Everest Group PEAK Matrix® for P&C Insurance BPO Service Providers 2020

Focus on TCS

March 2020

Background of the research

The Property and Casualty (P&C) insurance market has witnessed optimum growth in 2019; however, remains impacted due to the global economic strain. Other factors shaping the P&C insurance market include evolving risks, changing compliance and audit requirements, and an enhanced need for personalization. To stay competitive, insurers are increasingly embracing digital technologies, that includes advanced analytics and cognitive aids, to provide consumers a seamless and personalized experience. Consequently, insurers' demands from service providers have also moved beyond cost efficiencies to value additions, to aid their transformation agendas.

In this research, we present detailed assessments of 21 P&C insurance BPO service providers, based on their vision, capabilities, and market impact, and look at their relative positioning on the Everest Group PEAK Matrix® for P&C insurance BPO. Our assessment is based on Everest Group's annual RFI process for H2 2018- H1 2019, interactions with leading P&C insurance BPO service providers, client reference checks, and an ongoing analysis of the P&C insurance BPO market.

Scope

This research covers the following P&C insurance BPO service providers:

Accenture, Atos Syntel, Capita, Cogneesol, Cognizant, Conduent, Covenir, DXC Technology, Exela Technologies, EXL, Genpact, Infosys, Innovation Group, MFX, Mphasis, Patra Corp, ResourcePro, Sutherland Global Services, TCS, WNS, and Xceedance.

Contents

This report features profiles of 21 P&C insurance BPO service provider, each of which includes:

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

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Introduction and scope

Everest Group recently released its report titled "Property and Casualty (P&C) Insurance BPO – Service Provider Landscape with Services PEAK Matrix® Assessment 2020". This report analyzes the changing dynamics of the P&C insurance landscape and assesses service providers across several key dimensions.

As a part of this report, Everest Group updated its classification of 21 service providers on the Everest Group PEAK Matrix® for P&C insurance BPO into Leaders, Major Contenders, and Aspirants. The PEAK Matrix® is a framework that provides an objective, data-driven, and comparative assessment of P&C insurance BPO service providers based on their absolute market success and delivery capability. Everest Group also identified four service providers as the "2020 P&C insurance BPO Market Star Performers" based on the strongest forward movement demonstrated on the PEAK Matrix® year-on-year (YoY).

Based on the analysis, **TCS emerged a Leader and a star performer on the PEAK Matrix®** . This document focuses on **TCS's** P&C insurance experience and capabilities and includes:

- TCS's position on the P&C insurance BPO PEAK Matrix

- TCS's year-on-year movement on the P&C insurance BPO PEAK Matrix

- Detailed P&C 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, as well as match them against service provider capability for an ideal fit.

Source: Everest Group (2020)

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Everest Group PEAK Matrix® for P&C insurance BPO – summary

Everest Group classified 21 P&C 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 that provides an objective, data-driven, and comparative assessment of P&C insurance BPO service providers based on their absolute market success and delivery capability

- **Leaders:**

There are six service providers in the Leaders category – Cognizant, DXC Technology, EXL, Genpact, Tata Consultancy Services, and WNS

- **Major Contenders:**

The Major Contenders category has ten service providers – Accenture, Capita, Conduent, Exela Technologies, Infosys, Innovation Group, Mphasis, ReSource Pro, Sutherland Global Services, and Xceedance

- **Aspirants:**

Atos Syntel, Cogneesol, Covenir, MFX, and Patra Corp are Aspirants on the PEAK Matrix® for P&C insurance BPO

Everest Group conferred the Star Performers title on providers that demonstrated the strongest forward and upward movement on the PEAK Matrix®
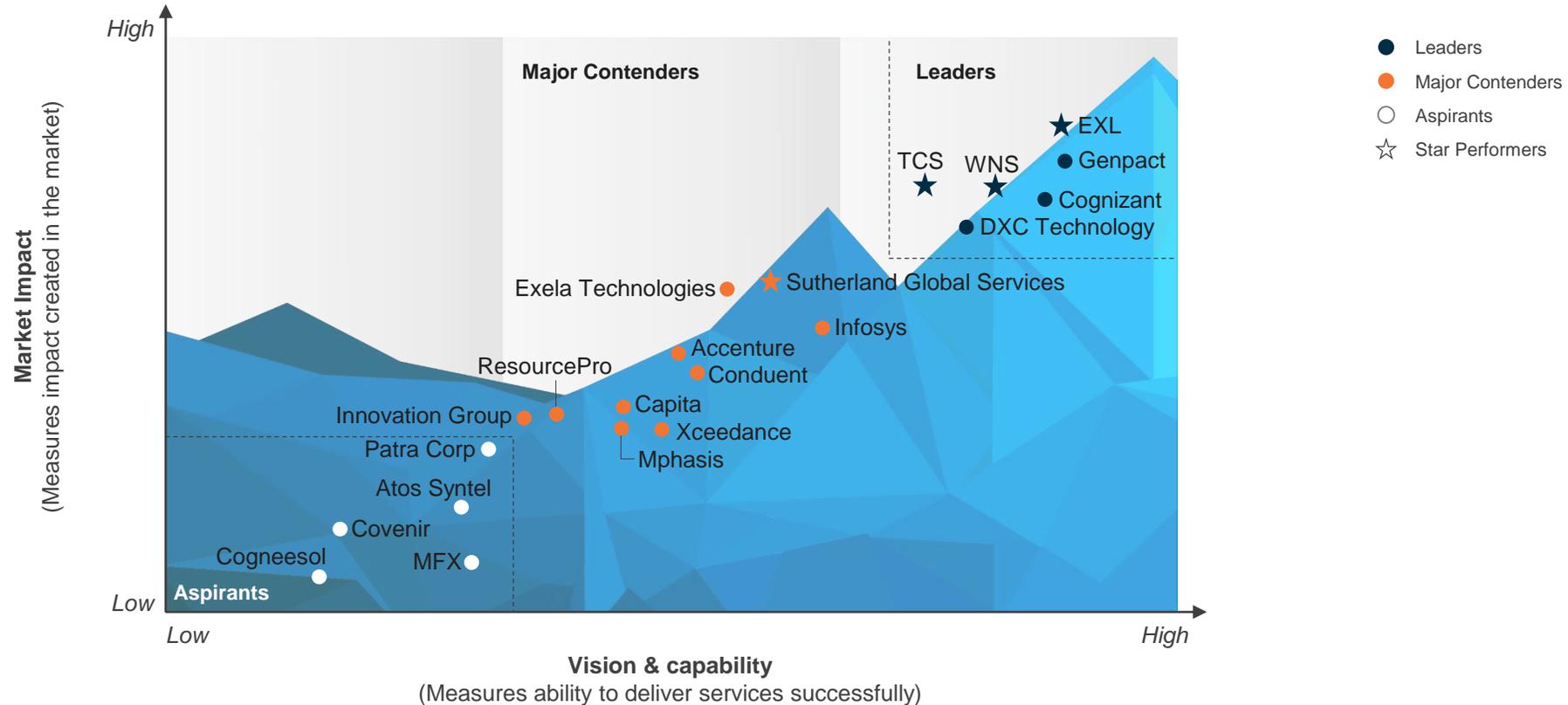
- EXL, Sutherland Global Services, TCS, and WNS are Star Performers on the P&C insurance BPO Everest Group PEAK Matrix® for 2020
- With most of the Star Performers being Leaders, Major Contenders would need to intensify their investments to stay competitive in the market

Everest Group PEAK Matrix®

Everest Group P&C Insurance BPO Services PEAK Matrix® Assessment 2020 | TCS positioned as Leader & Star Performer

Everest Group P&C Insurance BPO Services PEAK Matrix® Assessment 2020

Market Impact (Measures impact created in the market)

Vision & capability (Measures ability to deliver services successfully)

Legend:
- ● Leaders
- ● Major Contenders
- ○ Aspirants
- ☆ Star Performers

Chart labels:
- Major Contenders
- Leaders
- Aspirants
- EXL
- TCS
- WNS
- Genpact
- Cognizant
- DXC Technology
- Exela Technologies
- Sutherland Global Services
- Infosys
- Accenture
- Conduent
- ResourcePro
- Capita
- Innovation Group
- Xceedance
- Mphasis
- Patra Corp
- Atos Syntel
- Covenir
- Cogneesol
- MFX

Note 1: Service providers scored using Everest Group's proprietary scoring methodology given on pages 13 and 14

Note 2: Assessment for Accenture, Atos Syntel, Capita, Cogneesol, Conduent, Covenir, Innovation Group, MFX, Patra Corp, ReSource Pro, and Xceedance 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 insurance buyers. For these companies, Everest Group's data for assessment may be less complete

Source: Everest Group (2020)

Company overview

Tata Consultancy Services (TCS) is an Information Technology (IT), consulting, and business operations organization. It offers end-to-end business process services across the P&C insurance value chain, leveraging next-generation digital and technology solutions. TCS currently guides its customers on their transformation journeys through its Business 4.0[TM] thought leadership framework and has made investments in key areas that include partner ecosystem, platform (holistic decision support system), digital partnerships (Robotic Process Automation (RPA), Artificial Intelligence (AI), and blockchain), IT operations interplay, Analytics & Insights (A&I), and self-service options through digital channels.

Key leaders
- **K Krithivasan,** Global Head**,** BFSI
- **Mohan R Veeturi**, Global Head, BFSI CBO
- **Meenu Mittal**, Business Head, Insurance CBO

Headquarters: Mumbai, India
Website: www.tcs.com

Suite of services
- New business and underwriting
- Policy administration and services
- Claims support and management
- Agency services
- Reinsurance
- Customer care

P&C insurance BPS[1]	2017	2018	2019(H1)
Revenue (US$ million)	70-75	Not disclosed	
Number of FTEs	~2,180	2,100-2,200	2,300-2,400
Number of clients	14	20-25	25-30

Recent developments
- **2019: Underwriting workbench – i**ntegrated framework supporting unified workflow with multi-channel intake, Enterprise Content Management (ECM) integration and built-in RPA engine risk visualization, with risk-scoring predictive models and geocoding
- **2019: Claims fraud model framework –** proprietary text mining-based fraud analytics solution
- **2019: Work allocation tool** – unique discrete optimization-based approach to optimally allocate work queue to ensure best Service-Level Agreements (SLAs)
- **2018: MailButtler –** automated tracking, classification, and allocation of emails in claims process
- **2018: Productiv –** tracks work effort on the floor and generates trend analysis of agents' behavior
- **2018: Jarvis bot family –** knowledge bot, action bot, and self-help bot
- **2018: Medical underwriting** – AI/cognitive solution "Decision Fabric" to optimize information extraction from documents such as medical records
- **2018: Robotics and automation –** TCS has rolled out Machine First Delivery Model (MFDM[TM]) framework across all P&C BPO delivery operations to increase process efficiency and productivity of operations using MFDM levers: RPA, tactical automation, and platform changes
- **2018: Customer-centric solutions** – TCS has collaborated with clients to deliver customer-centric solutions viz. bundled IT + business process reengineering solutions, cognitive computing suite backed by TCS domain-specific contextual knowledge and technology expertise, and a self-service Knowledge Bot (kBot)
- **2017: TCS digital insurance hub: Enterprise analytical apps** – an insurance-focused data curation and analytics framework enabled by an app market, providing self-contained analytical apps offered to insurance and healthcare clients
- **2017: Peer-to-Peer (P2P) insurance using blockchain** – helped insurer launch a P2P insurance platform for small risks that they do not want to cover, but let customers retain and act as surplus insurer

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

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Key clients and capabilities

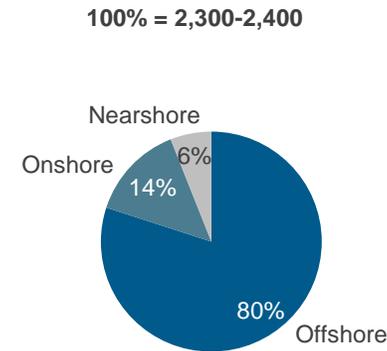| Key P&C insurance BPS engagements		
Client name	**Region**	**Client since**
Subsidiary of Fortune 50 insurance company	North America	2019
UK-based multinational financial services firm	The United Kingdom	2018
The largest Indian public sector general insurance company	Asia Pacific	2017
Leading global reinsurer	Europe	2017
Chilean arm of British multinational general insurance company	Latin America	2016
A leading provider of P&C personal lines	North America	2012

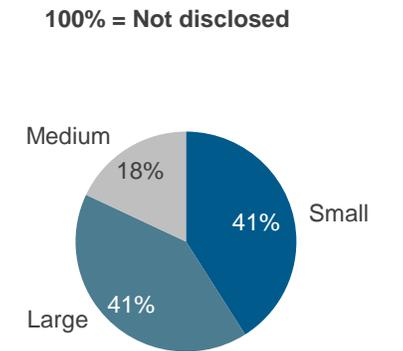**P&C insurance BPS FTE mix by processes covered**
FTEs in numbers

100% = 2,300-2,400

- New business management 14%
- Policy servicing & reporting 52%
- Claims processing 17%
- Others 17%

P&C insurance BPS revenue mix by geography
Revenue in US$ million

100% = Not disclosed

- North America 87%
- UK 7%
- LATAM 3%
- Asia Pacific (2%)
- Continental Europe (1%)
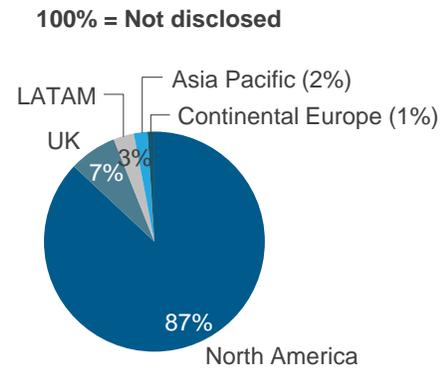
P&C insurance BPS FTE split by delivery location
FTEs in numbers

100% = 2,300-2,400

- Offshore 80%
- Onshore 14%
- Nearshore 6%

P&C insurance BPS revenue by buyer size[1]
Revenue in US$ million

100% = Not disclosed

- Small 41%
- Large 41%
- Medium 18%

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)
Source: Based on contractual and operational information as on June 2019

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Technology solutions/tools

Application	Processes covered	Year launched	Description	No. of BPO clients
Extraction suite	New business management, policy servicing and reporting, and claims processing	2019	A digital solution powered by ML, deep learning, and Natural Language Processing (NLP) technologies for contextual and complex data extraction and automation. It also offers automatic document validation with configurable threshold and ML models. The solution leverages multi-level decision-making capability to validate data against multiple documents using configurable business rules	Not disclosed
Digital Application Program Interface (APIs) for Straight Through Processing (STP) – claims or premiums	Claims processing	2019	API-enabled, AI-based solution for automatic submission, processing, and notification to reinsurers and reconciliations	Not disclosed
Augi – easy home content top up	New business management	2019	The solution enables consumers to explore the risks and buy insurance in Augmented Reality (AR) view	Not disclosed
TCS adaptive knowledge bank	All	2019	Cognitive knowledge search provides advanced search functionality with capability to parse through vast set of documents stored across systems to provide precise results. The solution searches text within the files and provides refined results enabling to search by text and source	Not disclosed
Auto SIM data validation	New business management and claims processing	2019	Validates the data consistency between multiple systems – in a P&C scenario, driver's behavior decides the auto policy issuance/renewal that has to be thoroughly checked with multiple systems such as driving history and public websites that provide driver's behavior, points, and pattern	Not disclosed
ML for detecting Not In Good Order (NIGO) cases automatically and detect causes	Product development and business acquisition, new business management, and policy servicing and reporting	2019	Uses deep learning-based models and unstructured clustering models to flag NIGO submissions and also extract the reasons and subreason codes for NIGO	Not disclosed
AI studio for insurance	All	2018	Enables insurers to leverage AI in a structured way, manage internal and external datasets, provide ML steps such as feature engineering, training, multiple algorithm comparisons, and testing, and exposing trained models with a standard API to integrate with enterprise systems. It comes pre-built with a set of ML models based on TCS-gathered data and external data called recipes, such as driver signature model that predicts the probability of the insured driver driving the car based on telematics data	Not disclosed
Agile Policy Administration System (PAS)	All	2018	TCS Agile PAS framework is a lean and agile digital platform accelerator that helps insurers accelerate the launch of simple insurance products, riders, and features. It provides agility to reconfigure products and makes it easy to add new features and configure business processes for quote, bind, service, and claims	Not disclosed

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Technology solutions/tools

Application	Processes covered	Year launched	Description	No. of BPO clients
Insurance assistant bot and insurance advisor bot	Sales and distribution and channel management	2018	Insurance assistant bot helps a customer change his address using conversation while providing value-added suggestions. It also helps a customer report an auto loss, upload picture to recognize the car, triage the damage using deep learning, and report Family and Medical Leave Act (FMLA) leave/claim. Insurance advisor bot answers questions based on Frequently Asked Questions (FAQs) and search from Wiki, provides specific answers, and advises on products	Not disclosed
Risk compliance reports tool	Policy servicing and reporting	2018	The tool helps team with coding in the mainframe system, enabling billing team to reconcile additional/return premium and charge accurate premium to the insured	Not disclosed
Ride sharing auto insurance in blockchain	Product development and business acquisition	2017	It is an insurance solution for ride sharing auto owners to manage their commercial and personal insurance effectively	Not disclosed
TCS digital insurance hub: enterprise analytical apps	All	2017	TCS digital insurance hub is an insurance-focused data curation and analytics framework enabled by an app market providing self-contained analytical apps offered to insurance and healthcare clients	Not disclosed

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Everest Group assessment – Leader

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

- TCS' growth story in the P&C insurance BPO space is driven by its efforts to expand the scope of services across geographies, insurance value-chain, and product lines. Targeted capability build-ups to realize these expansion goals such as procuring agent licenses, expanding delivery presence, etc. has resulted in double-digit growth in 2019

- TCS is driving concerted efforts to establish itself as a transformation partner for clients that are targeting business model redesign to adapt to customer needs. Constant inclusion of consultative frameworks such as Machine First Delivery Model (MFDM™) and Business 4.0™ paradigm in go-to-market underscore its efforts

- It has been appreciated for its flexibility and inquisitiveness in existing client relations, which makes clients' onboarding nimble and seamless for any new and existing ramp-up

Areas of improvement

- Its existing clients have called out room for being more forthcoming and proactive in its relationship such as when catering to increase in the volume of work, identifying delivery gaps and leakages to be able to deliver constant operational improvement

- Reference buyers have highlighted scope of improvement in driving more efficient utilization of resources, and thus, delivering greater savings especially when input/FTE-based pricing is involved

- Back-office policy administration continues to account for the majority of work that TCS does in this space. While it can help TCS in gaining business through the extension of IT relationships, winning new and strategic opportunities such as for claims and underwriting support requires a still stronger domain buildup

Appendix

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

Everest Group PEAK Matrix®
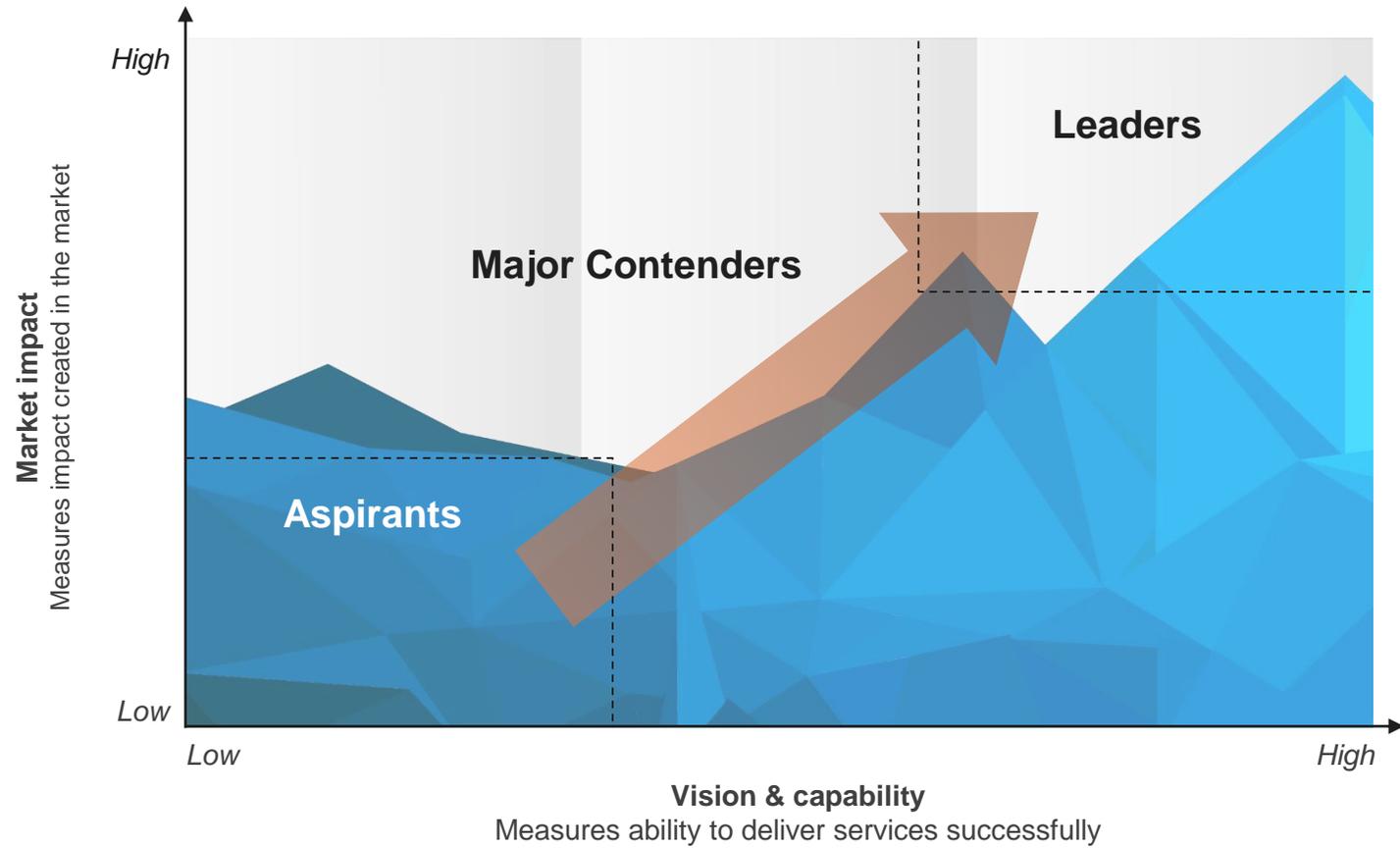
Services PEAK Matrix® evaluation dimensions

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 geographies and type of engagements

Value delivered
Value delivered to the client based on customer feedback and transformational impact

Market impact

Leaders

Major Contenders

Aspirants

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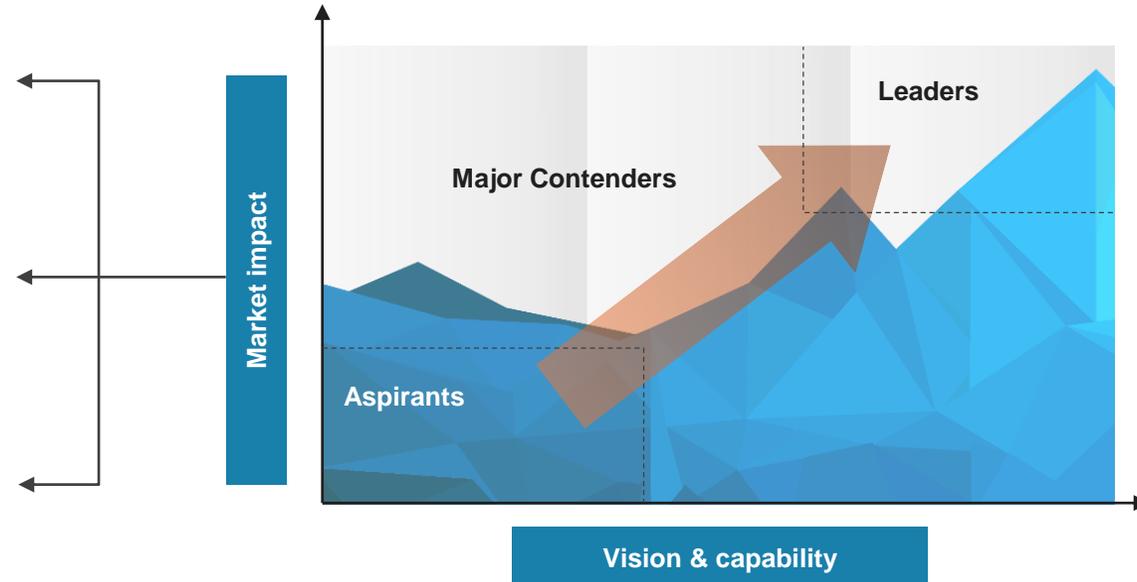
Measures ability to deliver services successfully. This is captured through four subdimensions

Vision and strategy
Vision for the client and itself; future roadmap and strategy

Scope of services offered
Depth and breadth of services portfolio across service subsegments / processes

Innovation and investments
Innovation and investment in the enabling areas, e.g., technology IP, industry/domain knowledge, innovative commercial constructs, alliances, and M&A

Delivery footprint
Delivery footprint and global sourcing mix

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®
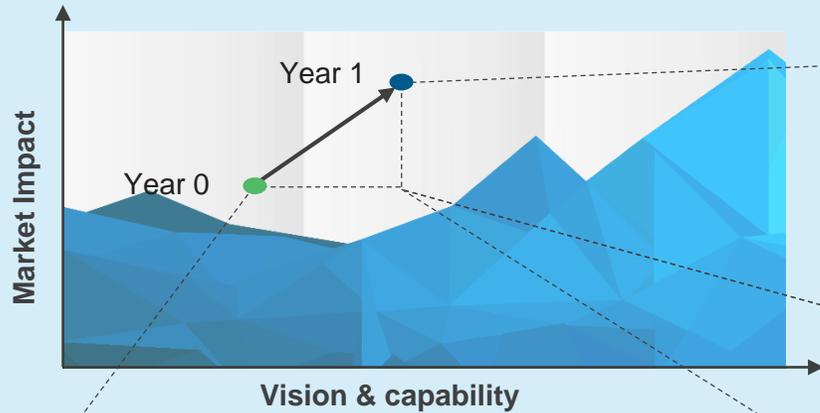
In order to assess advances on **market impact**, we evaluate each service provider's performance across a number of parameters including:
- Yearly ACV/YOY revenue growth
- Number of new contract signings and extensions
- Value of new contract signings
- Improvement in portfolio mix
- Improvement in 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 the above parameters and
- At least one area of top quartile improvement performance in both market success and capability advancement

Star Performers are identified by top quartile performance improvement on the X and Y axes for each segment

The Star Performers title relates to YOY performance for a given service provider and does not reflect the overall market leadership position, which is identified as Leader, Major Contender, or Aspirant.

FAQs

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 marketplace, 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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