

# Life and Pensions (L&P) Insurance BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2019

Focus on TCS  
October 2019



# Introduction and scope

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Everest Group recently released its report titled “[Life and Pensions \(L&P\) Insurance BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2019](#).” This report examines the global L&P insurance BPO market and its service provider landscape. It provides detailed analysis of capabilities and market performance of service providers and their relative positions on the Everest Group PEAK Matrix™.

As a part of this report, Everest Group classified 16 L&P insurance BPO service providers on the Everest Group PEAK Matrix into three categories of Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of L&P insurance BPO service providers based on their absolute market success and delivery capability. Everest Group also identified 4 service providers as the “2019 L&P insurance 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 and Star Performer**. This document focuses on **TCS’s L&P insurance BPO** experience and capabilities and includes:

- TCS’s position on the Life and Pensions (L&P) insurance Business Process Services PEAK Matrix
- TCS’s year-on-year movement on the L&P insurance BPO PEAK Matrix
- Detailed L&P 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.

# Background and methodology of the research

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## Background of the research

While the L&P insurance industry has traditionally been a laggard in terms of adapting to new market shifts, insurers are now realizing the growing importance of creating a satisfactory customer experience for competitive relevance. This realization, in turn, has significantly changed the nature of demands that the L&P insurers have from their third-party service providers. Buyers and their service providers are now partnering for more expanded reasons beyond securing traditional cost and operational efficiencies such as:

- Gaining speed-to-market for quick entry into competitive product lines, whether for individual or for group life
- Digitizing incoming and existing data for enabling digitalized workflows downstream
- Leveraging innovative distribution channels for creating a favorable customer relationship
- Enabling synergies from various mergers and acquisitions that would create a consistent customer experience across different units

Consequently, outsourcing conversations have continued to move beyond closed blocks administration to active blocks, new product launch, and new market entry support. In order to cater to the various demands of insurers, service providers are increasingly investing in modernized policy administration platforms that would enable insurers to free capital from legacy infrastructure and redirect to more strategically relevant areas. The ability to offer an integrated value proposition of core administration platform offerings augmented with digital solutions would continue to define the competitive landscape for L&P insurance third-party service providers market.

## Scope and methodology

In this research, we analyze the global L&P insurance BPO service provider landscape. We focus on:

- Relative positioning of 16 service providers on Everest Group's PEAK Matrix for L&P insurance BPO
- Service provider market impact
- Service provider vision and capability assessment across key dimensions
- Comments about service providers

# Everest Group PEAK Matrix for L&P insurance BPO – summary

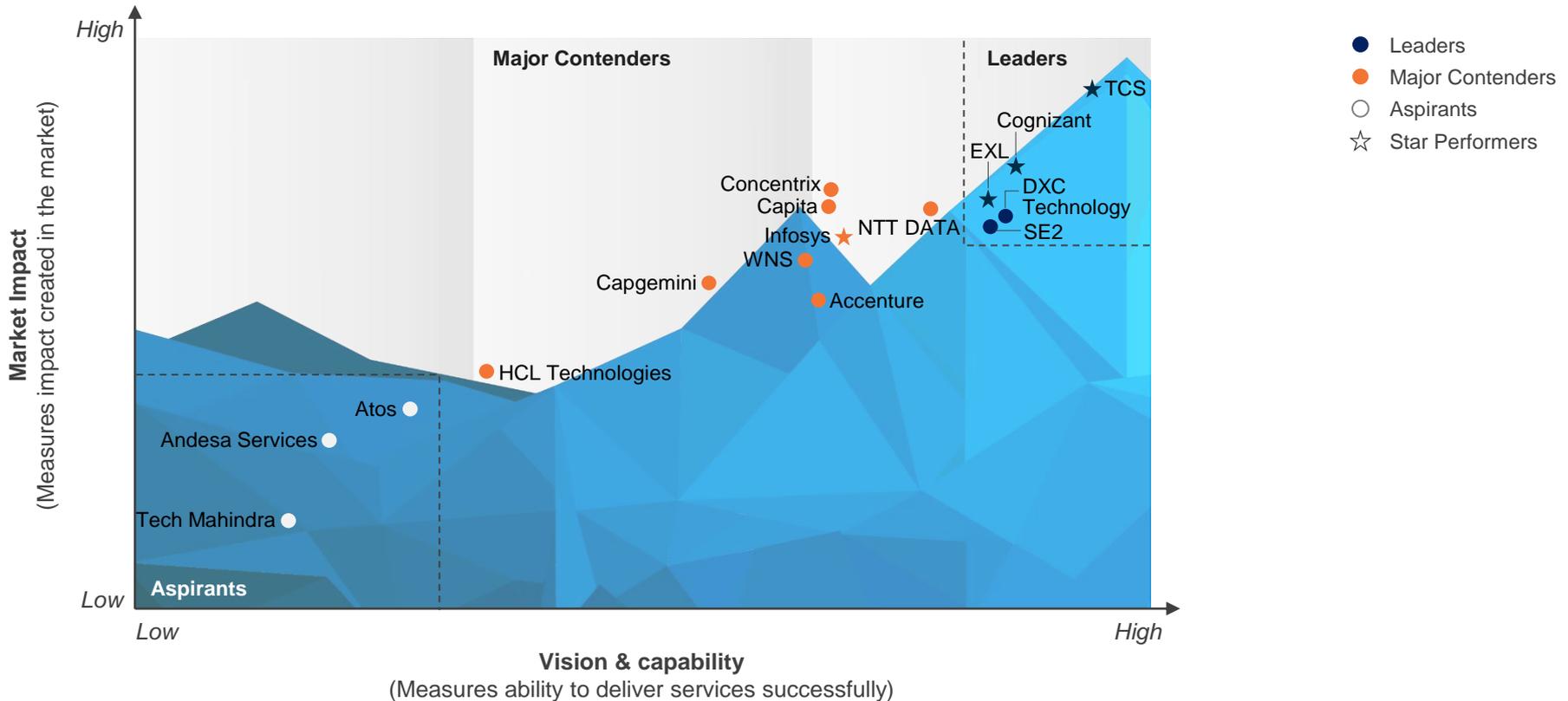
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- Everest Group classified 16 L&P insurance BPO service providers on the Everest Group PEAK Matrix into the three categories of Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework to assess the absolute market impact and overall vision and capability of service providers
  - **Leaders:** There are five service providers in the Leaders category – Cognizant, DXC Technology, EXL, SE2, and TCS
  - **Major Contenders:** The Major Contenders category has eight service providers – Accenture, Capgemini, Capita, Concentrix, HCL, Infosys, NTT DATA, and WNS
  - **Aspirants:** Andesa Services, Atos, and Tech Mahindra are the Aspirants on the PEAK Matrix for L&P insurance BPO
- While there are different engagement models being leveraged by service providers with BPO/TPA capabilities, BPaaS/TPA construct offers the most attractive opportunity in terms of the size of the relationship. Almost all the major players in this market, thus, have a platform-centric growth strategy, either through proprietary technology or through partnerships
- While closed block traditionally dominated the market in terms of outsourcing opportunities, active blocks servicing and new product launch support are gaining momentum. Service providers are, thus, creating requisite digitalization of the front-end of their platforms to tap into this expanding opportunity
- Everest Group conferred the “Star Performers” title on providers that demonstrated the strongest forward and upward movement (2018-2019) on the PEAK Matrix
  - Cognizant, EXL, Infosys, and TCS are the “Star Performers” on the L&P insurance BPO Everest Group PEAK Matrix for 2019

# Everest Group PEAK Matrix™

## L&P insurance BPO Services PEAK Matrix™ Assessment 2019 | TCS's position as a leader

### Everest Group Life and Pensions (L&P) Insurance BPO Services PEAK Matrix™ Assessment 2019



Note 1: Service providers scored using Everest Group's proprietary scoring methodology given on pages 14 and 15 in its report

Note 2: Assessment for **Andesa Services, Atos, Capita, HCL, and Tech Mahindra** 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)

# Strong performance last year helped TCS cement its position as a Leader and Star Performer in the L&P insurance BPO space

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## 2019 L&P Insurance BPO Star Performers

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**TATA CONSULTANCY SERVICES**

### Distinguishing features of market impact in 2018

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- With new big-bang wins and multiple renewals in 2018, TCS has significantly augmented its revenue stream and resource base for L&P insurance BPO
- While the UK traditionally was the primary market for TCS, its market success in 2018 has created the ground for growth in the North American market

### Distinguishing features of vision and capability advancement in 2018

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- TCS continued to invest in capability enhancements, both for digital solutions such as business intelligence and cognitive data extraction and domain expertise, through the Bridgepoint Group acquisition
- With new wins, TCS has also established a significant onshore footprint, both in the UK and the US

### Change in positioning on the PEAK Matrix for L&P insurance BPO

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Strengthened as a Leader & Star Performer from 2018 to 2019

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Source: Everest Group (2019)

# TCS | L&P insurance BPO profile (page 1 of 6)

## Everest Group assessment

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

- With large deals signed in 2018, TCS has significantly boosted its competitive positioning. These wins have catapulted TCS' position to the top of the stack as the largest player in the L&P insurance BPO/TPA market, both in terms of revenue and FTEs
- TCS has been able to convert the success of BaNCS platform in the UK to create a foundation for expansion in North America. This would be important for its future growth given the increased demand of BPaaS from L&P insurers in North America that are targeting platform modernization for faster time-to-market and competitive advantages
- The recent restructuring of business units enables TCS to take advantage of integrated IT/BPO capabilities and deliver more domain-centric digitally-advanced solutions to clients. Additionally, this also positions TCS to effectively compete for end-to-end platform modernization and business operations deals

### Areas of improvement

- While TCS has been successful in leveraging BaNCS for policy administration, expansion and capability build out on the product launch front is important. This becomes critical as buyers are increasingly demanding business growth support either through new product launch or market entry support
- The extreme transition workload that TCS would go through after its recent wins could take the focus off new market opportunities in the coming years. Realizing rapid operational stabilization through digital interventions could free-up capital for participating in new opportunities
- TCS largely relies on input-based commercial models. Shifting to transaction-based models would enable TCS to mutually gain from quick turnaround through automation interventions
- Clients would want greater participation of senior stakeholders in relationship management so as to allow for more strategic discussions such as scope expansion

## Overview

### Company overview

TCS is an IT services, consulting, business solutions, and Cognitive Business Operations (CBO) provider. The company has developed domain capabilities while working with various insurance organizations. TCS manages end-to-end business functions for insurers across life & annuity, property & casualty, retirement & pensions, and healthcare insurers. It currently guides its customers on their transformation journeys through TCS' Business 4.0 thought leadership framework.

### Key leaders

- K Krithivasan, Global Head, BFSI
- Mohan R Veeturi, Global Head, BFSI CBO
- Meenu Mittal, Head, Insurance CBO

**Headquarters:** Mumbai, India

**Website:** [www.tcs.com](http://www.tcs.com)

### Suite of services

- Actuarial support
- Agency and broker services
- Analytics and insights
- Asset management
- Mailroom and document management
- New business and underwriting support
- Policy servicing and claims administration
- Regulatory reporting
- Reinsurance
- Robotic Process Automation (RPA)
- Domain consulting and change management services
- Workforce management

L&P insurance BPS <sup>1</sup>	2016	2017	2018
Revenue (US\$ million)	Not disclosed		
Number of FTEs	5,300-5,500	5,900-6,100	12,000-12,500
Number of clients	30-35	32-38	32-38

### Recent acquisitions and partnerships

- **2018:** Strengthening its US retirement services with the acquisition of Bridgepoint
- **2017:** Machine First Delivery Model: Enhancing value through innovative Machine First Delivery Model (MFDM™) based on TCS's cognitive intelligent solutions focused on self-healing and autonomous automation
- **2017:** Investment in BaNCS platform for readiness for the U.S. market
- **2016:** Partnered with third-party RPA vendors to design and expand RPA tools
- **2016:** Implementation of Oracle GL and financial hub for financial and accounting functions

### Recent developments

- Movement from cognitive experimentation to deployment, continued expansion of RPA, and horizontal and vertical expansion of the Center of Excellence
- Enhancement of services with integrated operations, IT, cognitive intelligence offerings through Business 4.0™ paradigm, and MFDM™.
- Investment in research and innovation team tasked with creating point and end-to-end solutions based on industry outlook/need
- Developed an integrated cognitive information extraction tool to allow intelligent information extraction on the basis of minimal amount of learning, using open source and deep neural network-based components
- Invested in a tool to enable repository build up of key customer responses classified by dynamic processes and to automatically publish pre-agreed text within outbound communications (PATT)
- Reduction in cycle time and enhancement of straight through processing through implementation of digital channels in claims processing
- Focus on digital app usage increased by ~30%— new policies are being fed through the electronic route
- Added incident management and remediation capability within the delivery team

<sup>1</sup> 12 months ending December 31 of any particular year, i.e., from January 1, XXXX to December 31, XXXX

Key delivery locations



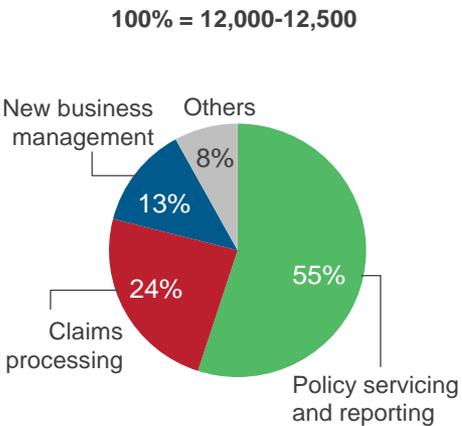
# TCS | L&P insurance BPO profile (page 4 of 6)

## Capabilities and key clients

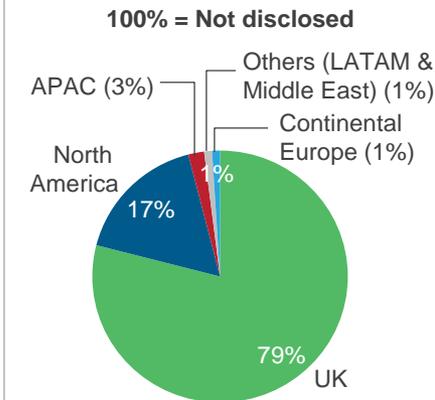
### Key L&P insurance BPS engagements

Client name	Region	Client since
One of the top life and annuity providers	North America	2018
A UK-based life and pensions company	The United Kingdom	2018
A UK-based pensions company	The United Kingdom	2017
A US-based technology and outsourcing advisory provider	North America	2017
One of the Fortune 500 insurers	North America	2016
Indian operations of a leading UK-based financial services provider	India	2015
A Dutch insurance arm of a leading Chinese insurer	Europe	2015

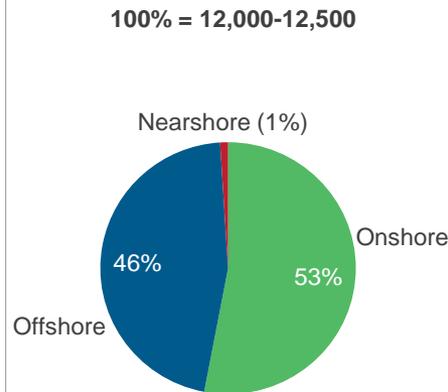
**L&P insurance BPS FTE mix by processes covered**  
FTEs in numbers



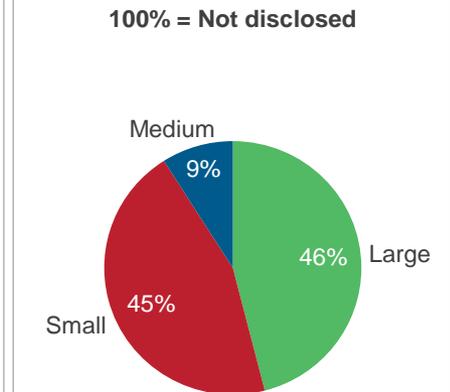
**L&P insurance BPS revenue mix by geography**  
Revenue in US\$ million



**L&P insurance BPS FTE split by delivery location**  
FTEs in numbers



**L&P insurance BPS revenue mix by buyer size<sup>1</sup>**  
Revenue in US\$ million



<sup>1</sup> 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)

# TCS | L&P insurance BPO profile (page 5 of 6)

## Technology solutions/tools

Application	Processes served	Year launched	Description	No. of BPO clients
Cognitive email automation	Policy servicing and claims processing	2018	Automated response handling with in-built classification engine to identify and classify type of incoming mail. Feedback incorporated into improving automatic classification. In-built predictive NLP engine to train and classify. Exceptions used to build and train the predictive engine	Unable to disclose
Insurance advisor assistant	Policy servicing and claims processing	2018	A chatbot platform that interacts with different chat frameworks and helps users by addressing their queries using NLP and machine learning	Unable to disclose
Automated disambiguation rule engine for OFAC checks	New business management	2018	Minimize human dependency by disambiguation of sanction and OFAC hits, specifically before UW/policy to be issued or renewed	Unable to disclose
Visual interactive voice recognition	New business management, policy servicing, and claims processing	2018	Visual IVR collects key call information before connecting the caller to the representative, builds sophisticated self-service flow, resolves customer issues within the visual IVR session, and routes the call to the right representative	Unable to disclose
Customer tracing automation	Policy servicing	2018	RPA solution designed to extract policy-level information from source systems for user to review and complete decision-making. Input file to create a bulk trace file, which is uploaded on a third party trace search portal, read the return file from third party with the search results, update the source systems again, and create the trace search confirmation letters to be sent out by post	Unable to disclose
Integrated data hub	New business management, policy servicing, and claims processing	2018	Advanced operational analytics and insights, an integrated data hub built on database management system across platforms and applications	Unable to disclose

Note: The above list is only illustrative and not exhaustive

# TCS | L&P insurance BPO profile (page 6 of 6)

## Technology solutions/tools

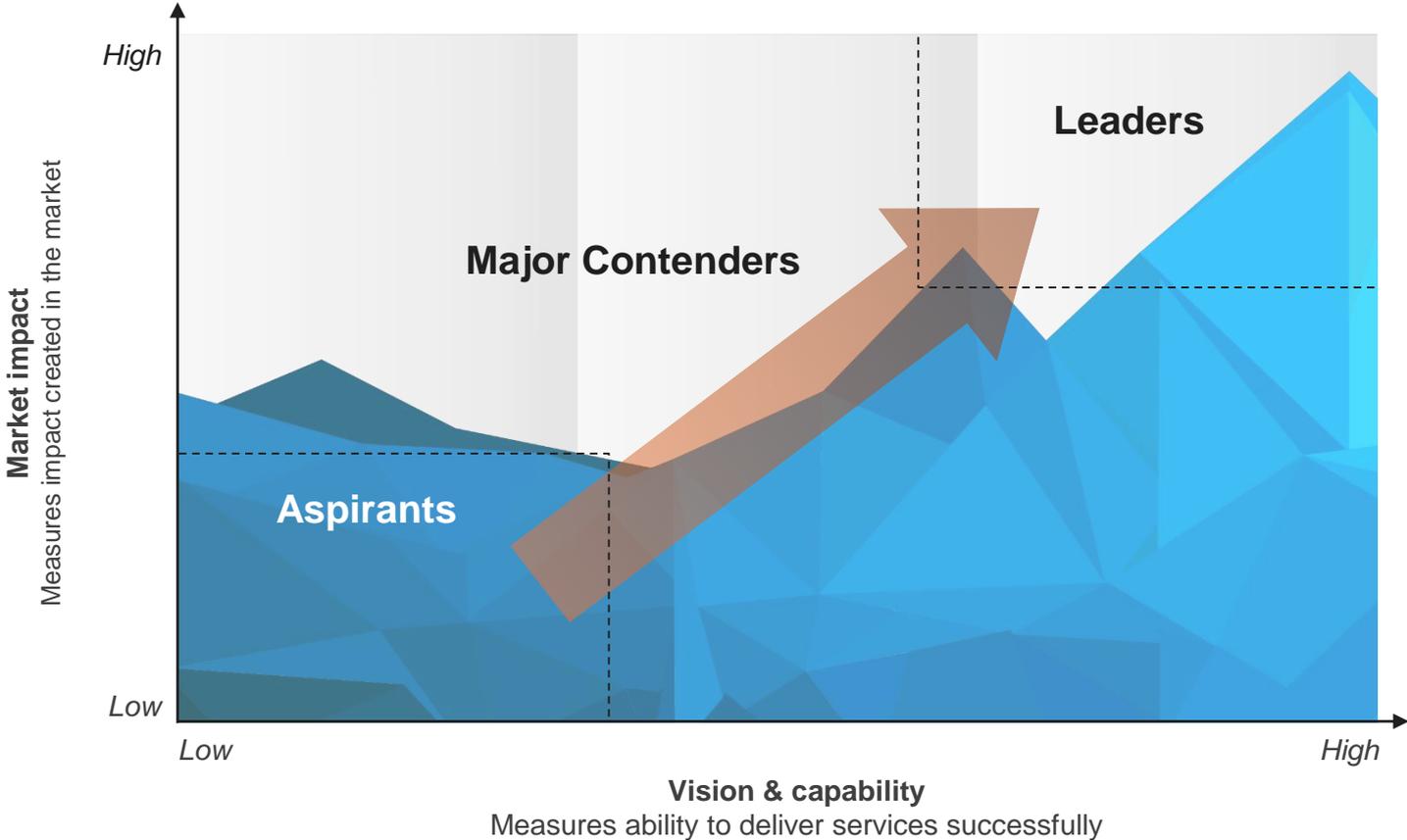
Application	Processes served	Year launched	Description	No. of BPO clients
Information extraction tool	Policy servicing & reporting, and claims processing	2018	Integrated Cognitive Information Extraction Tool to allow intelligent information extraction based on minimal amount of learning, using open source and deep neural network-based components	Unable to disclose
Complex commercial contract management	Product development	2018	Block-chain based de-centralized platform to manage multi-party contract. Risk and contract details are recorded in the distributed ledger. Rules and contract negotiations are managed by a smart contract	Unable to disclose
Identifying automatic vs. manual claim processing	Claims processing	2017	Machine learning algorithm to identify claims that can be processed automatically as opposed to manually	Unable to disclose
Churn predictive model	Product development & business acquisition, new business management, and policy servicing & reporting	2017	Set of models to predict voluntary churn before policy expiration date based on demographic and transactional data to design appropriate campaign for cross-sell/upsell	Unable to disclose
Data visualization and reporting	Others	2016	Monitor and report key process and business metrics with advanced data visualization and analytics using tools such as Qlikview/QlikSense, Tableau, and Spotfire	Unable to disclose
Optimizing work allocation	New business management, policy servicing, and claims processing	2016	For processes with multiple task types and task complexities, optimally allocate work to associates based on historically measured skill levels using mathematical optimization	Unable to disclose

Note: The above list is only illustrative and not exhaustive

# Appendix

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

Everest Group PEAK Matrix



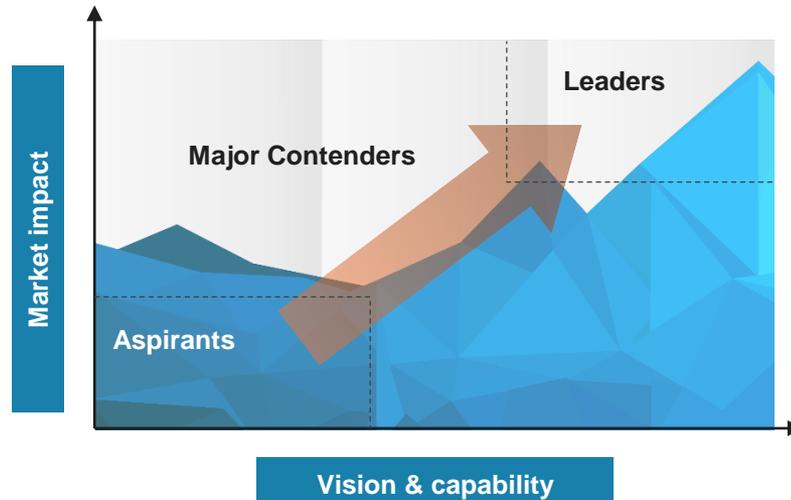
# Services PEAK Matrix™ evaluation dimensions

Measures impact created in the market – captured through three subdimensions

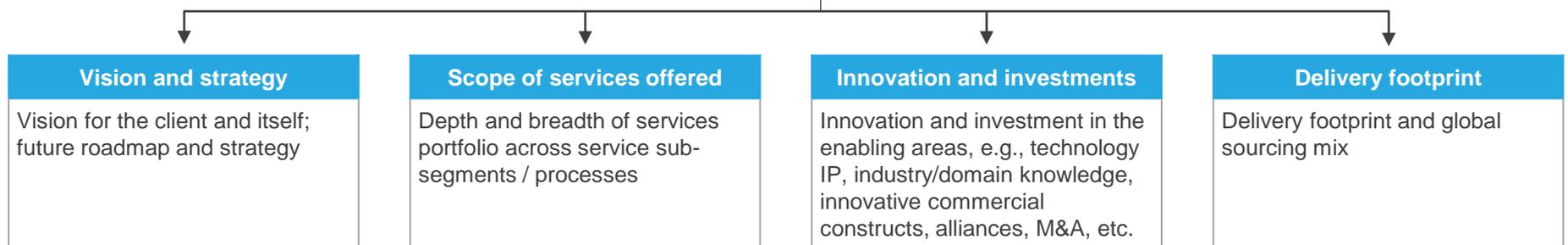
**Market adoption**  
No. of clients, revenue base, and YOY growth, deal value/volume

**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



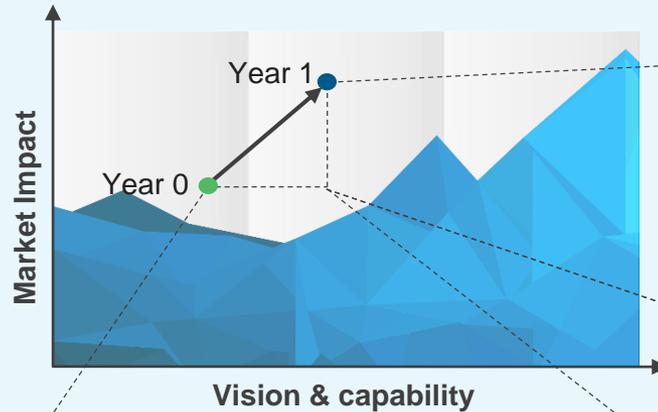
Measures ability to deliver services successfully. This is captured through four subdimensions



# 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](http://www.everestgrp.com).

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