



# Topic: A PEAK into the Leaders, Major Contenders, and Emerging Players of the Banking BPO Market

An Extract

Banking, Financial Services, and Insurance (BFSI) Outsourcing Market Report: October 2012

# Background and methodology of the research

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## **Background of the research**

Banking BPO is the largest and the most mature market within BFSI BPO. As banks look to further cut costs, grow beyond traditional markets, and find new channels to reach customers, they are also increasingly turning to BPO as a key tool to stay competitive. Banks are now rationalizing their BPO service provider portfolios and forging deeper relationships with a smaller number of service providers. Service providers, on their part, are trying to increase market share, develop new offerings, and improve their delivery capabilities, through both the organic and the inorganic route. With more comprehensive offerings to choose from, banks should assess service provider capabilities across various parameters, and keep in mind both current and future needs when selecting a service provider.

## **Scope and methodology**

In this research study, we analyze the global banking BPO service provider landscape. We focus on:

- Relative positioning of 12 service providers on Everest PEAK Matrix for banking BPO
- Service provider market success
- Service provider capability advancements
- Emerging service provider trends
- Implications for key stakeholders

# This report is based on two key sources of proprietary information

1

- Everest Group's proprietary database of **300 + BFSI BPO contracts** (updated annually)
- The database tracks the following elements of each contract:
  - Buyer details including size and signing region
  - Contract details including service provider, contract type, TCV & ACV, service provider FTEs, start & end dates, duration, and delivery locations
  - Scope details including share of individual buyer locations being served in each contract, LoB/BU served, and pricing model employed

2

- Everest Group's proprietary database of **16+ BPO service providers**
- The database tracks the following elements for each service provider:
  - Revenue and number of FTEs
  - Number of clients
  - FTE split by different lines of business
  - Revenue split by region
  - Location and size of delivery centers
  - Technology solutions developed

## List of service providers covered in the analysis

  
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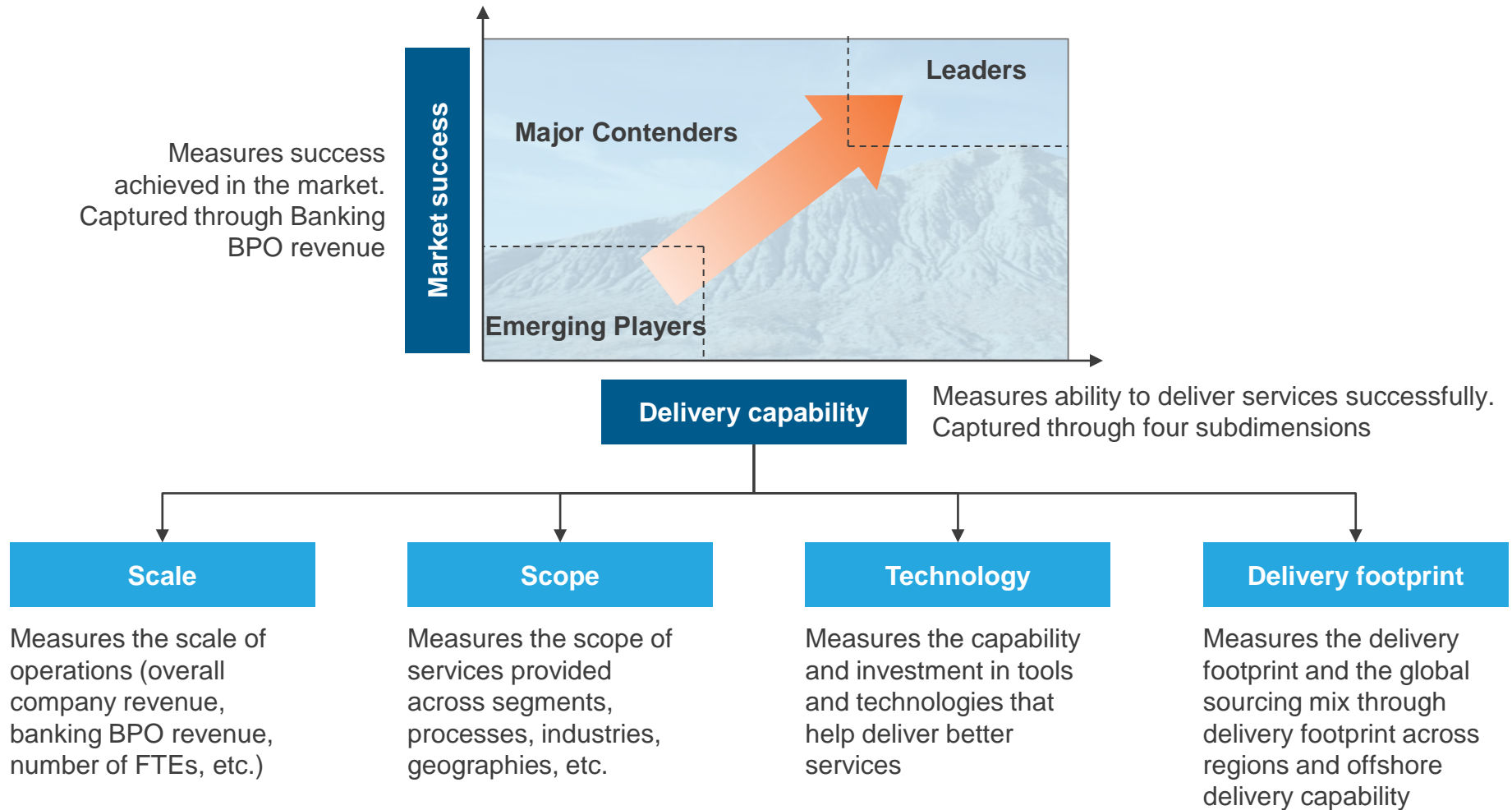
  
Applying Thought

  
Extending Your Enterprise

Note: We continually monitor the market and update the above list to include emerging service providers

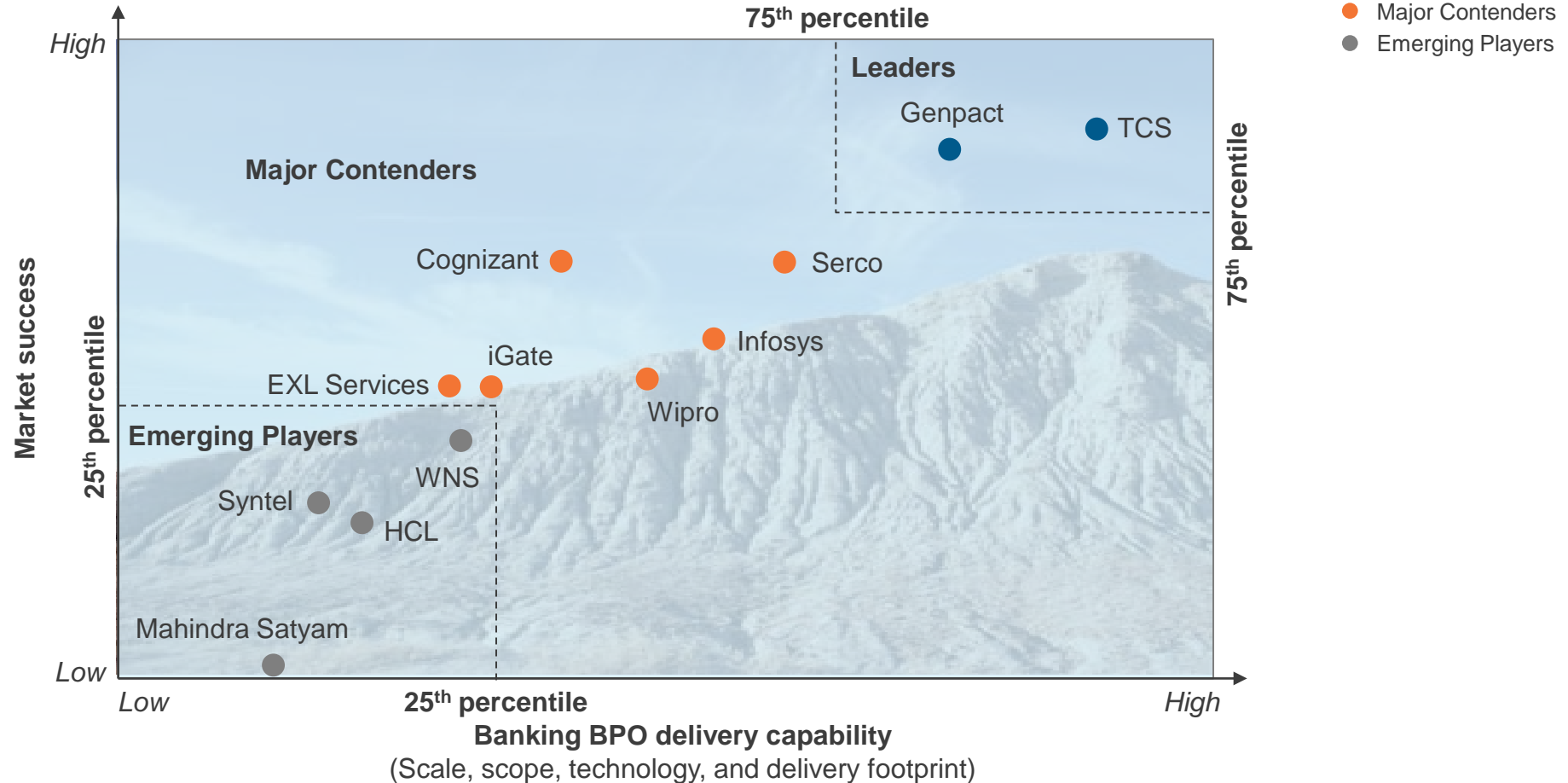
Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any contract-specific information collected will only be presented back to the industry in an aggregated fashion

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



# The banking BPO landscape has two prominent Leaders followed by a number of Major Contenders and Emerging Players

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for Banking BPO<sup>1</sup>



<sup>1</sup> Service providers scored using Everest Group's proprietary scoring methodology described on page 19

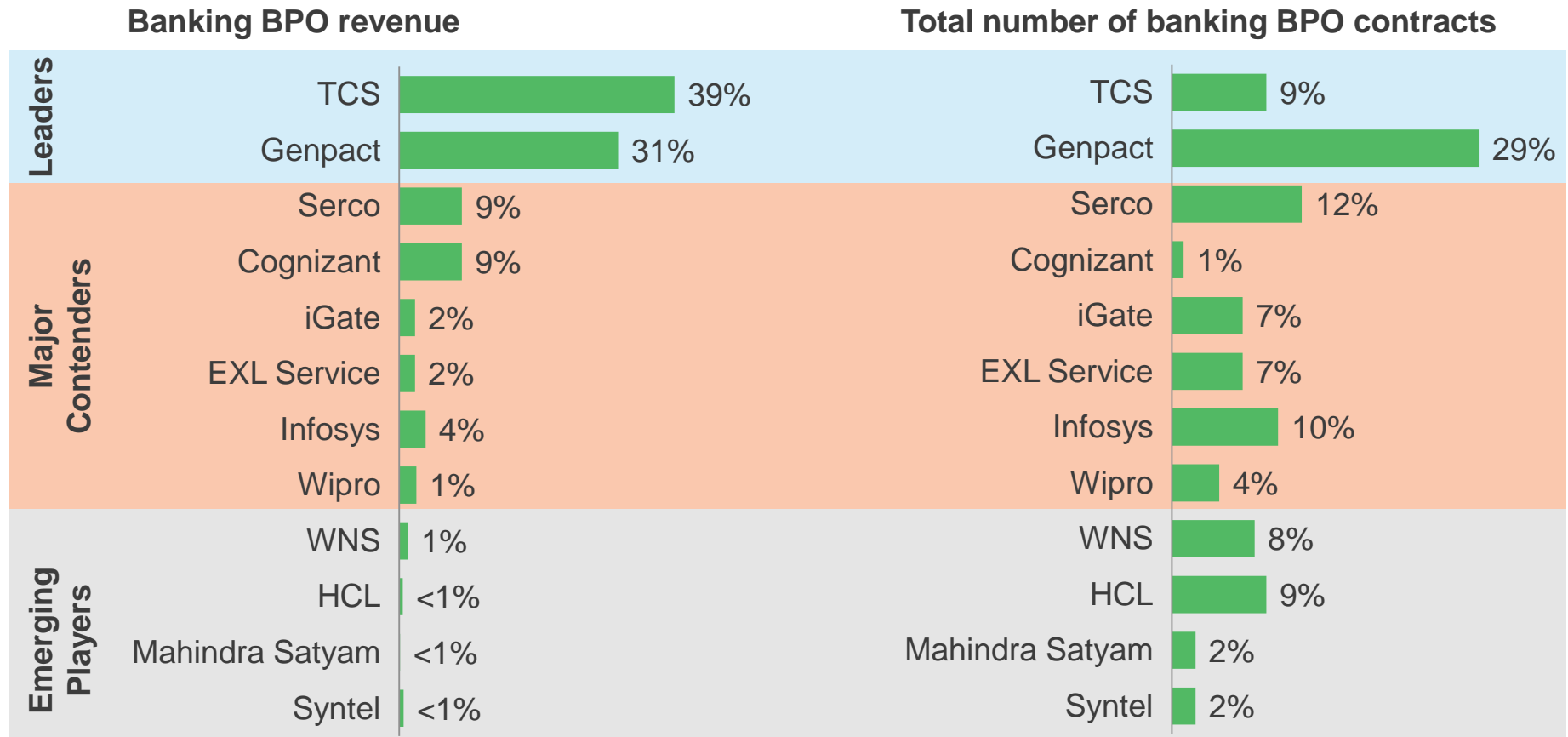
Note: Accenture, IBM, HP, and Xerox-ACS also have credible banking BPO offerings but did not provide sufficient information to be featured on the PEAK Matrix

Source: Everest Group (2012)

# Market success

Of the 12 service providers assessed, the Leaders account for ~70% of the overall banking BPO market in terms of revenue and close to 40% in terms of contracts

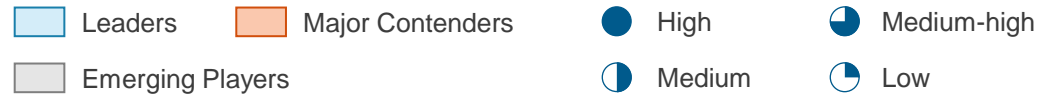
## Global banking BPO service provider market share



Source: Everest Group (2012)

# Delivery capability

Leaders are significantly ahead of Major Contenders and Emerging Players on all aspects of delivery capability



Service provider	Delivery capability				
	Scale	Scope	Technology capability	Delivery footprint	Overall
TCS	●	●	●	●	●
Genpact	●	●	●	●	●
Serco	●	◐	◑	◑	◑
Infosys	◑	●	●	◑	◑
Wipro	◑	◑	◑	◑	◑
Cognizant	◑	◑	◑	◑	◑
iGate	◑	◑	◑	◑	◑
EXL Service	◑	◑	◑	◑	◑
WNS	◑	◑	◑	◑	◑
HCL	◑	◑	◑	◑	◑
Syntel	◑	◑	◑	◑	◑
Mahindra Satyam	◑	◑	◑	◑	◑

# Implications for banks and financial institutions

## More comprehensive offerings to choose from

- Through M&A deals seen in the banking BPO market recently, service providers are trying to create more comprehensive offerings, giving banks and financial institutions a larger choice of robust offerings. For example, Xerox-ACS's acquisition of Symcor's U.S. operations gives it better check processing capabilities, in addition to its existing banking BPO capabilities

## Bundling of technology with BPO (and combined sourcing from the same provider) should be carefully evaluated

- Banks should carefully evaluate their own placement on the technology curve to decide whether the technology being offered is appropriate to their needs
- When signing deals that include bundling of technology with BPO, banks should ensure that their total cost of service delivery is lowered
- When sourcing IT and BPO from the same service providers, banks should be aware of the concentration risk involved

## Keep in mind current as well as future needs when selecting a service provider

- As banks and financial institutions expand globally, they must assess the capability of service providers, while introducing new products in the market, to also be able to provide support services for multiple markets and delivery channels in the future, in addition to current requirements

## The service provider assessment in this report should not be considered in isolation; buyers should choose a service provider based on their context and unique considerations

- In this report, Everest Group conducted a data-driven objective assessment of 12 BFSI BPO service providers across key dimensions such as scale, scope, technology, and delivery footprint. While it is a useful starting and reference point to evaluate different BFSI BPO service providers, the results from the assessment may not be directly prescriptive for each buyer. Service providers that fall into the "Leaders" category do not automatically become the natural choice. Buyers will have to consider their unique situation and requirements and match them against service providers' capability to meet their specific requirements. Some of the softer aspects, such as cultural compatibility and flexibility to meet buyer requirements, are also important considerations that buyers may have to take into account in their service provider selection process



# Everest Group

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