

Everest Group PEAK Matrix[®] for Open Banking IT Service Providers 2020

Focus on TCS
June 2020

Background of the research

- A mix of regulatory push and market forces is driving open banking adoption across the globe, with a common aim to enhance customer experiences and reinvent product and business models. Banks, BigTechs, regulators, platform vendors, and FinTechs are critical components of the open banking ecosystem
- Banks are embracing open banking to take a partnership-driven collaborative approach for providing an ecosystem of lifestyle services to their customers and stay relevant
- Banks face challenges to generate value from open banking initiatives because of their legacy IT systems and infrastructure that offer lower agility, flexibility, and scalability
- Enterprise technology service providers are investing in capabilities for advisory services, API management, cloud and modern engineering, industry/academia collaboration, employee certifications on third-party open banking platforms to enable financial institutions to realize the full potential of open banking adoption

In this research, we studied the vision and capability of, and the market impact generated by 24 leading open banking IT service providers featured on the Open Banking IT services PEAK Matrix®. The assessment is based on service provider inputs from RFI, interactions with leading open banking IT service providers, client reference checks, and an ongoing analysis of the open banking IT services market.

Scope of the analysis

- **Services:** Open banking IT services
- **Geography:** Global
- **Service providers:** Accenture, Aspire Systems, Capgemini, CGI, Cognizant, Deloitte, DXC Technology, EY, GFT, Happiest Minds, HCL Technologies, Hexaware, IBM, Infosys, LTI, Mphasis, NTT DATA, Softtek, Sopra Steria, TCS, Tech Mahindra, Virtusa, Wipro, and Zensar Technologies

Introduction and scope

Everest Group recently released its report titled “[Open Banking IT Services – Services PEAK Matrix® Assessment 2020: Moving Beyond Compliance to a Platform-based Operating Model of Ecosystem Orchestration and Value Creation](#).” This report analyzes the changing dynamics of the open banking IT services landscape and assesses service providers across several key dimensions.

As a part of this report, Everest Group updated its classification of 24 service providers on the Everest Group PEAK Matrix® for open banking IT services into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of open banking IT service providers based on their vision & capability and market impact. Everest Group also identified five service providers as the “2020 Open Banking IT Services Star Performers” based on the strongest forward movement demonstrated on the PEAK Matrix over time.

Based on the analysis, **TCS emerged as a Leader and Star Performer**. This document focuses on **TCS’** open banking IT services experience and capabilities and includes:

- TCS position on the open banking IT services PEAK Matrix
- Detailed open banking IT services 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.

Open banking IT services PEAK Matrix® characteristics

Leaders:

Accenture, Capgemini, Cognizant, HCL Technologies, Infosys, NTT DATA, TCS, and Wipro

- Leaders have significantly grown their open banking IT services revenues by deal wins in key geographies for open API strategy development through their constant investments in global services delivery and consulting capabilities
- Investments in forward-looking thought capital on themes that resonates with banks across the spectrum of open banking adoption maturity and geography-specific GTM strategy are driving new business for leaders in the open banking space
- Leaders such as Capgemini, Infosys, and NTT DATA have invested in building IP for the open banking tech stack and partnered with third-party API and regulatory platforms to offer an end-to-end architecture for open banking transformation engagements
- Leaders such as TCS and Accenture have invested in LOB-specific partnerships with FinTechs to enable financial institutions leverage new digital channels for growing the customer base of its products and services

Major Contenders:

CGI, Deloitte, DXC Technology, EY, GFT, IBM, LTI, Mphasis, Softtek, Sopra Steria, Tech Mahindra, and Virtusa

- Major Contenders cover a wide spectrum of service providers from large players with global consulting and technology capabilities to mid-sized payers with regional focus
- Large players such as IBM, CGI, and DXC have made considerable investments in platform-led point solutions for API connectivity, Identity and access management, and sandbox testing environment to drive their GTM for open banking
- Mid-sized players such as LTI, Virtusa, and Mphasis have built selective suite of in-house tools/frameworks for API development, design, and testing to target specific service domains in financial institutions' open banking journey

Aspirants:

Aspire Systems, Happiest Minds, Hexaware, and Zensar Technologies

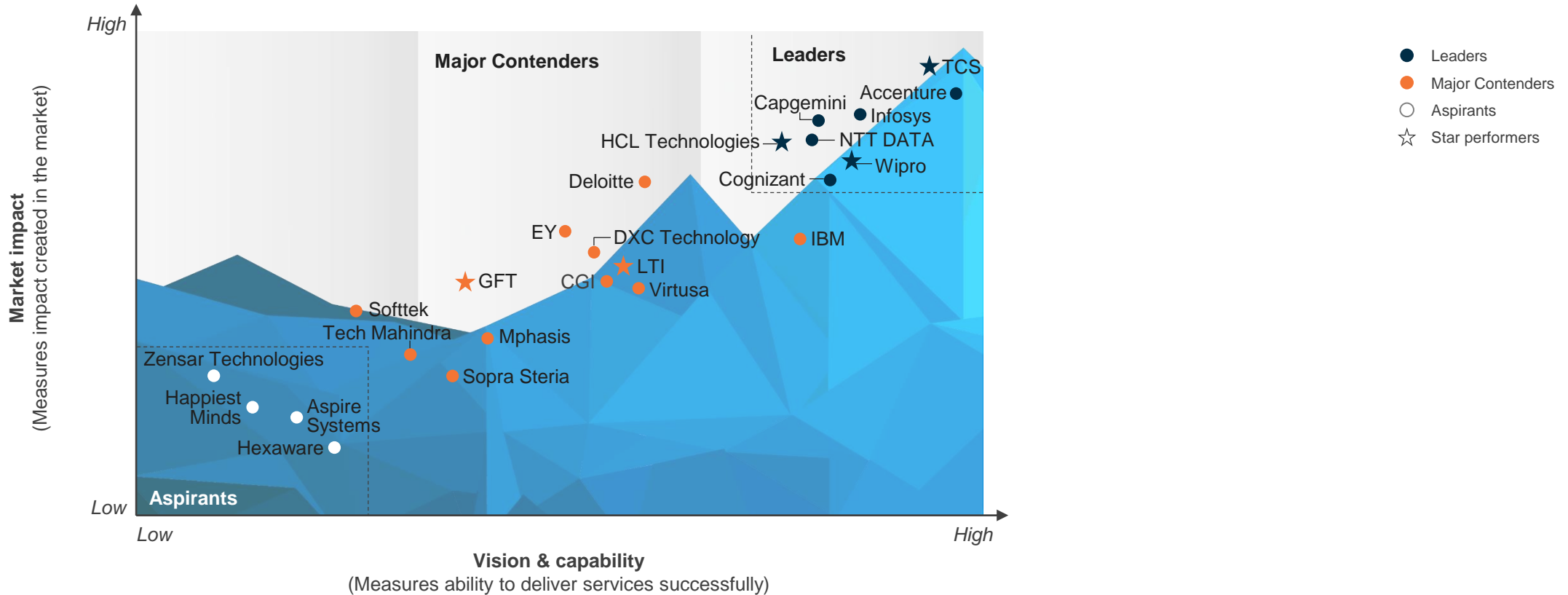
- Aspirants have built niche capabilities in API provisioning and testing and are training talent on core banking platforms to provide integration and implementation services
- They have demonstrated credible customer success through innovative and commercial pricing and dedicated client attention
- They are investing in building open banking advisory capabilities to take specific business outcome- and LOB-driven open banking IT services offerings to the market

Everest Group PEAK Matrix®

Open Banking IT Services PEAK Matrix® Assessment 2020 | TCS is positioned as a Leader and Star Performer



Everest Group Open Banking IT Services PEAK Matrix® Assessment 2020



Note: PEAK Matrix specific to open banking IT services for banking and financial services sector. Assessment for Deloitte, EY, Hexaware, IBM, and Tech Mahindra; excludes service provider inputs, and is based on Everest Group's estimates that leverage Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with banking enterprises. For these companies, Everest Group's data for assessment may be less complete

Source: Everest Group (2020)

Overview

Vision for open banking IT services practice: To scale the initiatives driving open banking adoption as partner of banks using the principles of Business 4.0™

Open banking IT services revenue¹

<US\$100 million

US\$100-
US\$300 million

US\$300 -
US\$600 million

>US\$600 million

Number of active clients for open banking IT services¹

<25

25-100

100-150

>150

Open banking IT services revenue mix in BFS¹:

High (>25%) Moderate (10-25%) Low (<10%)

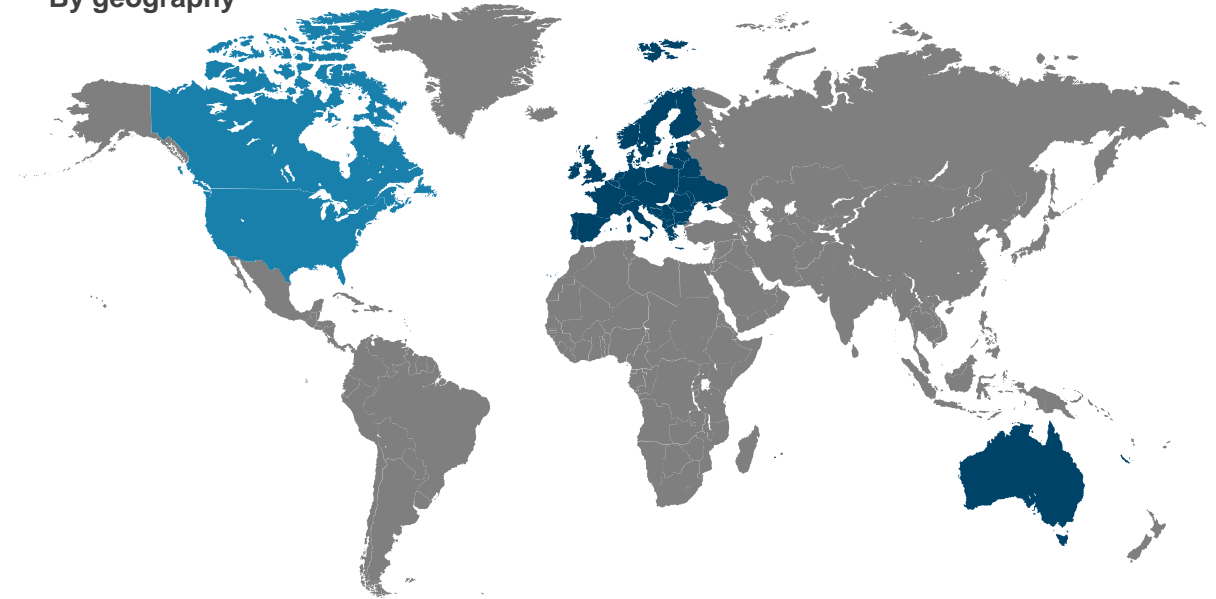
By services scope

Consulting and roadmap	■	Microservices architecture design and development	■
API management and development	■	Data integration and management	■
Platform implementation and support	■	Security and compliance	■

By buyer size

Small (annual client revenue < US\$1 billion)	■
Medium (annual client revenue US\$1-US\$5 billion)	■
Large (annual client revenue US\$5-US\$10 billion)	■
Very large (annual client revenue US\$10-US\$20 billion)	■
Mega (annual client revenue > US\$20 billion)	■

By geography



¹ As per Everest Group estimates
Source: Everest Group (2020)

Case study 1: Development of an API banking platform for a leading European bank

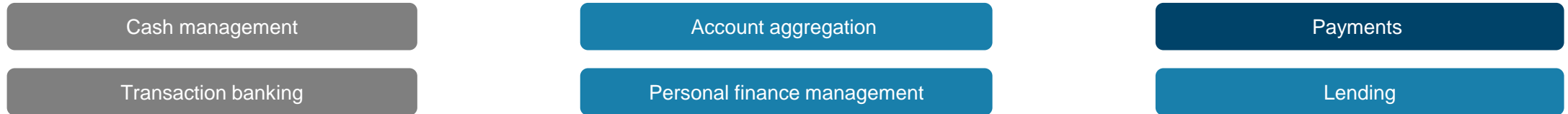
Business challenge	With the mandate of PSD2 regulation and competition from FinTechs, the bank wanted to future-proof itself by defining a digital banking strategy, leveraging APIs, creating future state architecture, building the platform, and supporting consuming channels and roadmap for implementation
Solution	<ul style="list-style-type: none"> • TCS' digital enterprise consultants worked with the bank to define the future state architecture, security models, and API strategy • Were involved in the RFP process to recommend and shortlist API management product for internal and external gateway • Took ownership of development and management of PSD2-complaint APIs and business value APIs
Impact	<ul style="list-style-type: none"> • Created a robust, scalable, and resilient API banking platform to support new business models and revenue streams • Improved API adoption, reduced time-to-market for proposition rollout, and harvested investment made on the platform • Helped nurture an innovation ecosystem with partners and FinTechs

Case study 2: Open API and data strategy support for a large Australian bank

Business challenge	The bank committed to large investments to leapfrog into Data61-CDR compliance to create the required platform for APIs, and onboard partners and developers to harness the power of open API and data
Solution	<ul style="list-style-type: none"> • Provided thought leadership and open banking implementation experience from the UK to create a solid foundation for APIs and established architecture solution for API gateway, container platforms, API metrics, and security/consent management • Created a strategy for serving data from replicated data repository on cloud rather than the host
Impact	<ul style="list-style-type: none"> • The approach to host data on cloud with APIs serving inquiries, formed a guiding pattern for major transformations of the bank • The API strategy enabled the bank to create new digital experiences powered by open data • It also helped the bank to revisit the mobile business strategy

Prevalence of case studies across business segments¹

High (>40%)
 Medium (10-40%)
 Low (<10%)



¹ As per Everest Group estimates
Source: Everest Group (2020)

Key investments

NOT EXHAUSTIVE

Proprietary IP/solutions/tools/frameworks built to deliver open banking IT services to BFS enterprises










Name	Details
Open banking – compliance offering	Software components and service integration capabilities to deliver UK open banking regulatory APIs and Australia's Data61 compliant APIs through simplified and modularized components; built using open source technology frameworks and solutions
TCS Crystal Ball	A platform for GDPR and consent management that facilitates capture of consumers' privacy intent and live enactment within an enterprise
Next-generation digital experiences	Open banking and open data-powered mobile moments with immersive customer experiences that utilize contextual learning
Open banking – SMB offering	Powered by open banking and marketplace ecosystem to offer a platform for small- and medium-sized enterprise customers
Open banking – Happy Family	Financial well-being app with innovative experience to manage family finances
Open banking – impact on core and data	Architecture patterns and principles for legacy core transformation/modernization to support the API and microservices journey of the bank
API banking reference model	Catalog of industry standard APIs across domains such as payments, cards, trade finance, invoicing, loan syndication, and corporate banking

Key partnerships/alliances/M&As/JVs leveraged to deliver open banking IT services to BFS enterprises

Name of the investment	Type of investment	Details of investment
Azure, AWS, and Apigee	Alliance	For cloud-hosted API/microservices platforms; joint go-to-market, trainings and certification, and bilateral referrals
Tradeshift	Partnership	Innovative offerings for small businesses; go-to-market of offerings through TCS' sales efforts across geographies
Meniga	Partnership	Digital offering for comprehensive financial wellness powered by open banking
EZMCOM	Partnership	Digital onboarding and customer authentication offering; joint go-to-market and positioning in key opportunities
Zest Finance	Partnership	Enhanced credit decision models utilizing open banking data

Source: Everest Group (2020)

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

- Investments in talent and IPs/solutions/accelerators to attack specific open banking themes such as SME banking, commercial banking, and trade management have become key differentiators for TCS in this space
- TCS is better suited to handle risk and compliance and consent and authentication needs for customers in their open banking journey leveraging its domain and IP investments
- Clients appreciate TCS' responsiveness, continuous communication, ownership-driven culture, and agile ways of project delivery for complex end-to-end open banking engagements
- Partnerships with FinTechs from diverse LOBs, such as Meniga for personal finance management and Upstart for lending marketplace, broaden the open banking offerings
- Investments in building capabilities for API management platforms such as Apigee, MuleSoft, Wso2, and Axway have helped win deals for platform implementation and support services in Europe and North America
- Investments in thought capital around emerging open banking themes such as API monetization, customer journey design, and open API use cases beyond retail banking position TCS as a strategic partner for open banking services

Areas of improvement

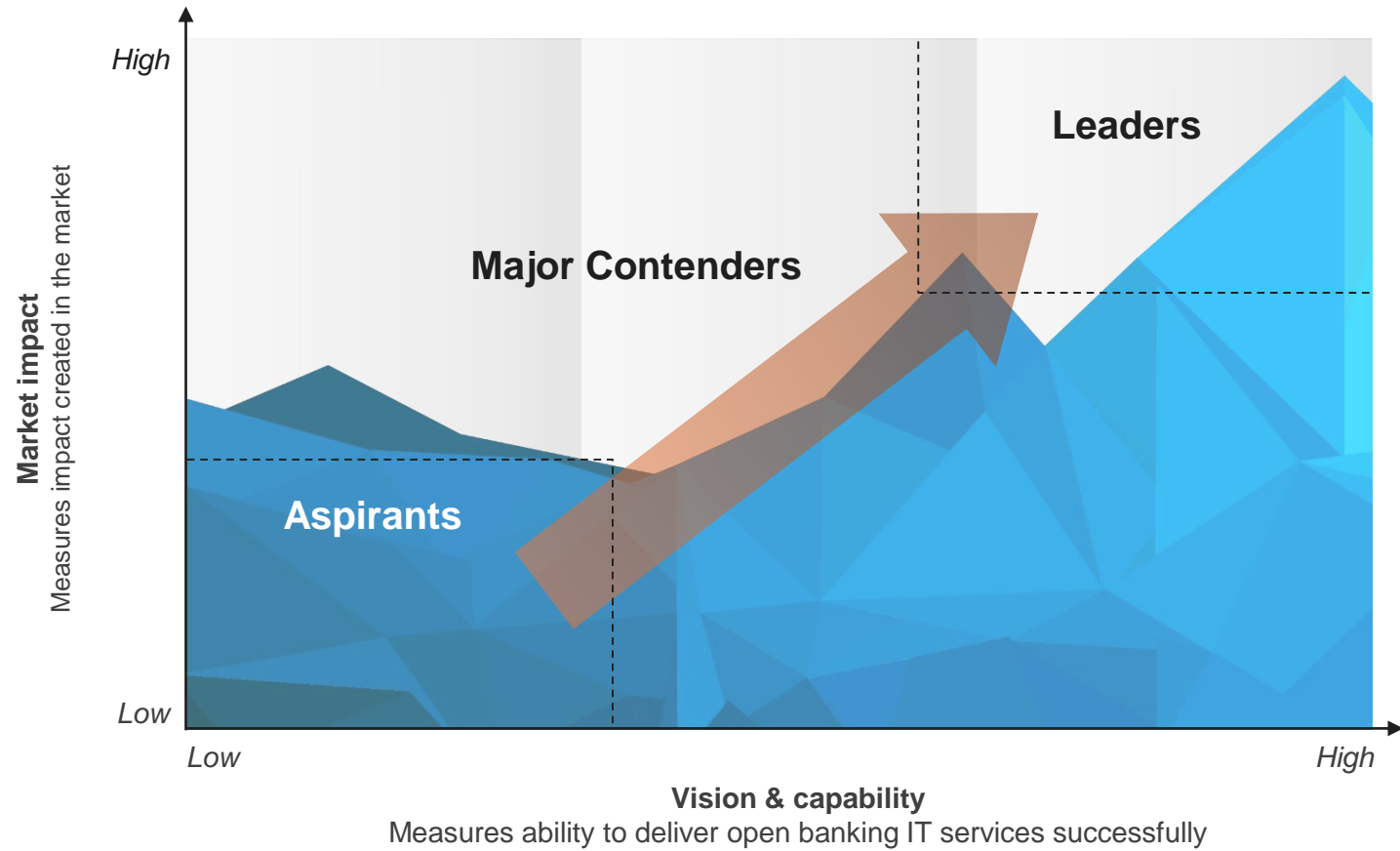
- Though TCS has a separate open banking practice, it lacks a targeted country- and LOB-specific GTM, unlike peers
- Investments in partnership, joint thought leadership, and joint GTM efforts with technology product vendors, core platforms, and industry consortiums are limited
- Clients have highlighted attrition and resource management challenges in onshore locations for open banking engagements. They have also highlighted the inconsistency of talent in large scale digital transformations
- Lack of investments in open banking-focused centers of excellence / co-innovation labs to enable onshore joint problem-solving with banking product owners slows down design-thinking workshop-led sales efforts

Appendix

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



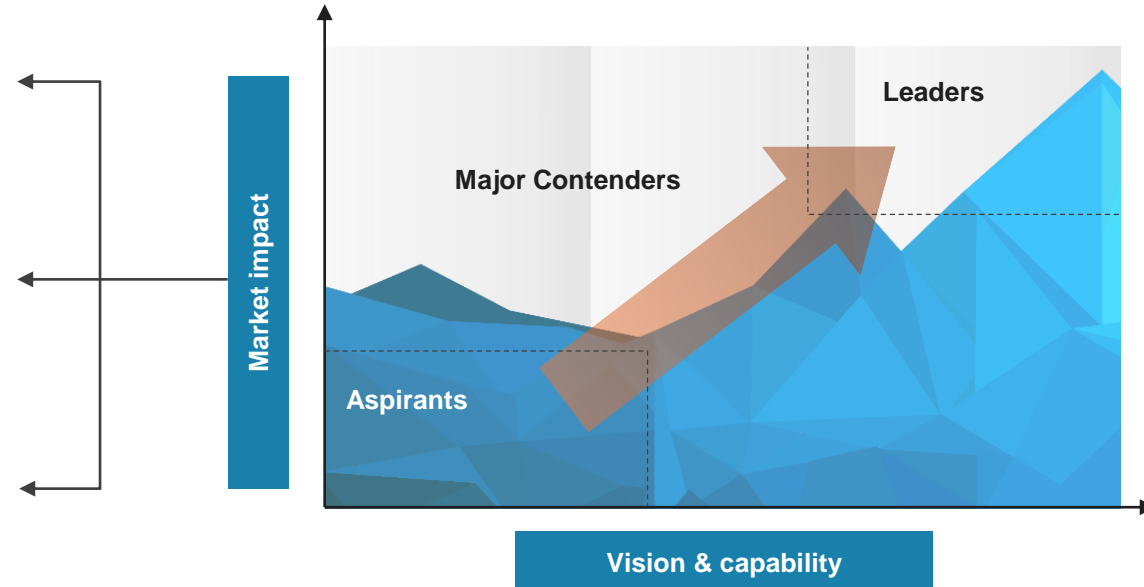
Everest Group PEAK Matrix



Services PEAK Matrix® evaluation dimensions

Measures impact created in the market – captured through three subdimensions

- Market adoption**
No. of clients, revenue base, YOY growth, and 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 demonstrated through case studies



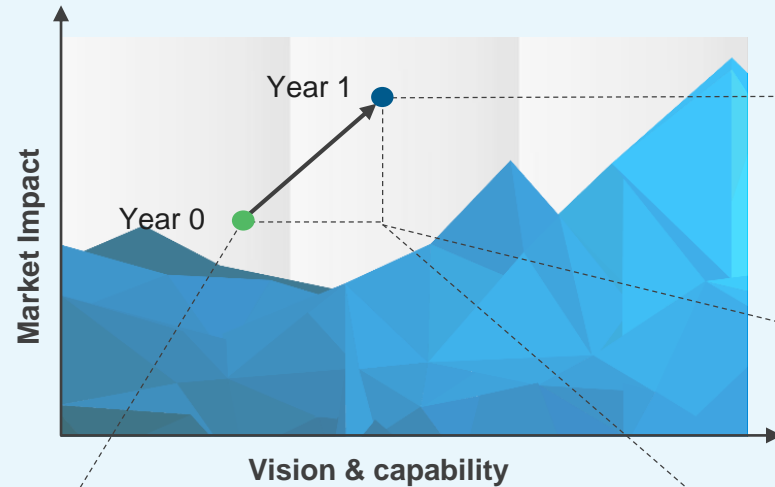
Measures ability to deliver services successfully. This is captured through four subdimensions

- 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
- # 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 several 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.

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