust business rule engine, well-defined document workflow, and real-time operational dashboards	<3
Kofax data extraction and workflow solution	Origination, servicing, and securitization	2016	The solution enables automatic data extraction or aided data extraction from U.S. title documents, thus enhancing quality and processor productivity. It also offers a workflow solution	<3
Credit report review automation	Origination	2016	Solution developed to demystify the credit report by automatically extracting details and performing the review with minimal manual intervention	<3
Loan estimate automation	Origination	2016	A solution that ensures compliance to LE correctness by integrating details from the LOS with the third-party application that generates LE	<3

TCS | Mortgage BPO profile (page 5 of 6)

Risk management & regulatory reporting










Risk management support	Details		No. of FTEs	No. of BPO clients
Operations risk	TCS provides specialized services for design, development, and deployment of ORM Framework for global financial institutions through ORM CoE. Risk experts identify risks and controls across lines of business to establish a strong risk and control matrix (RCM)		Not disclosed	Not disclosed

Regulatory reporting support	List of regulations	Description	No. of FTEs	No. of BPO clients
U.S. regulations	CFPB, RESPA, TRID, HMDA, SAFE Act, ECOA & Investor Guide, FDCPA, FCRA, OCC, DODD Frank, TILA, Electronic Funds Transfer Act, TCPA, SCRA, FACTA, USAPA, CPA, GLBA, HOPA, CSR, and USC		Not disclosed	Not disclosed

TCS | Mortgage BPO profile (page 6 of 6)

Everest Group assessment – Leader

Measure of capability:  High  Low

Market impact				Vision & capability				
Market adoption	Portfolio mix	Value delivered ¹	Overall	Scope of services offered	Innovation and investments	Delivery footprint	Vision and strategy	Overall
								

Strengths

- With high market adoption and robust technology capabilities, TCS is a Leader on the mortgage BPO PEAK Matrix
- TCS enjoys a stronghold of the mortgage BPO segment in most of the geographies (including Latin America) and has been able to command one of the highest market shares in North America and the United Kingdom. It has access to a large number of clients across both small- and large-sized buyer categories
- It offers a well-diversified scope of services spanning originations and default & active servicing that helps it to take a holistic view, and thereby act as a valuable partner to its clients and support them in their process improvement and transformation journey
- It has been investing continuously to boost its digital offerings on the mortgage side. Recent examples include the development of the “Digital Mortgage” suite of solutions for originations, underwriting, and servicing. With the integration of its IT and BPO functions, it is expected to further improve its solutioning

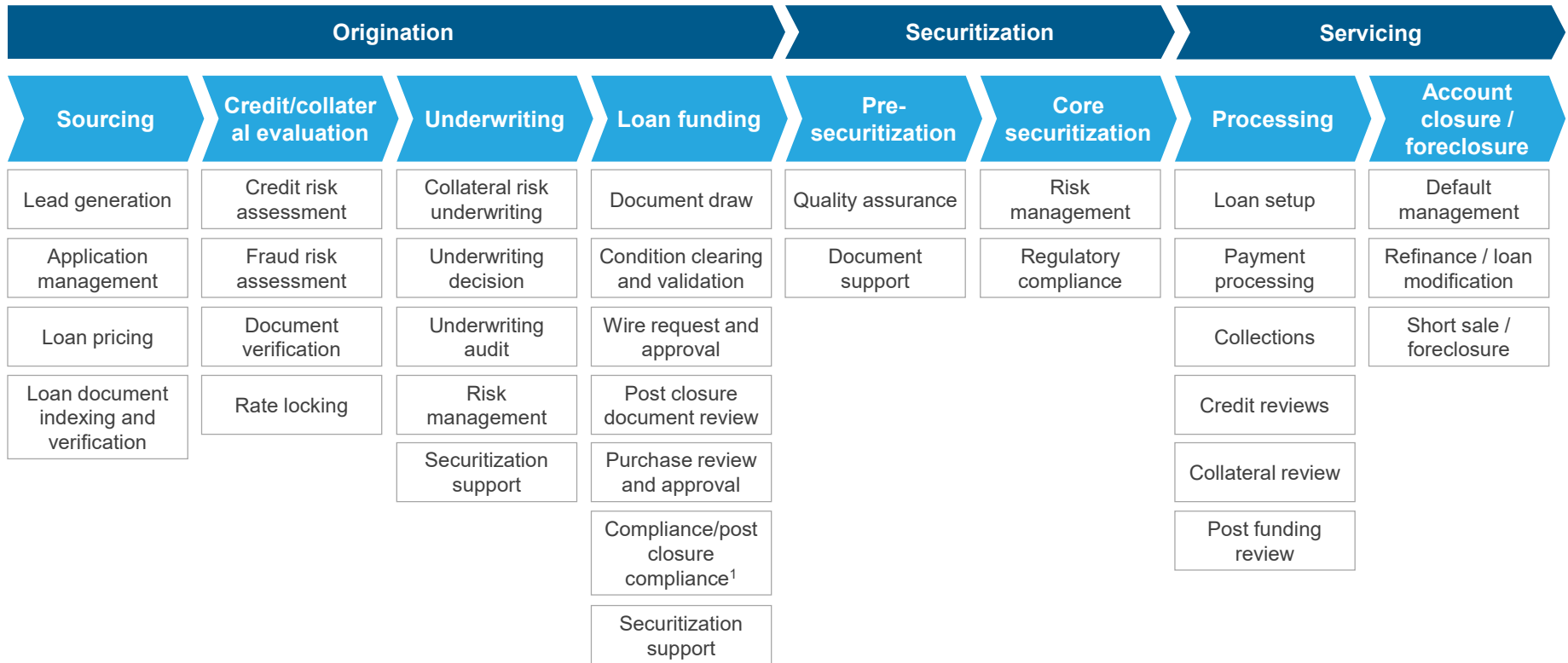
Areas of improvement

- TCS has a predominantly offshore-driven delivery model which puts it on a backfoot in comparison to some of its other peers who can drive processes that require a local presence. This can potentially act as a deterrent in winning deals where the buyer is looking for an end-to-end provider of services
- Buyers expect TCS to be more proactive and bring in more value-addition to their current engagements

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

Appendix

Everest Group's classification of the mortgage value chain



Analytics

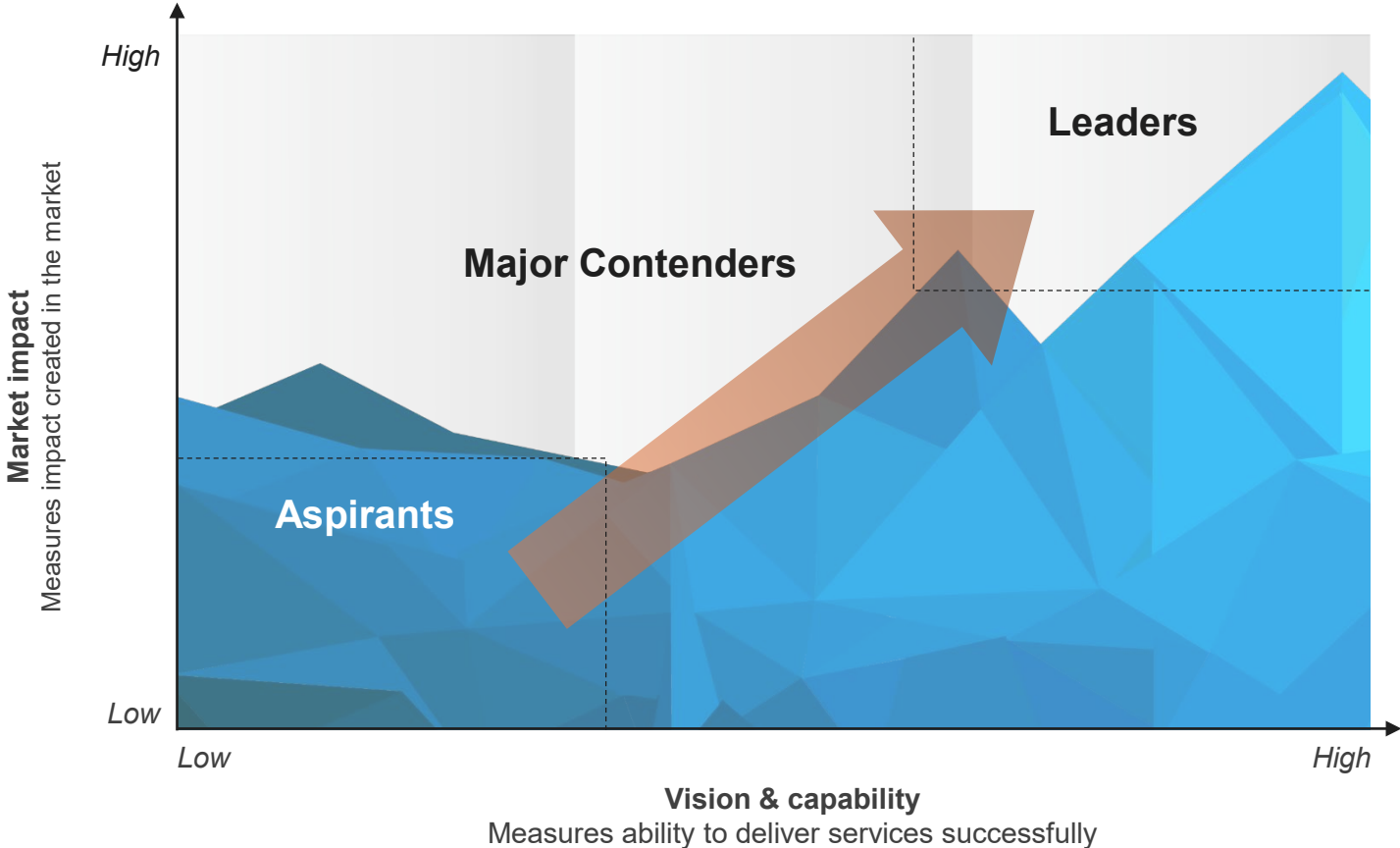
Regulatory compliance and reporting

¹ The United States compliance follows the mortgage electronic registration system and the HUD1 settlement statement

Note: This report covers vertical-specific BPO within the mortgage space. It does not include coverage of horizontal business processes such as F&A, HR, procurement, and contact centers

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

Everest Group PEAK Matrix



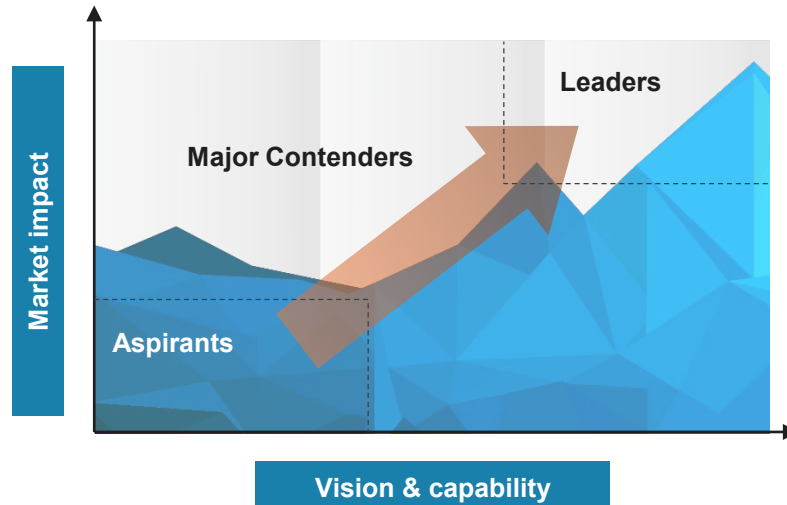
Services PEAK Matrix™ evaluation dimensions

Measures impact created in the market – captured through three subdimensions

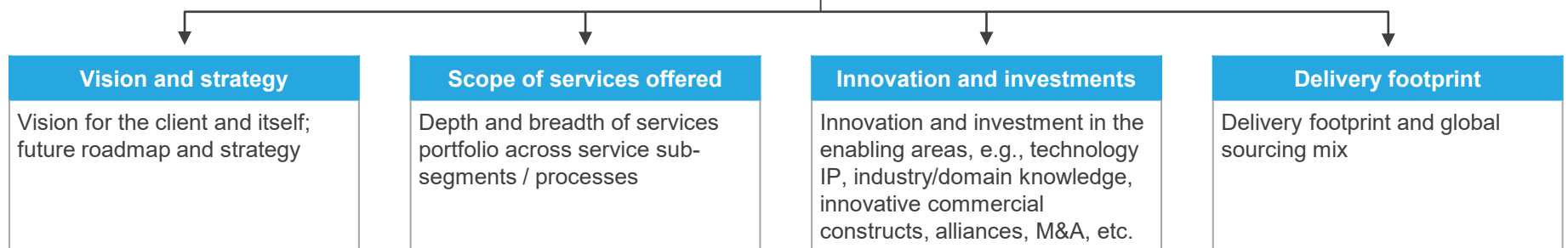
Market adoption
No. of clients, revenue base, and YOY growth, deal value/volume

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



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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