

Everest Group PEAK Matrix™ for Capital Markets Operations Service Providers 2020

Focus on TCS
December 2019



Introduction and scope

Everest Group recently released its report titled “[Everest Group PEAK Matrix™ for Capital Markets Operations Service Providers 2020](#).” This report analyzes the changing dynamics of the capital markets operations 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 capital markets into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of capital markets operations service providers based on their absolute market success and delivery capability. Everest Group also identified 4 service providers as the “2020 Capital Markets Operations 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’** capital markets operations experience and capabilities and includes:

- TCS’ position on the capital markets operations PEAK Matrix
- TCS’ year-on-year movement on the capital markets operations PEAK Matrix
- Detailed capital markets operations 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)

Background and methodology of the research

Background of the research

The landscape for capital markets operations is becoming increasingly competitive as service providers continue to evolve their capabilities, expand their footprint, and gain market share. The digital elements such as Artificial Intelligence (AI), advanced analytics, Machine Learning (ML), and cognitive incorporated in the technology offerings, are playing a major role in shaping the current landscape of the capital markets operations.

The service providers, with presence across different LoBs, have started focusing on providing more end-to-end solutions for their clients and are working more like partners than service providers. Several partnerships, alliances, and acquisitions have been observed in the market with service providers trying to augment their capabilities. Buyers are increasingly looking to partner with their service providers in solving business challenges, gaining process efficiencies, and going on the journey to transform operations rather than only a means to reduce costs and provide manpower.

Scope and methodology

In this research, we analyze the global capital markets operations service provider landscape. We focus on:

- Relative positioning of 24 service providers on the Everest Group's PEAK Matrix™ for capital markets operations
- Service provider capability assessment across key dimensions
- Service provider comments

Everest Group PEAK™ Matrix for capital markets operations – summary

Everest Group classified 24 capital markets operations service providers on the Everest Group PEAK Matrix into the three categories of Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework to assess the absolute market success and overall capability of service providers:

Leaders:

There are three service providers in the Leaders category – Cognizant, TCS, and Wipro

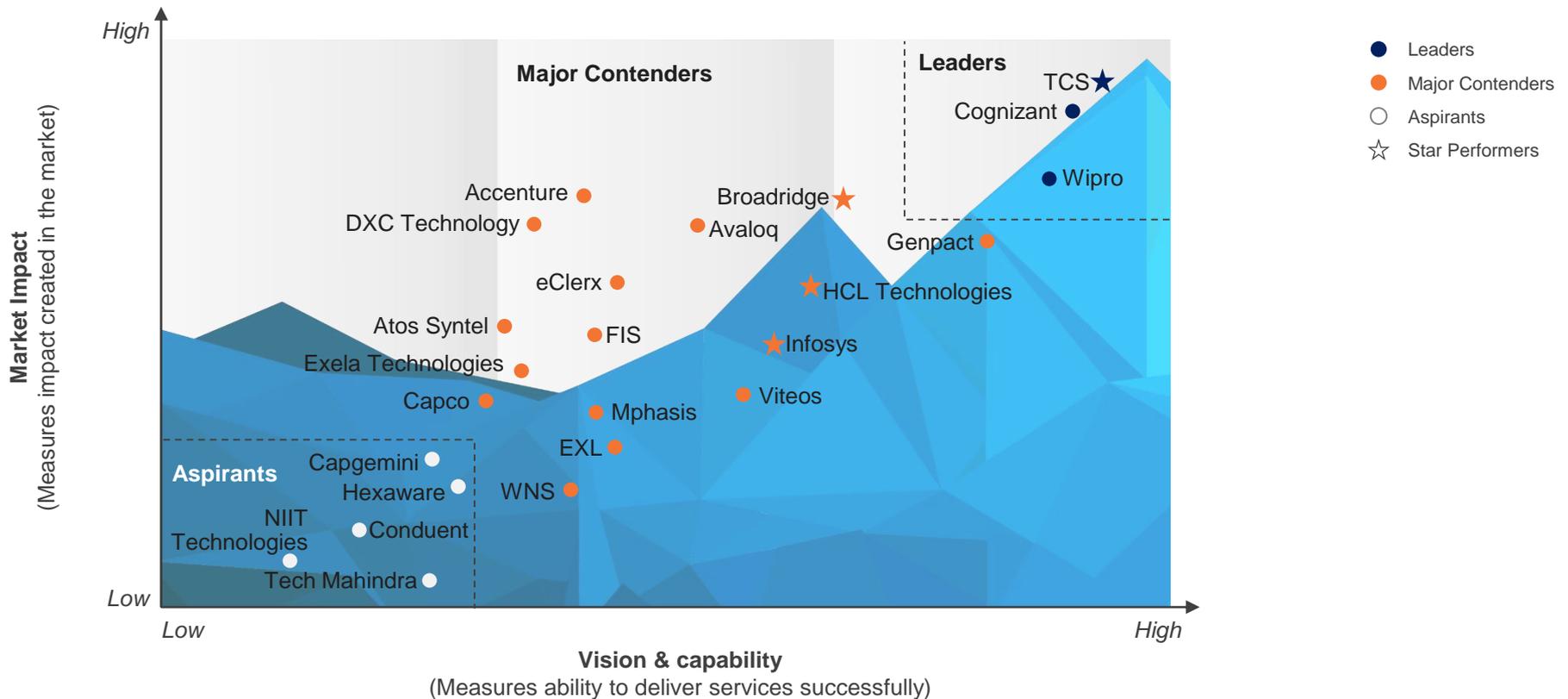
Major Contenders:

The Major Contenders category has sixteen service providers – Accenture, Avaloq, Atos Syntel, Broadridge, Capco, DXC Technology, eClerx, Exela Technologies, EXL, FIS, Genpact, HCL Technologies, Infosys, Mphasis, Viteos, and WNS

Aspirants:

Capgemini, Conduent, Hexaware, NIIT Technologies, and Tech Mahindra are Aspirants on the PEAK Matrix for capital markets operations

Everest Group Capital Markets Operations – Services PEAK Matrix™ Assessment 2020



Note: Assessment for Atos Syntel, Capco, Capgemini, Conduent, eClerx, Exela Technologies, EXL, FIS, Genpact, NIIT Technologies, Tech Mahindra, Viteos, and WNS 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, service provider public disclosures, and interaction with buyers

Overview

Company overview

TCS is an IT services, consulting, and business solutions provider that has been partnering with the world's largest businesses in their transformation journeys for the last fifty years. Within capital markets, TCS offers in-depth domain solutions and offerings spanning the front-, middle-, and back-office of the enterprise and supporting asset classes including equities, fixed income, derivatives, foreign exchange & money markets across investment banking, securities & funds services, and wealth management. TCS currently guides its customers on their transformation journeys through its Business 4.0™ thought leadership framework that is characterized by “Intelligent, Agile, Automated, and on the cloud” enterprises.

Key leaders

- K Krithivasan, Global Head, BFSI
- Mohan R Veeturi, Global Head, BFSI CBO

Headquarters: Mumbai, India

Website: www.tcs.com

Suite of services

- Institutional broking and private banking
- Wealth structuring & brokerage
- Fund administration and accounting
- Custody & clearing services
- Risk management and regulatory compliance
- Reconciliations and derivatives processing
- Asset management and servicing
- Reference data management
- Trade services (confirmation, monitoring, and clearing & settlement)

Capital markets BPS¹

	2017	2018	2019
Revenue (US\$ million)	Not disclosed		
Number of FTEs	>4,800	>4,500	6,500-6,550
Number of clients	25-30	30-35	40-45

Recent acquisitions and partnerships

- **2018:** Partnered with Tookitaki – analytics solutions for false positive identification
- **2018:** Partnered with BDO on regulatory consulting
- **2018:** Partnered with RSA, a leading cyber-crime platform vendor
- **2017:** Partnership with one of the top 10 US investment banks and an American software company to identify, design, develop, deliver, and maintain bots for the client in about 103 processes
- **2017:** Partnered with IBM Watson in a chatbot deployment with a leading bank in Canada to enhance their customer experience

Recent developments

- **2019:** Launched platform solution for regulatory and compliance needs
- **2019:** RPA deployment in the areas of cash management in custody services and account onboarding across LOBs of asset management and custody
- **2018:** Five consulting studies conducted across capital markets offerings, where TCS provided more than 20 recommendations to the customer for their transformation roadmap to save 150 FTEs
- **2018:** Appian implementation in areas of reference data management & new account onboarding services performed

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

Key delivery locations



TCS | Capital markets operations profile (page 3 of 6)

Capabilities and key clients

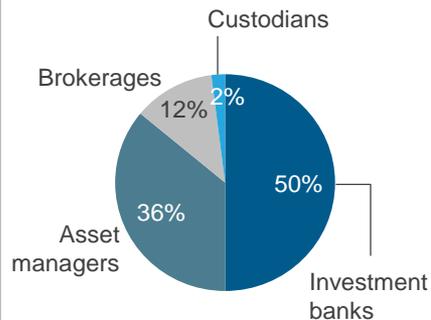
Key capital markets BPS engagements

Client name	LoB	Region	Client since
A global Fortune 50 retail banking group	Investment banking	The United Kingdom	2019
Subsidiary of a broking and advisory firm based in India	Brokerage	Asia Pacific	2017
One of the top 10 EU investment banks	Investment banking	Europe	2016
A leading retail and commercial bank in Europe	Investment banking and custody	Europe	2015
One of the top five superannuation players in Australia	Asset and wealth management	Asia Pacific	2013
One of the top 10 US investment banks	Investment banking, brokerage, and asset management	The United States	2010

Capital markets BPS FTE mix by segment

Number of FTEs

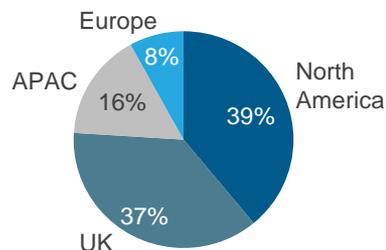
100% = 6,500-6,550



Capital markets BPS revenue mix by geography

Revenue in US\$ million

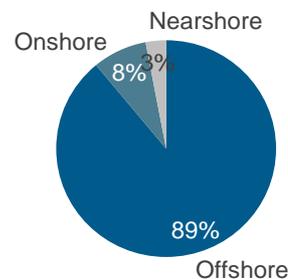
100% = Not disclosed



Capital markets BPS FTE split by delivery location

Number of FTEs

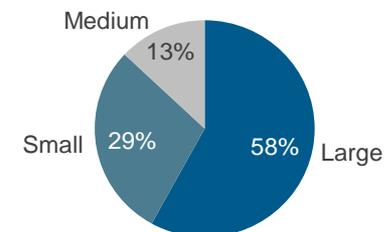
100% = 6,500-6,550



Capital markets BPS revenue mix by buyer size¹

Revenue in US\$ million

100% = Not disclosed



¹ Buyer size is defined as large (US\$10-US\$50 billion in revenue), medium (US\$5-US\$10 billion in revenue), and small (<US\$5 billion in revenue)

TCS | Capital markets operations profile (page 4 of 6)

Technology solutions/tools

Application	LOB	Year launched	Description	No. of BPS clients
Email classification	All	2019	TCS' intelligent email classification tool can manage high mail volumes via automated email extraction, prioritize emails using text mining and Natural Language Processing (NLP)-driven email classification, and classify emails automatically using machine learning-based predictive modeling	Not disclosed
Trade failure predictor	All	2019	TCS' trade fail prediction tool is designed to understand and predict the likelihood of a trade failing to go through	Not disclosed
Trend anticipator	All	2019	The solution leverages the recurrent neural network-backed AWS deep Augmented Reality (AR) to build a single model to forecast data for multiple capital markets activities, such as daily trades and reconciliations	Not disclosed
FI funds analysis tool	Investment banks	2018	An extraction tool that extracts data from files and compares the extracted data with existing database for analyzing the credit worthiness of private equity, debt, real estate, and infrastructure funds	Not disclosed
Appian workflow solution	Asset managers	2018	Appian implementation in areas of reference data management & new account onboarding services performed	Not disclosed
Automation of equities account opening	Investment banks	2018	A Visual Basic (VB) and .NET-based web automation solution	Not disclosed
QUARTZ blockchain	All	2017	The solution comprises Quartz Smart Solutions, Quartz Gateway, and Quartz DevKit. Quartz Smart Solutions are comprehensive solutions with business and domain aware "Smart Contracts" that help drive processing on the blockchain platform	Not disclosed

TCS | Capital markets operations profile (page 5 of 6)

Risk management & regulatory reporting

Risk management support	Details	No. of BPS clients
Credit risk	<p>TCS is engaged in multiple activities to support the following:</p> <ul style="list-style-type: none"> • Pre-sanction & post-sanction decision-making • Credit operations including, but not limited to, static data maintenance, facility set up & customer hierarchy maintenance, excess tickets reviews, data quality adherence, and alignment of risk and finance systems • Financial spreading & covenant monitoring to enable rating generation • Senior management & regulatory reporting • Performs proof and control function to ensure the completeness and accuracy of the risk information used by the credit and regulatory controllers teams 	Not disclosed
Operations risk	<p>TCS provides a broad spectrum of end-to-end services for global banking and financial institutions ranging from risk identification, documentation tracking, to periodic control testing. Proof of Concept (POC) for TCS' developed automated control testing solution has been successfully tested for clients</p>	Not disclosed
Market risk	<p>TCS supports market risk production activities such as:</p> <ul style="list-style-type: none"> • Market data time series sourcing, cleansing and validation, and scenario generation • Validation and reporting of sensitivities, Value at Risk (VaR), Economic Capital Reporting (ECR) and Basel Committee on Banking Supervision (BCBS), and MIS reporting • Performs proof and control function to ensure the completeness and accuracy of the risk information used by the market risk department • Regulatory controllers – done by performing daily, weekly, and monthly reconciliation processes between the firm's books and records • Market risk aggregated risk systems 	Not disclosed

Regulatory reporting support	List of regulations	Description	No. of BPS clients
US regulations	DFA, Federal Reserve (UMR), and FATCA	<ul style="list-style-type: none"> • Business analysis, operations, and UAT activities related to ISDA documents • Client onboarding and reporting for the two largest European banks 	Not disclosed
UK regulations	MiFID II, GDPR, and CRS	<ul style="list-style-type: none"> • Reference data management (LEI) • Client data remediation • MiFID II Regulatory reporting 	Not disclosed
EU regulations	MiFID II, GDPR, and CRS	<ul style="list-style-type: none"> • Reference data management (LEI) • Client data remediation • MiFID II Regulatory reporting 	Not disclosed

TCS | Capital markets operations profile (page 6 of 6)

Everest Group assessment – Leader

Measure of capability:  High  Low

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 has established itself as one of the strongest players in the overall capital markets segment. It saw a consistent growth in its portfolio with multiple new contracts being added this year
- It has been working on innovative process enhancers such as blockchain in the capital markets segment. It recently successfully tested a PoC for blockchain based trade settlements and helped in creating the first cross border securities settlement using quartz blockchain in its BaNCs network
- It has continuously worked on creating solutions backed with the latest technology to help its clients solve their operational problems more efficiently. It recently launched BaNCS Cloud for Asset Servicing that automates servicing of multiple asset classes across the custodians, brokerages, asset management, and investment banking LoBs
- TCS has developed a strong foothold across the large, mid-sized, and small buyers as well as the largest buyer geographies – North America and Europe

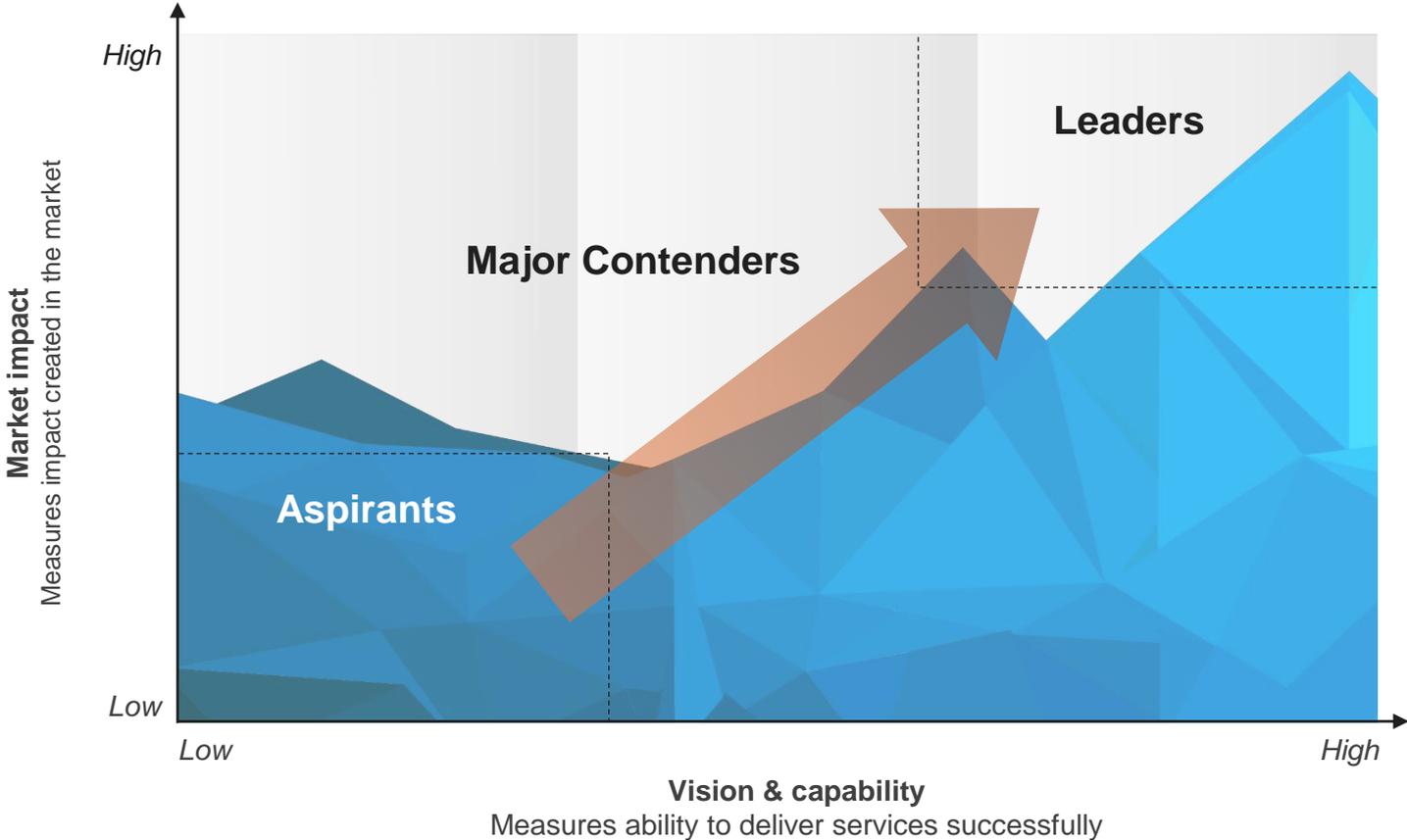
Areas of improvement

- While TCS has developed some very targeted digital solutions in the capital markets space, the leverage of its technology in deals is on the lower side. It can benefit from pitching its own solutions, backed by targeted marketing initiatives to its expanding clientele
- TCS has a huge potential for growth in the small and mid-sized buyer segments with the concentration of the portfolio in the large buyers. Small and mid-sized buyers are contributing significantly to the growth in the market
- Buyers feel TCS can offer more value-added services such as analytics-based insights and innovation with regulatory support and risk management to its clients

Appendix

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

Everest Group PEAK Matrix



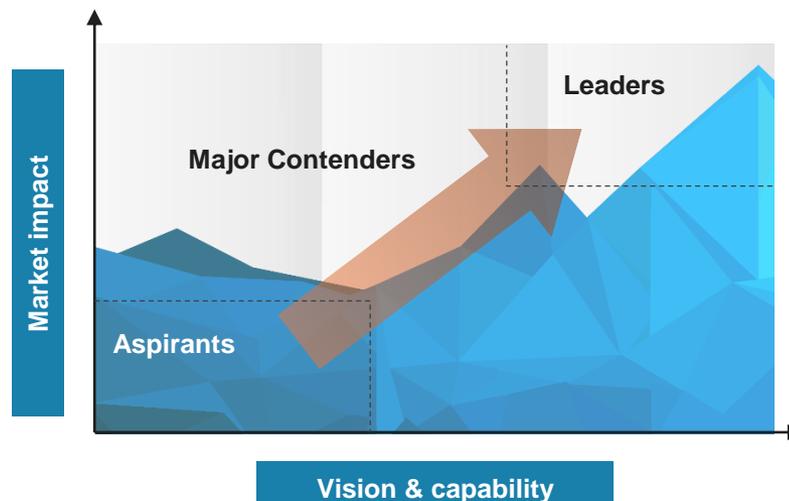
Services PEAK Matrix™ evaluation dimensions

Measures impact created in the market – captured through three subdimensions

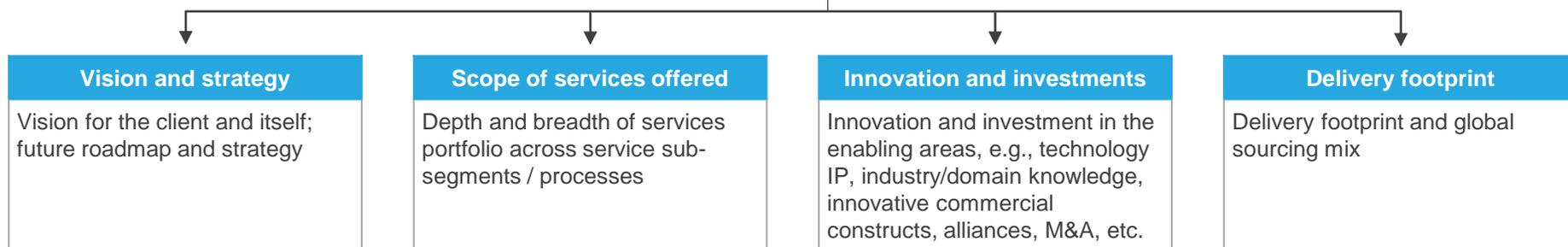
Market adoption
No. of clients, revenue base, and YOY growth, deal value/volume

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



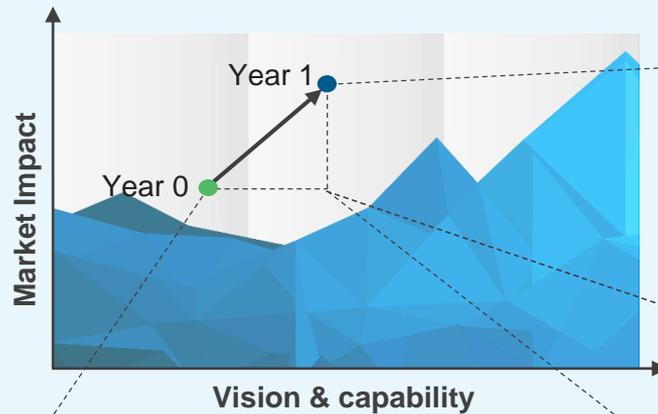
Measures ability to deliver services successfully. This is captured through four subdimensions



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

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.

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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