



Everest Group PEAK Matrix™ for Banking AO Service Providers

Focus on TCS
July 2017



Background and scope of the research

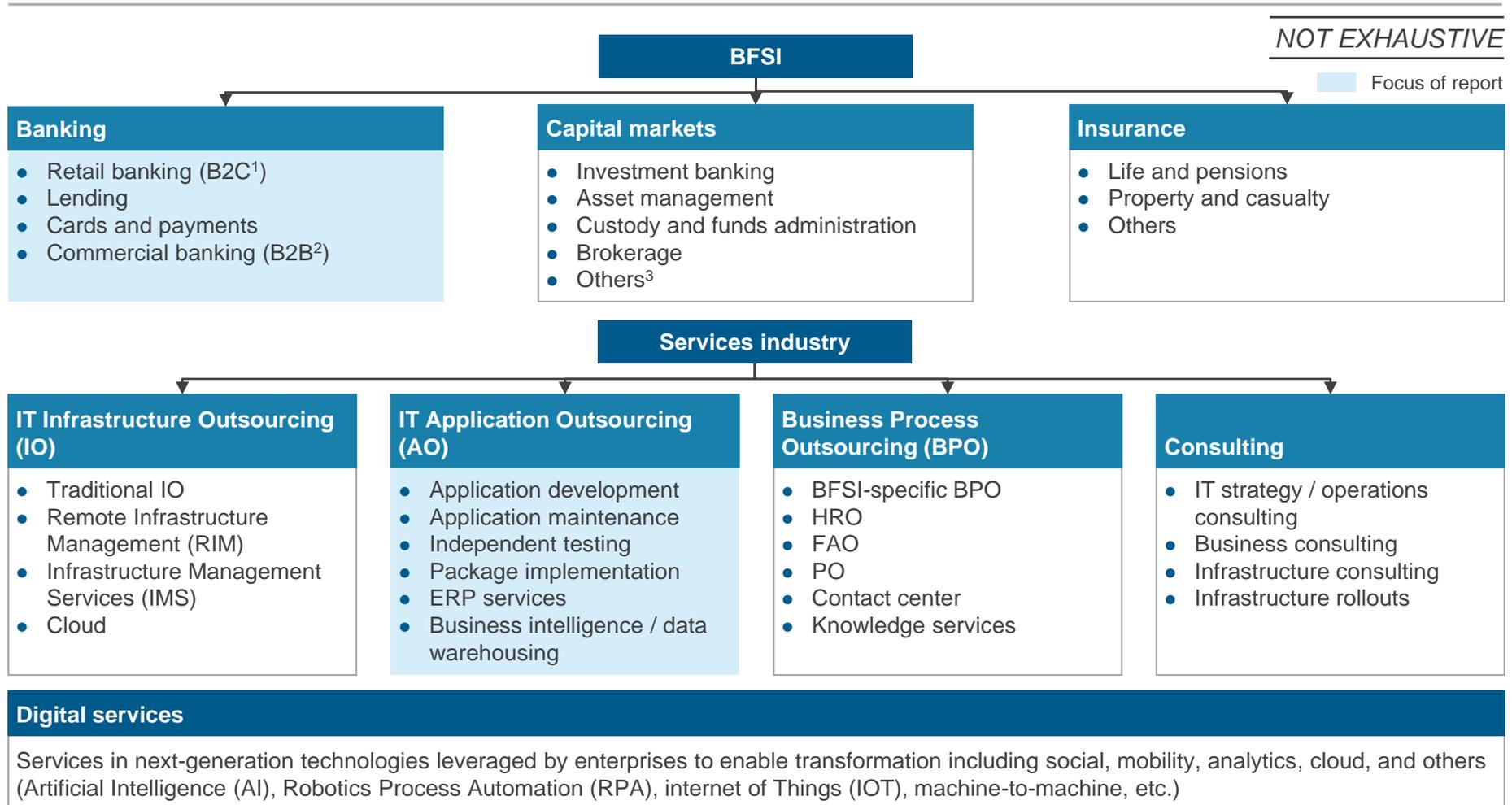
Background of the research

- The banking industry is undergoing a transition phase triggered by rapidly changing customer demands, challenging operating environment, and disruption in technologies. Banking in the future will no more be dependent on branches and will be ubiquitous through multiple digital channels and devices. In 2016, banks made massive investments to transform their business into digital, which has impacted not just the service providers and technology firms but also the FinTechs they invested in, partnered with, or acquired
- The market decelerated and hence service providers witnessed moderate growth. The industry witnessed consolidation resulting in synergy gains and scale benefits to smaller players. As parallel demand emerged for implementing new digital technologies as well as modernizing existing legacy systems, service providers invested in reorienting themselves to rotate to digital as well as gain domain expertise through in-house innovation, partnerships, and acquisitions
- In this research, we analyze the capabilities of 28 leading AO service providers, specific to the global banking sector. These providers were mapped on the Everest Group [PEAK Matrix™](#), which is a composite index of a range of distinct metrics related to each provider's capability and market success. In this report, we focus on:
 - The landscape of service providers in banking AO
 - Assessment of the service providers on a number of capability-related dimensions
 - Characteristics of Leaders, Major Contenders, and Aspirants on the Everest Group banking AO PEAK Matrix™
 - “Star Performers” of 2017, providers with the strongest forward movement over time – in terms of both market success and capability advancements
 - Implications for banking buyers and service providers

This document focuses on TCS' banking AO experience and includes:

- Overview of the banking AO service provider landscape
- Everest Group's assessment of TCS' delivery capability and market success on PEAK Matrix
- Detailed banking AO profile for TCS

This report examines the service provider landscape for large (TCV > US\$25 million), annuity-based, multi-year (>3 years) application services relationships in the global banking sector



¹ Business-to-consumer relationships

² Business-to-business relationships

³ Includes other capital markets functions such as structured finance, treasury, FX, and horizontal functions including risk management

Everest Group's banking research is based on two key sources of proprietary information

1

- Everest Group's proprietary database of 400+ large, active, multi-year AO contracts within banking (updated annually). The database tracks the following elements of each large AO relationship:
 - Buyer details including industry, size, and signing region
 - Contract details including TCv, ACv, term, start date, service provider FTEs, and pricing structure
 - Activity broken down separately by Lines of Business (LoB) – retail banking, credit cards, commercial banking, and lending
 - Scope includes coverage of buyer's geography as well as functional activities
 - Global sourcing including delivery locations and level of offshoring

2

- Everest Group's proprietary database of **operational capability of 25+ banking AO service providers** (updated annually)
- The database tracks the following capability elements for each service provider:
 - Major banking AO clients and recent wins
 - Overall revenue
 - Recent banking-related developments
 - Banking AO delivery locations
 - Banking AO service suite
 - Domain capabilities, proprietary solutions, and intellectual property investments

Service providers covered in the analysis



1 Assessment for Accenture, EPAM, Hexaware, and Unisys excludes service provider inputs, and is based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with banking buyers

2 Analysis for DXC Technology includes combined capabilities of CSC and HPE Services

3 Analysis for NTT DATA includes capabilities post integration with Dell Services

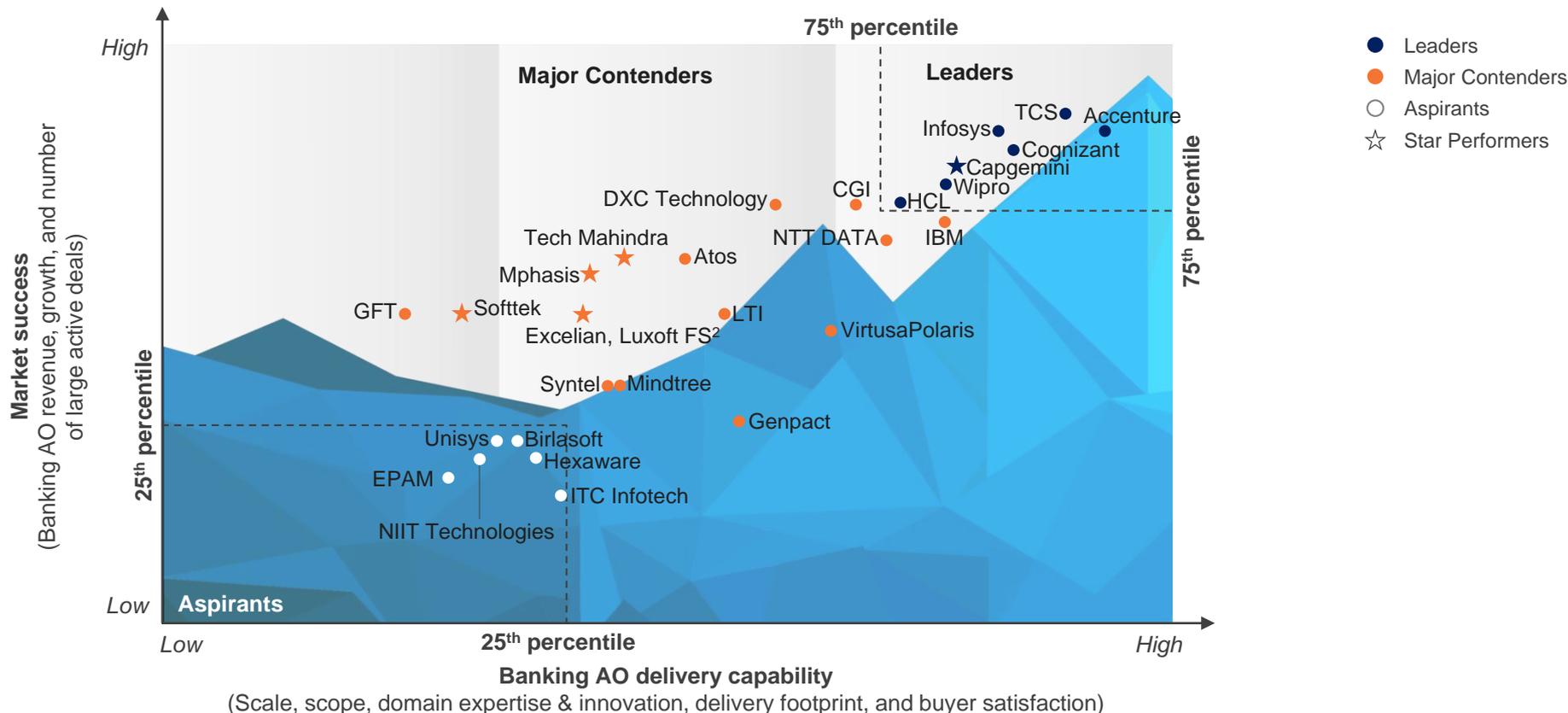
Note: We continuously monitor market developments and track additional service providers beyond those included in the analysis

Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any information, that is contract-specific, will be presented back to the industry only in an aggregated fashion

Everest Group PEAK Matrix™ for banking AO – 2017

TCS positioned as Leader

Everest Group PEAK Matrix™ for large banking AO relationships¹



1 PEAK Matrix specific to large (>US\$25 million TCV), multi-year (>3 years) application outsourcing relationships for the banking sector (retail banking, wholesale banking, credit cards, loans, and mortgages); excludes capital markets and insurance

2 Excelian: Luxoft Financial Services

Note: Assessment for Accenture, EPAM, Hexaware, and Unisys excludes service provider inputs, and is based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with banking buyers

Source: Everest Group (2017)

TCS | Banking AO services profile (page 1 of 2)

Overview

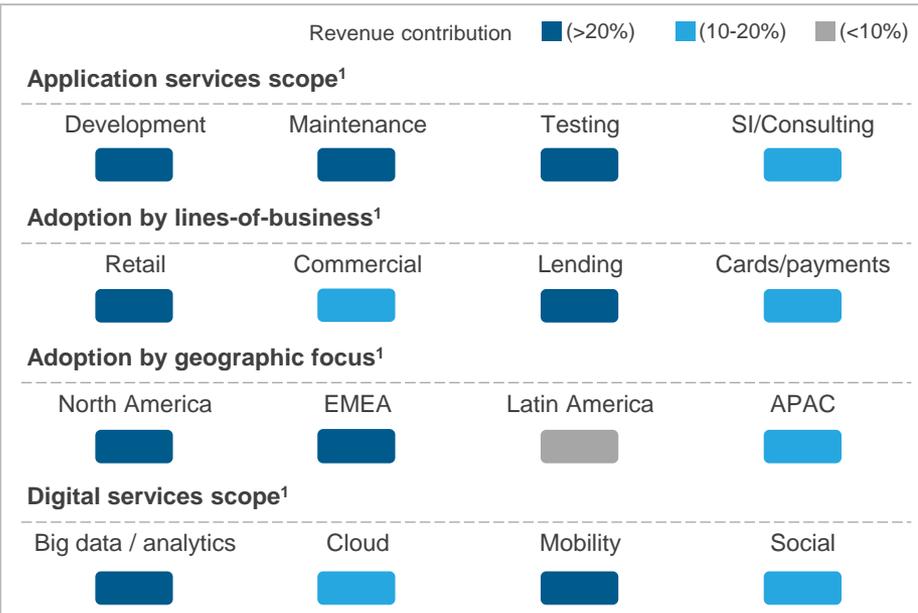
Breadth and depth of solutions across the banking value chain, large delivery scale, perceived as a reliable partner for “run” initiatives, and success in both mid and large client segments across major geographies have helped TCS maintain its leadership positioning on Everest Group’s PEAK Matrix for banking AO in 2017

Strengths

- Wide portfolio of solutions and offerings in banking, large delivery presence, and wide coverage across banking AO subfunctions
- Competitive pricing, flexible engagement models, and ability to cross-sell and grow in existing accounts helps it maintain strong market standing
- Differentiates through credible clientele, ability to sustain multi-year relationships, and implementation strength

Areas of improvement

- Clients cited need to complement its strong execution capabilities on run-the-business segment by positioning as a transformation partner
- Needs to invest in enhancing domain and consulting expertise
- Needs to make continued investments in innovation and thought leadership



Banking AO revenue¹



AO services revenue by buyer size¹



¹ Everest Group estimates

Source: Everest Group (2017)

Offerings

NOT EXHAUSTIVE

Key proprietary solutions

Solution	Details
TCS TRAPEZE Regulatory Reporting Manager (2017)	<ul style="list-style-type: none"> An amalgamation of TCS's analytics services in the modeling and regulatory reporting space, targeted at addressing the reporting needs of FR Y-14A, DFAST, and FR Y16
Payments Simulator Offering (2016)	<ul style="list-style-type: none"> An offering that simulates the payments platform and helps banks and payments players to undertake internal testing as part of message harmonization to ISO 20022
Regulatory Reporting Solution (2016)	<ul style="list-style-type: none"> A platform agnostic regulatory reporting framework compatible with banks' technology landscape and configurable and reusable across geographies and different lines of business
Nextgen AML	<ul style="list-style-type: none"> Analytics-based AML solution built on Hadoop platform and leveraged data visualization to support alerts and anomalies
Real-Time Payments Analytics (2016)	<ul style="list-style-type: none"> A real-time process log-based analytics for payment platform of the bank
Banking Analytics (2016)	<ul style="list-style-type: none"> A solution that integrates various aspects of the individual customer's account details to calculate and forecast customer net worth, customer lifetime value, net present, relationship value, and profitability index using predictive models

Key investments (alliances/partnerships/M&As)

Investment name	Type of investment	Details
Token	Partnership (2016)	<ul style="list-style-type: none"> API banking partner for PSD2
Akana API Gateway	Partnership (2016)	<ul style="list-style-type: none"> API alliance partner (PSD2 and open banking)
Apigee (Google)	Partnership (2016)	<ul style="list-style-type: none"> Partnered to help accelerate digital business transformation for enterprises.
Mulesoft	Partnership (2016)	<ul style="list-style-type: none"> Partnered to leverage integration platform for connecting SaaS & enterprise applications in the cloud and on-premise
OpenWay Group	Partnership (2016)	<ul style="list-style-type: none"> Partnered for end-to-end card management platform

Recent activities

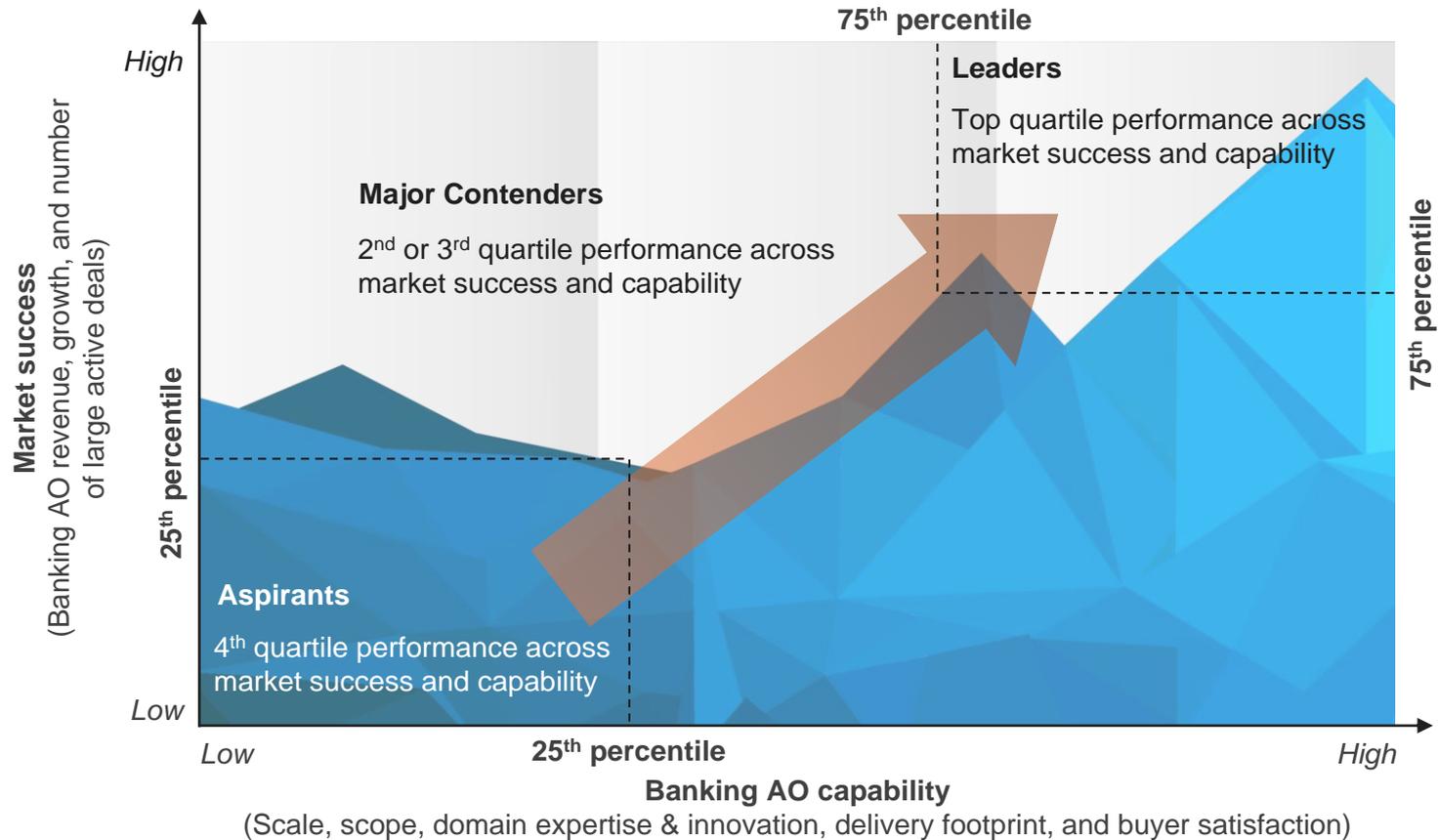
Development	Details
Digital studio and innovation center	<ul style="list-style-type: none"> Opened its digital reimagination studio in Santa Clara, United States and a new office in Toronto, Canada, for technical innovation, partner collaboration, and client service

Source: Everest Group (2017)

Appendix

The service providers were mapped on Everest Group's PEAK Matrix™

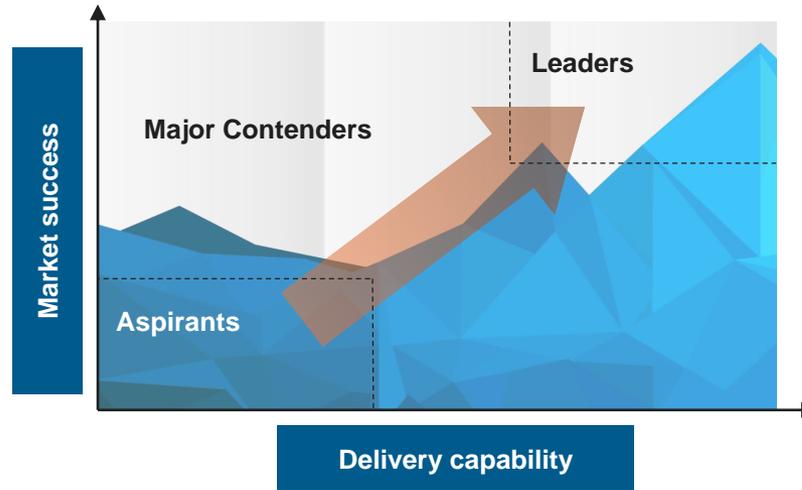
Everest Group PEAK Matrix™ for Banking AO



Everest Group's PEAK Matrix™ is a composite index of a range of distinct metrics related to a service provider's scale, scope, technology/domain expertise & innovation, delivery footprint, buyer satisfaction, and resultant market success in the context of a given outsourcing function

Dimensions of service providers' capability and market success underlying the PEAK Matrix for banking AO services

Measures success, which is captured through Yearly banking specific AO revenue growth, Banking AO revenue in CY2016 and Number of large, active AO deals



Delivery capability				
Scale	Scope	Technology solutions and innovation	Delivery footprint	Buyer satisfaction
<ul style="list-style-type: none"> Total company revenue Contribution of banking specific AO revenue to the total company revenue 	<ul style="list-style-type: none"> Lines of Business (LOBs) served AO sub-functions served Geographies served 	<ul style="list-style-type: none"> Innovation / IP / proprietary solutions M&A, alliances, and other investments 	<ul style="list-style-type: none"> Delivery mix Number of delivery centers and regions covered 	<ul style="list-style-type: none"> Buyer perception score

FAQs

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Does the PEAK Matrix assessment incorporate any subjective criteria?

Everest Group's PEAK Matrix assessment adopts an objective and fact-based approach (leveraging service provider 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 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 in a particular function/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 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 assists 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 in /provide inputs 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

FAQs

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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:

- Issue a press release declaring their positioning/rating
- Circulate a customized PEAK Matrix profile (with clients, prospects, etc.)
- Quotes from 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



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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