



Topic: Everest Group PEAK Matrix™ for Insurance BPO Service Providers

Focus on TCS
December 2014



Everest Group recently released its report titled “[Insurance BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2014](#)”. This report analyzes the changing dynamics of the insurance 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 Performance | Experience | Ability | Knowledge (PEAK) Matrix for insurance BPO into Leaders, Major Contenders, and Emerging Players. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of insurance BPO service providers based on their absolute market success and delivery capability.

Based on the analysis, **TCS emerged as a Leader**. This document focuses on TCS’ insurance BPO experience and capabilities. It includes:

- TCS’ position on the Everest Group insurance BPO PEAK Matrix
- Detailed 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.

Everest Group's definition of BFSI includes the following three segments

 Focus of this document

Banking, Financial Services, and Insurance (BFSI)

Banking

- Retail financial services (B2C¹)
 - Cards
 - Retail banking
 - Lending
- Commercial banking (B2B²)

Capital markets

- Investment banking
- Asset management
- Custody and fund administration
- Brokerage

Insurance

- Life & pensions
- Property & casualty
- Reinsurance

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

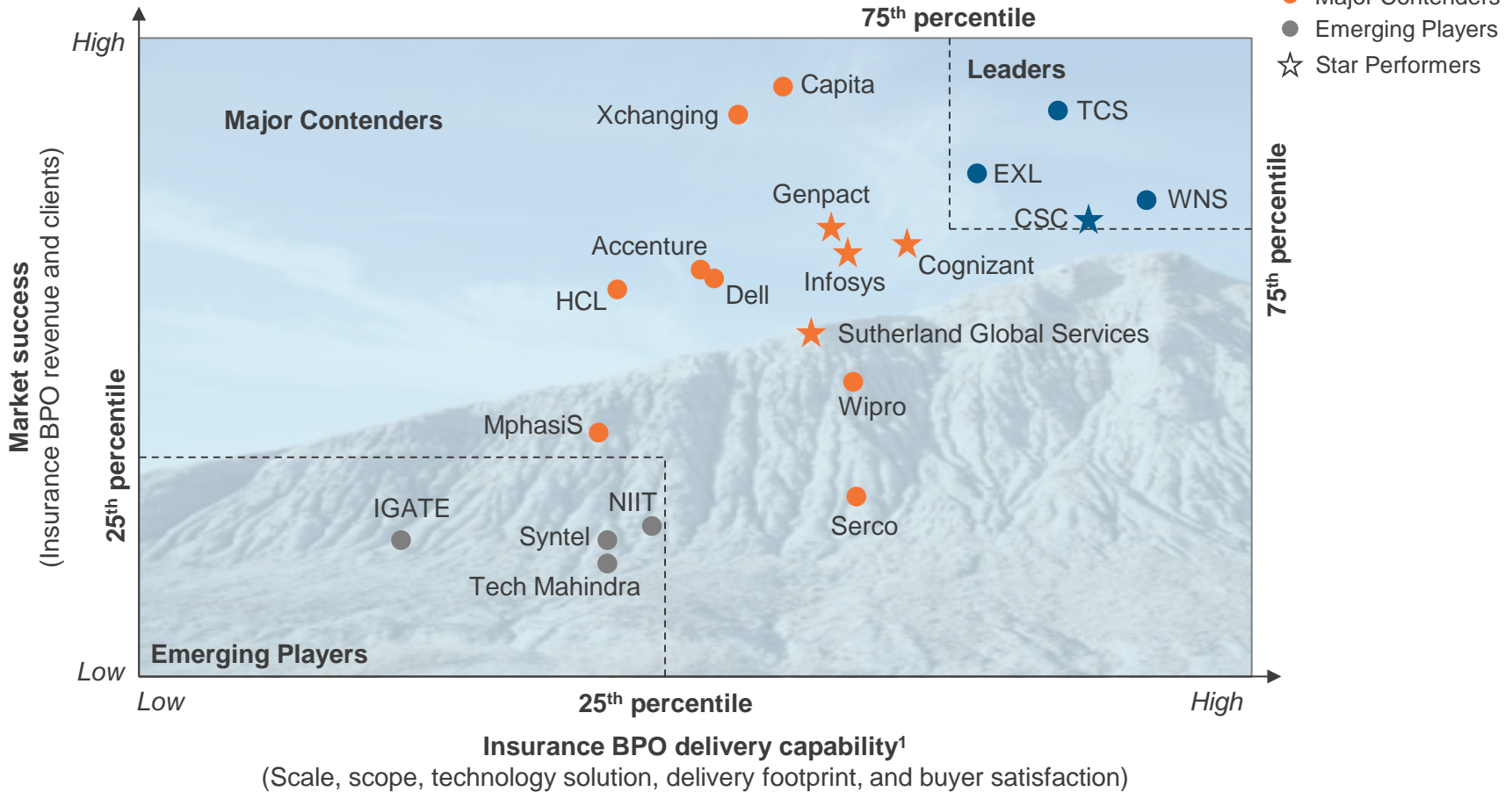
1 Business-to-Consumer relationships

2 Business-to-Business relationships

Everest Group PEAK Matrix – 2014 insurance BPO market standing

Performance | Experience | Ability | Knowledge

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for insurance BPO



¹ Service providers scored using Everest Group's proprietary scoring methodology

Source: Everest Group (2014)

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Competitive position and assessment

Overall market share

By active contracts	By FTEs	By revenue
3%	13%	20%

Market share by insurance BPO line of business

L&P	P&C	Reinsurance
23%	5%	-

Market share by region

North America	Europe	South America	Asia Pacific	Middle East & Africa
7%	26%	-	4%	-

Delivery capability assessment

● High ● Low

Assessment dimension	Rating	Remarks
Scale	●	With a scale of 7,000 FTEs, TCS is one of the largest insurance BPO service providers
Scope	●	Relies heavily on the L&P market in the United Kingdom. Revenue distributed across large and small buyers
Technology capability	●	Has strong technology capability with end-to-end platform solutions in L&P, but needs further technology capability in P&C
Delivery footprint	●	Balanced mix of onshore and offshore delivery FTEs with centers across North America, South America, United Kingdom, and India
Customer satisfaction	●	Buyers value TCS' delivery excellence, understanding of technology interface and integration, and ability to self-identify issues and fix them

Overall remarks

- TCS is a Leader on the PEAK Matrix for insurance BPO with 20% market share by revenue and is the largest player in the L&P segment
- With 3% of the market by number of contracts, and almost six times the number by revenue, TCS demonstrates high revenue yield from its contracts
- TCS has a strong technology play with successful platform-based solutions and should use it to develop analytics solutions
- TCS' insurance BPO portfolio is more skewed towards the United Kingdom and can look to develop capabilities to target clients in the United States (starting from L&P segment) to maintain its growth rate
- TCS also needs to focus more on medium-sized insurers, which have not been its traditional focus area as it saw more traction from large and small buyers

Source: Everest Group (2014)

Company overview

Tata Consultancy Services (TCS) is an IT services, consulting, and business process services organization. TCS' extensive experience, with diverse insurance organizations, has helped it develop in-depth domain expertise. Within insurance, TCS also offers platform solutions for specific business functions, such as the BaNCS application for insurance (I&A and retirement services, P&C, and healthcare), banking, payments, reconciliations, and finance & accounting

Key leaders

- Abid Ali, Global Head, BPO Services
- Dinanath Kholkar, Head – BFS & INS, BPO Services
- Arun Batra, Head Insurance & Healthcare BPO Services

Headquarters: Mumbai, India

Website: www.tcs.com

Suite of services

- New business and underwriting support
- Policy servicing and claims transformation
- Insurance CRM solutions – customer interaction management
- Reinsurance services
- Analytics & insights
- Actuarial services

	2011	2012	2013
Revenue (US\$ million)	170	415	~400
Number of FTEs	3,600	6,200	7,000
Number of clients	20	22	23

Recent acquisitions and partnerships

- 2012 : TCS and Mitsubishi formed a JV to establish an IT, BPO, and infrastructure services delivery center in Japan
- 2012 : TCS BaNCS signed an agreement with Savvis, a Century Link company and global leader in cloud infrastructure, for offering services on a cloud-enabled hosted environment

Recent developments

- 2012 : Investing in developing platform model for L&A closed books for North America
- 2012 : Invested in TPA licenses in 44 states of United States; initiated insurance delivery services from the United States
- 2012 : Investing in enhancing its existing competencies in actuarial and business process management (BPM) services
- 2012 : FORETM – Maturing transformation model for insurance

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Insurance BPO location landscape



Source: Everest Group (2014)

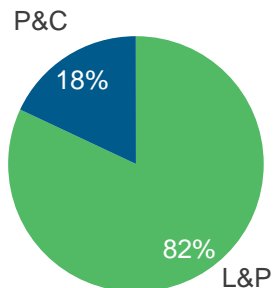
Key insurance BPO engagements

Client name	LoB	Region	Year since client
Top 5 superannuation player in Australia	L&P and P&C	APAC	2013
Friends Life	L&P	Europe	2011
FTSE 100 mutual insurance company	L&P	Europe	2011
NEST (UK government pension authority)	L&P	Europe	2010

Insurance BPO FTE mix by segment

FTEs in numbers

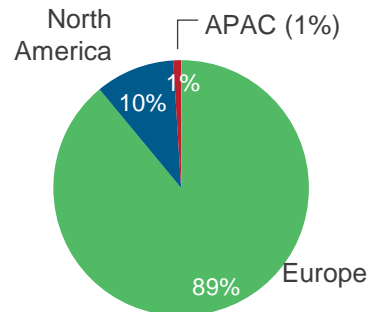
100% = 7,000



Insurance BPO revenue mix by geography

Revenue in US\$ million

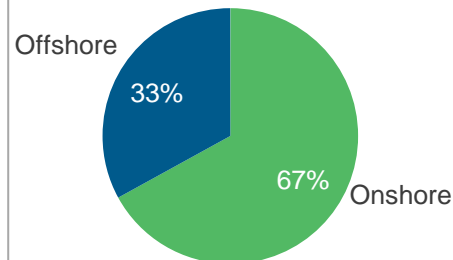
100% = 400



Split of FTEs by location

FTEs in numbers

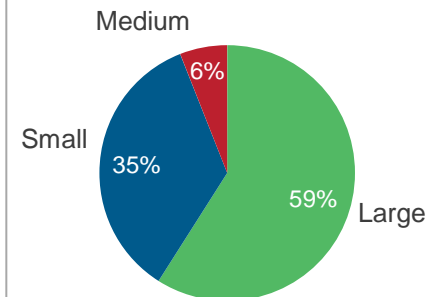
100% = 7,000



Insurance BPO number of contracts by buyer size

Number of active contracts

100% = 23



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 December 2013

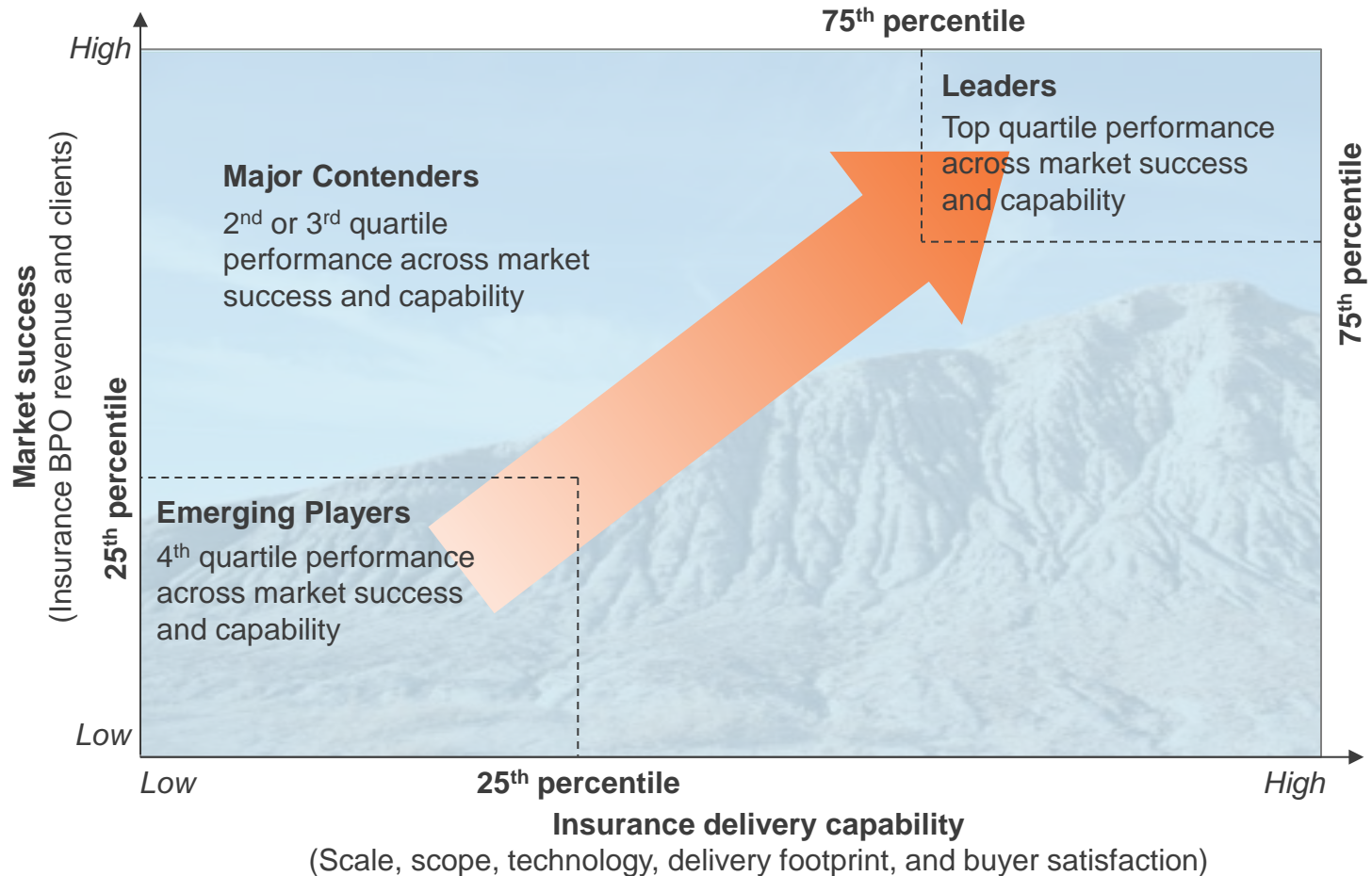
Source: Everest Group (2014)

Tools	TCS BαNCS – insurance platform (BPaaS)	TRAPEZE™
Solution description	TCS BαNCS offers the best-in-class web-based insurance product suite. It ensures efficient service delivery across all lines of business (property and casualty, individual & group life, and reinsurance)	TCS delivery ecosystem consists of governance, reporting, workflow, document management, and process management applications, apart from domain-specific accelerators
Year launched	2006	2011
LoB	L&P – life / closed books / retrials / pensions	L&P and P&C
Number of clients	Seven	Eight

Appendix

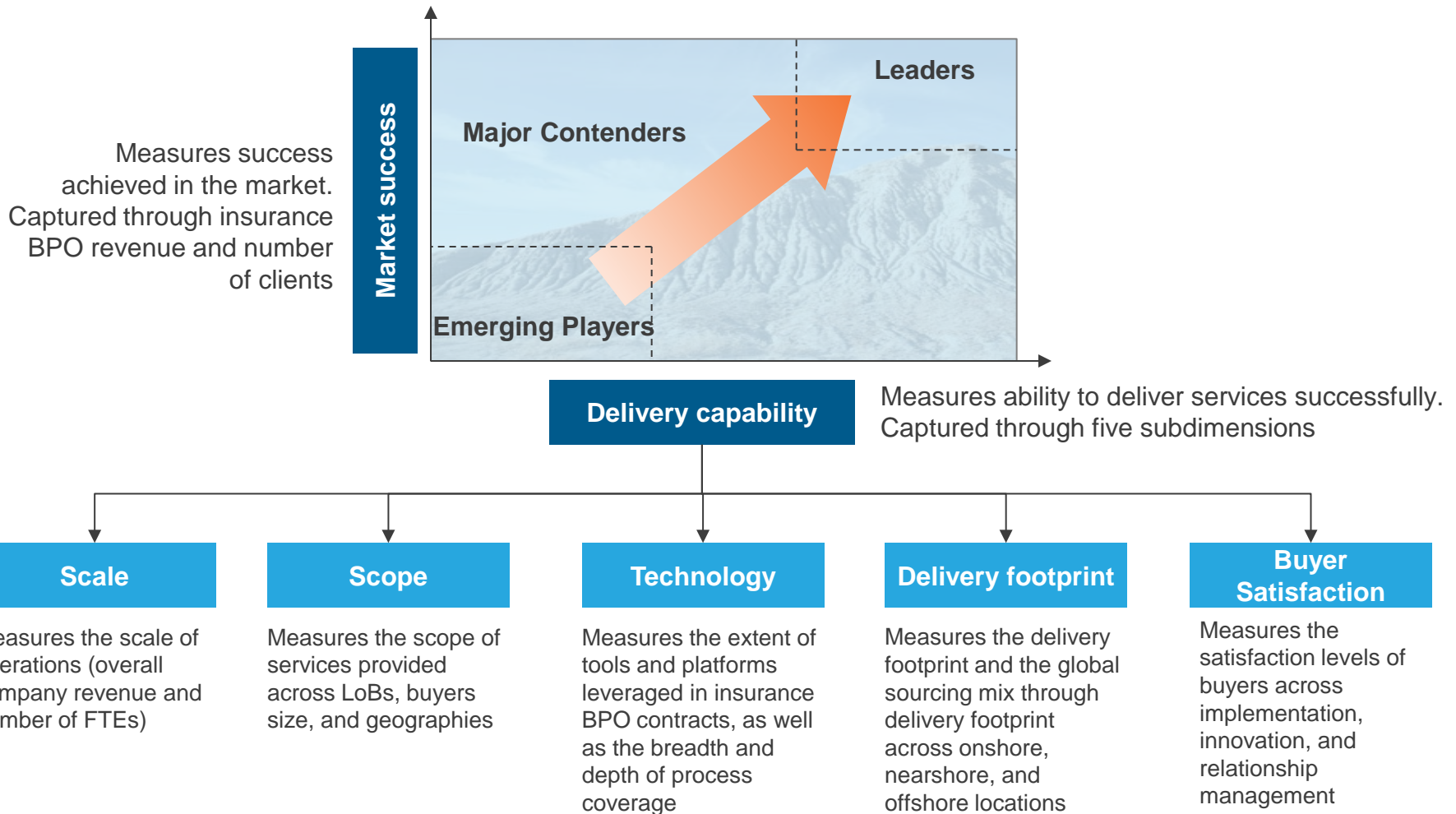
Everest Group classifies the insurance service provider landscape into Leaders, Major Contenders, and Emerging Players on the Everest Group PEAK Matrix

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix



1 Service providers scored using Everest Group's proprietary scoring methodology

Service providers are positioned on PEAK Matrix based on evaluation across two key dimensions



Does the PEAK Matrix assessment incorporate any subjective criteria?

- The Everest Group's PEAK Matrix assessment adopts an objective and fact-based approach (leveraging service provider RFIs and the 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 briefings

Is being a “Major Contender” or “Emerging Player” on the PEAK Matrix an unfavorable outcome?

- No. PEAK Matrix highlights and positions only the best-in-class service providers in a particular functional/vertical. 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 in itself a favorable recognition

What other aspects of the PEAK Matrix assessment are relevant to buyers and providers besides the “PEAK Matrix position”?

- The PEAK Matrix position is only one aspect of the Everest Group's overall assessment. In addition to assigning a “Leader”, “Major Contender” or “Emerging Player” 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 to the buyers in selecting particular providers for their specific requirements. It also helps providers showcase their strengths in specific areas

What are the incentives for buyers and providers to participate / provide input to the PEAK Matrix research?

- Participation incentives for buyers include a summary of key findings from the PEAK Matrix assessment
- Participation incentives for providers 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 to leverage their PEAK Matrix positioning status ?

- Providers can use their PEAK Matrix positioning in multiple ways including:
 - Issue a press release declaring their positioning/rating
 - Customized PEAK Matrix profile for circulation (with clients, prospects, etc.)
 - Quotes from the Everest Group’s analysts could be disseminated to the media
 - Leverage the 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**



At a glance

- With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of the next generation of global services
- Through its practical consulting, original research, and industry resource services, Everest Group helps clients maximize value from delivery strategies, talent and sourcing models, technologies, and management approaches
- Established in 1991, Everest Group serves users of global services, providers of services, country organizations, and private equity firms in six continents across all industry categories

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