

NEAT EVALUATION FOR INFOSYS:

Intelligent Automation in Banking

Market Segments: Overall, RPA Services Capability, AI Services Capability, Professional Services Capability, Support for New Digital Banking Models

Introduction

This is a custom report for Infosys presenting the findings of the NelsonHall NEAT vendor evaluation for *Intelligent Automation in Banking* in the *Overall, RPA Services Capability, AI Services Capability, Professional Services Capability, and Support for New Digital Banking Models* market segments. It contains the NEAT graphs of vendor performance, a summary vendor analysis of Infosys for intelligent automation in banking, and the latest market analysis summary.

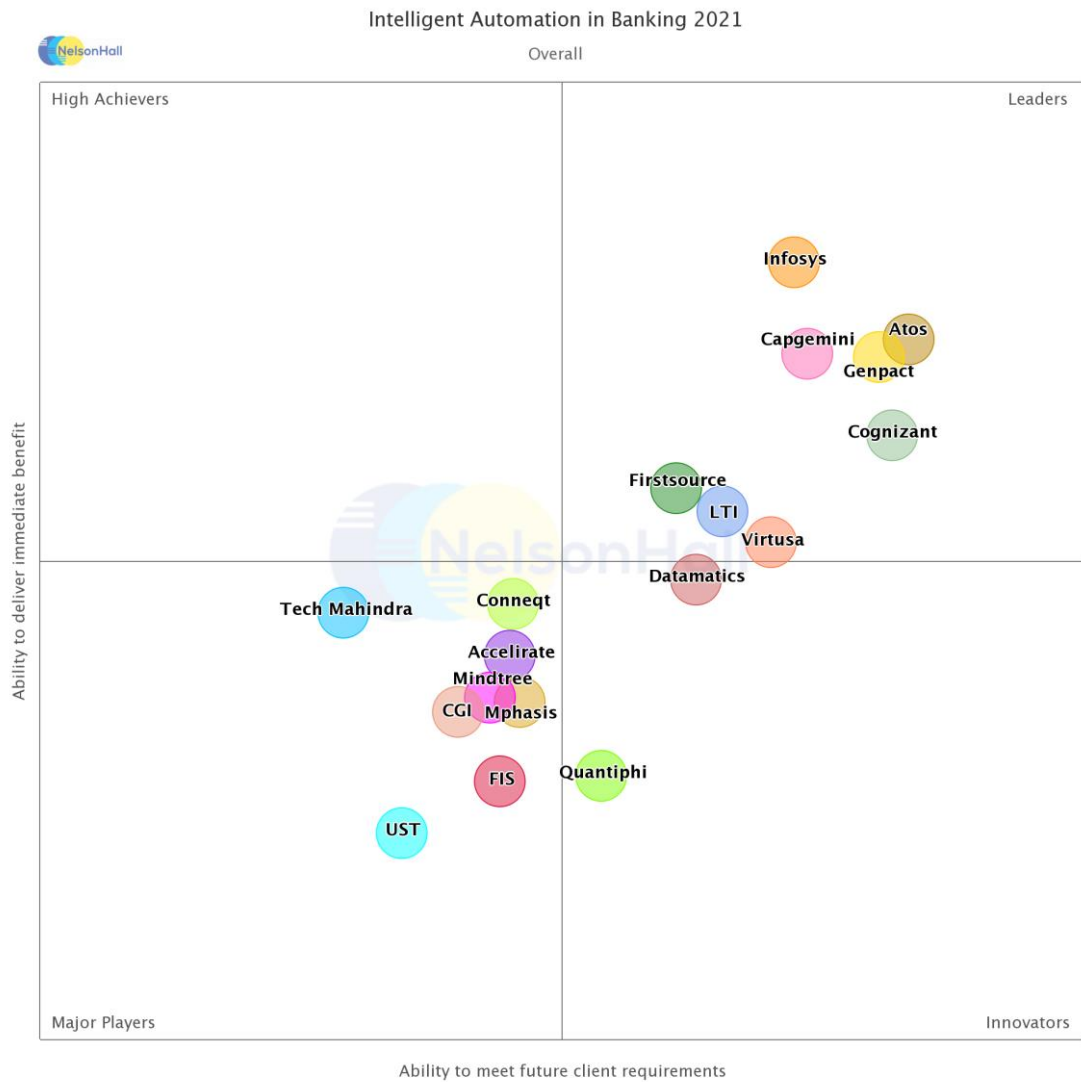
This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering intelligent automation services for banking. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall, and with specific capability in RPA services, AI services, managed intelligent automation services, professional services, and the development of new digital banking models.

Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Accelirate, Atos, Capgemini, CGI, Cognizant, Conneqt, Fidelity Information Services, Firstsource, Genpact, Infosys, LTI, Mindtree, Mphasis, Quantiphi, Tech Mahindra, UST, and Virtusa.

Further explanation of the NEAT methodology is included at the end of the report.

NEAT Evaluation: Intelligent Automation in Banking (Overall)

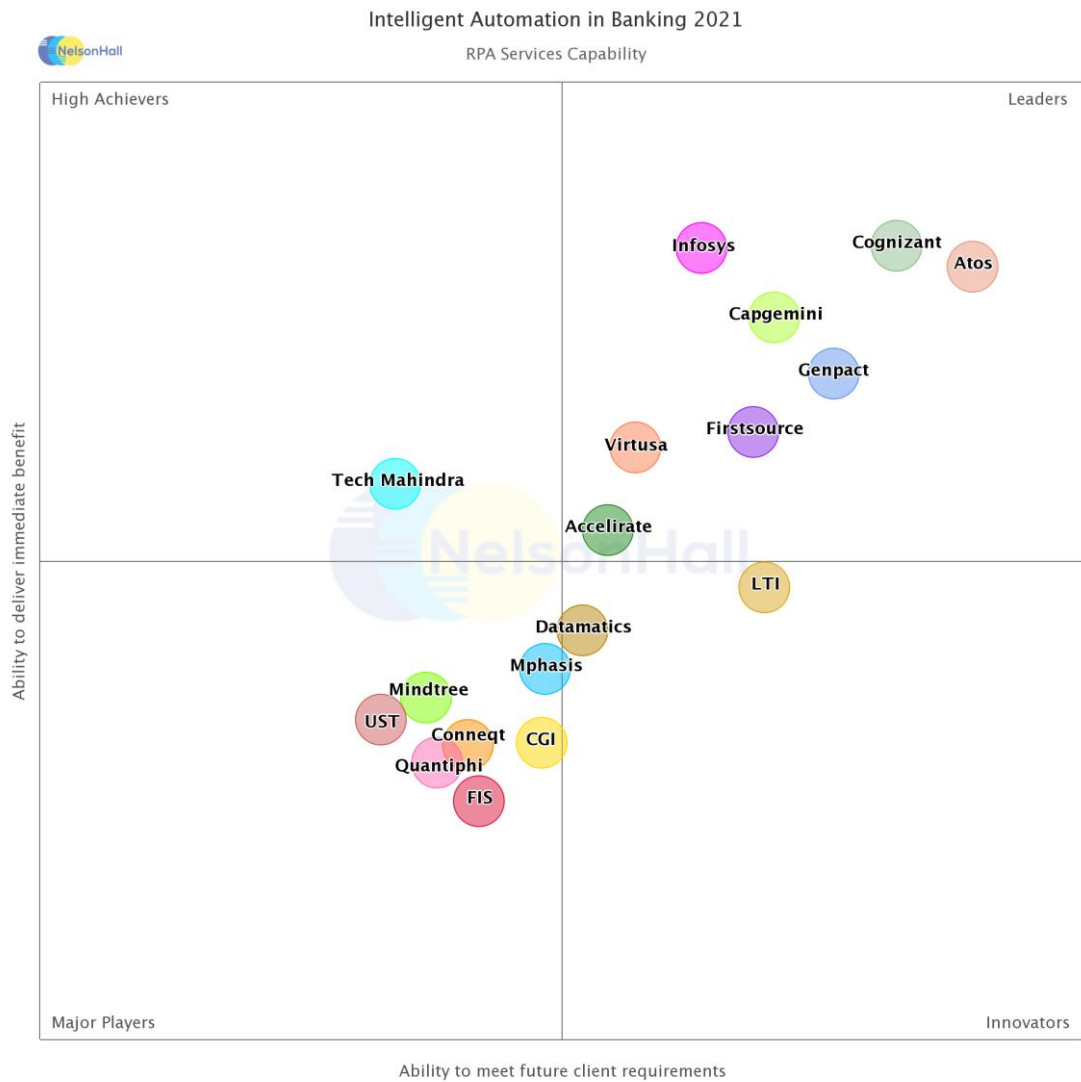


NelsonHall has identified Infosys as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects Infosys' overall ability to meet future client requirements as well as delivering immediate benefits to banking clients with its intelligent automation services.

Leaders are vendors that exhibit both a high ability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet client future requirements.

Buy-side organizations can access the *Intelligent Automation in Banking* NEAT tool (*Overall*) [here](#).

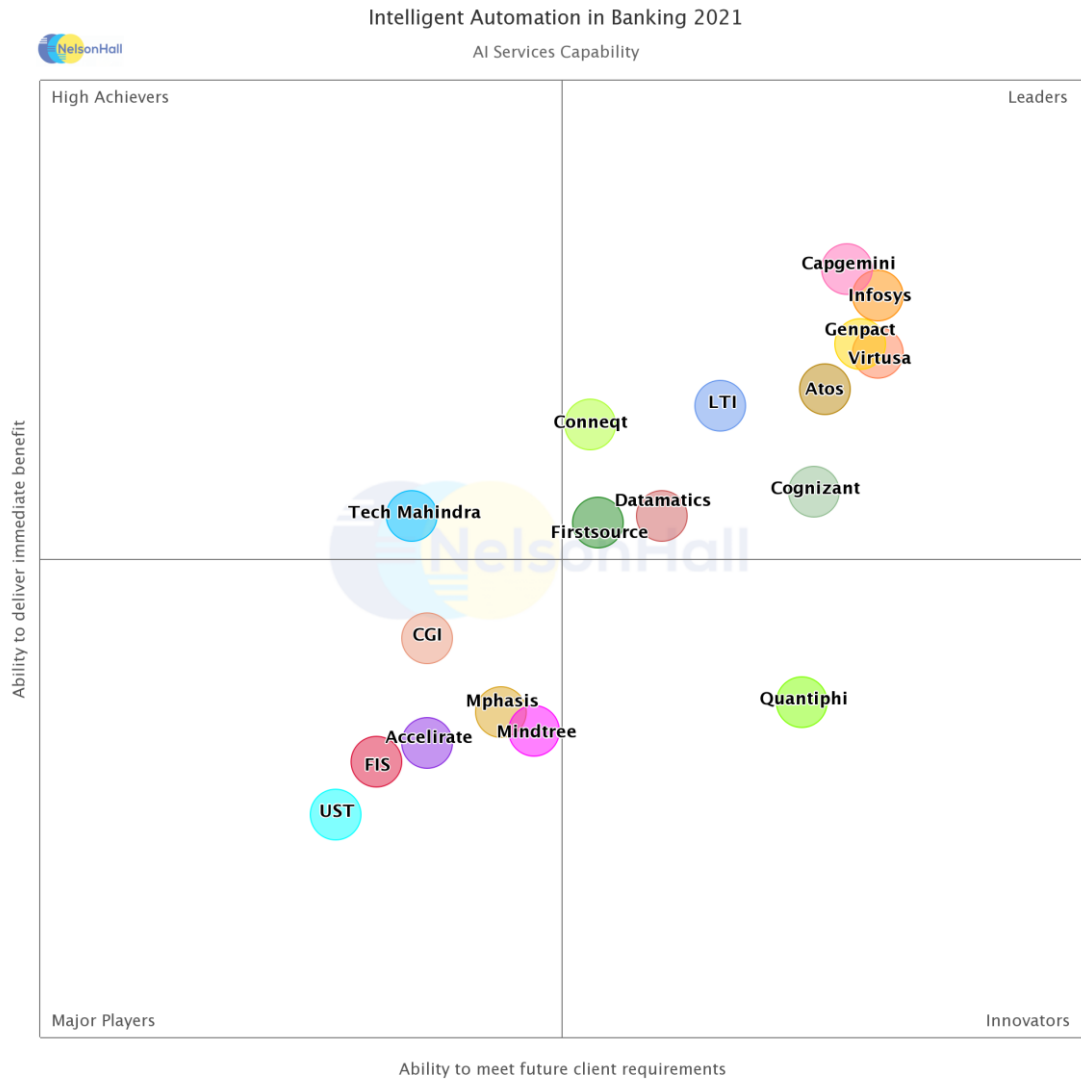
NEAT Evaluation: Intelligent Automation in Banking (RPA Services Capability)



NelsonHall has identified Infosys as a Leader in the *RPA Services Capability* market segment, as shown in the NEAT graph. This market segment reflects Infosys' ability to meet future client requirements as well as delivering immediate benefits to its banking clients with specific capability in RPA services.

Buy-side organizations can access the *Intelligent Automation in Banking* NEAT tool (*RPA Services Capability*) [here](#).

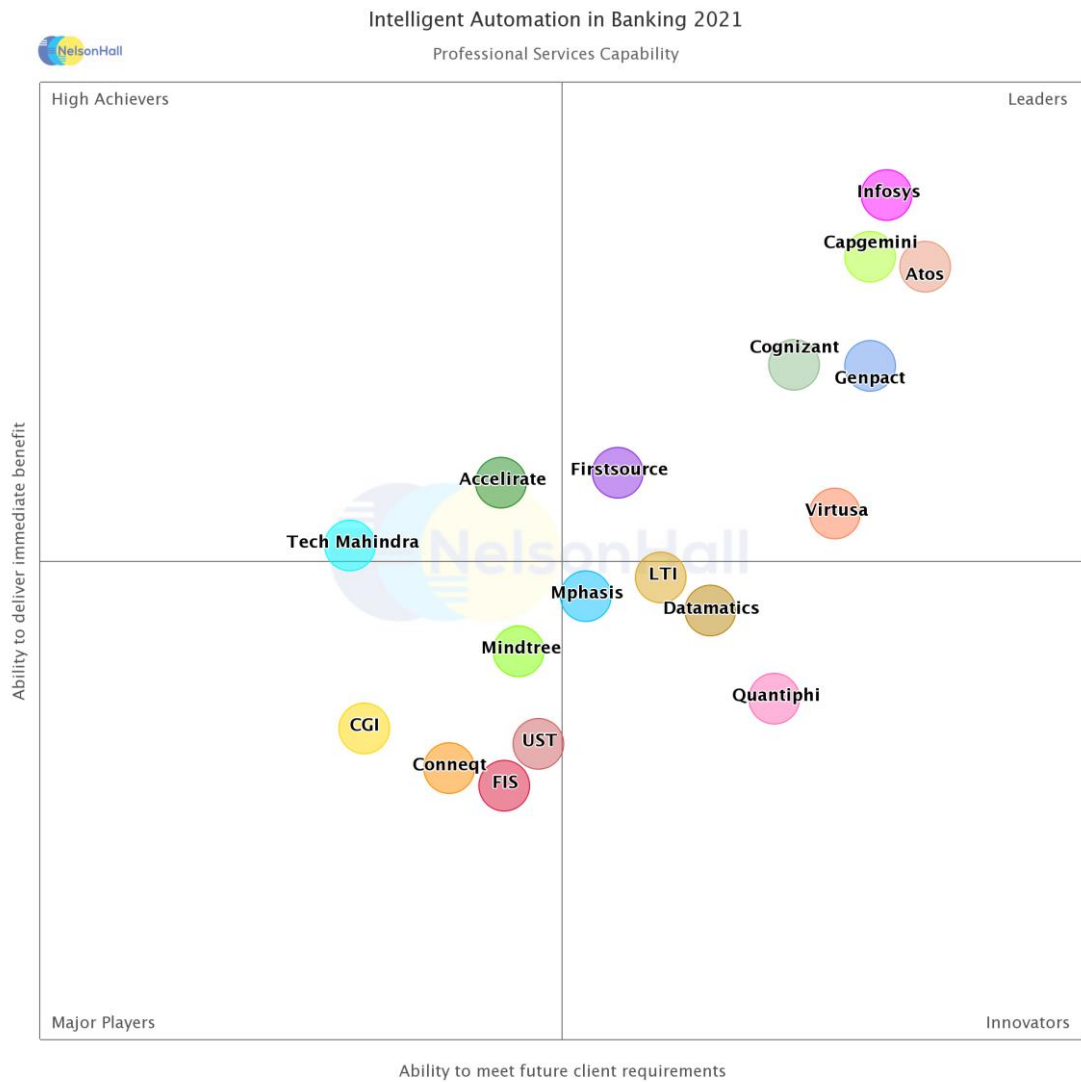
NEAT Evaluation: Intelligent Automation in Banking (AI Services Capability)



NelsonHall has identified Infosys as a Leader in the *AI Services Capability* market segment, as shown in the NEAT graph. This market segment reflects Infosys' ability to meet future client requirements as well as delivering immediate benefits to its banking clients with specific capability in AI services.

Buy-side organizations can access the *Intelligent Automation in Banking* NEAT tool (*AI Services Capability*) [here](#).

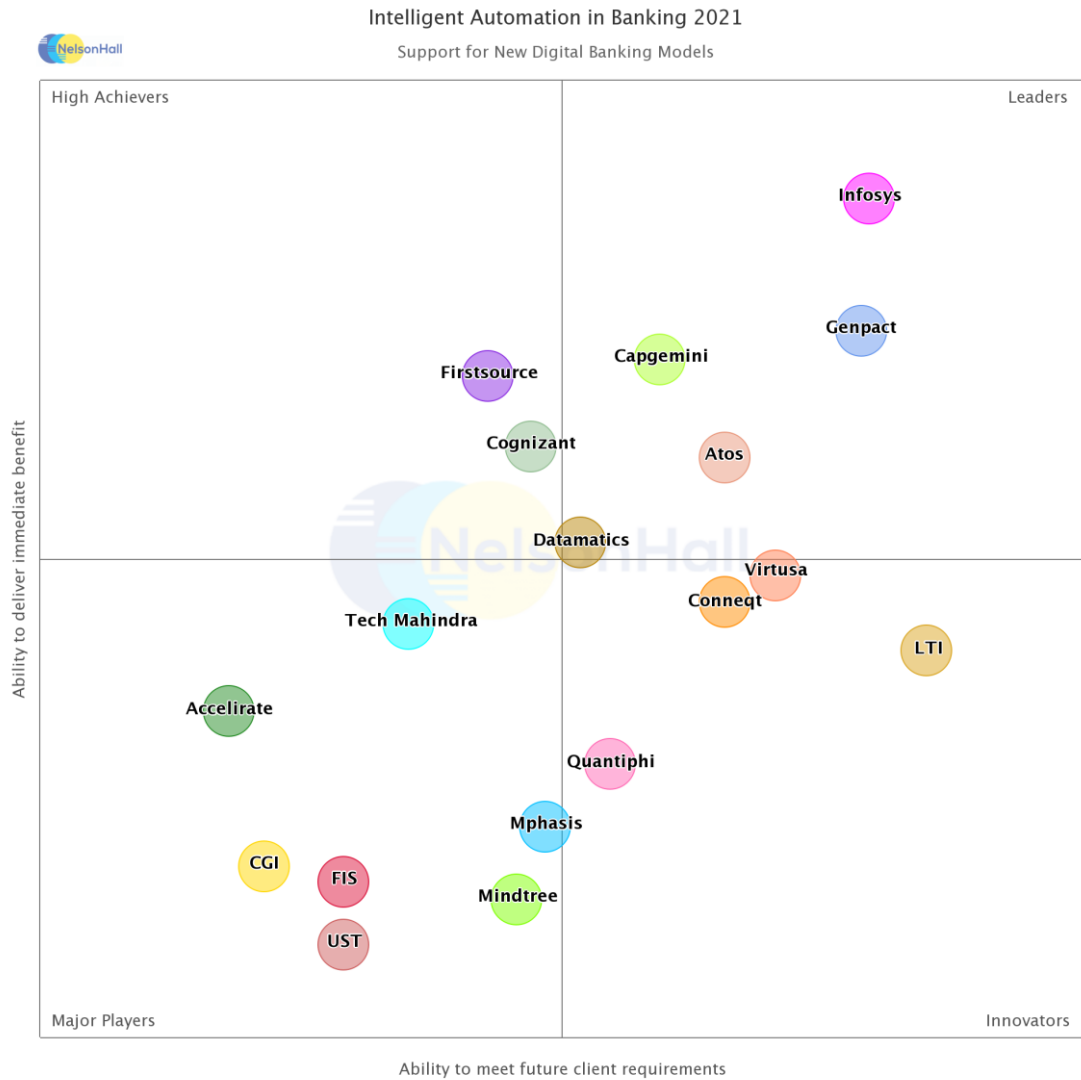
NEAT Evaluation: Intelligent Automation in Banking (Professional Services Capability)



NelsonHall has identified Infosys as a Leader in the *Professional Services Capability* market segment, as shown in the NEAT graph. This market segment reflects Infosys' ability to meet future client requirements as well as delivering immediate benefits to its banking clients with specific capability in professional services.

Buy-side organizations can access the *Intelligent Automation in Banking* NEAT tool (*Professional Services Capability*) [here](#).

NEAT Evaluation: Intelligent Automation in Banking (Support for New Digital Banking Models)



NelsonHall has identified Infosys as a Leader in the *Support for New Digital Banking Models* market segment, as shown in the NEAT graph. This market segment reflects Infosys' ability to meet future client requirements as well as delivering immediate benefits to its banking clients with specific capability in supporting new digital banking models.

Buy-side organizations can access the *Intelligent Automation in Banking NEAT tool (Support for New Digital Banking Models)* [here](#).

Vendor Analysis Summary for Infosys

Overview

The BFS industry is Infosys' single largest vertical in its intelligent automation practice. Infosys has been implementing automation capabilities for clients' operations since 2005, with initial engagements providing clients with automated data extraction and updates. In late 2008, Infosys implemented its first RPA deployment at a retail banking client, which was for the automation of data extraction, enrichment, and updates.

Infosys began delivering AI services in banking in 2012 with an engagement to extract and analyze loan onboarding data to predict the collectability of loans for a mortgage lending client. Lending automation and analysis is a major focus of Infosys' intelligent automation practice. Infosys most frequently applies AI to loan portfolios to identify optimum collection paths to improve overall portfolio collection rates.

In 2016, Infosys initiated its RPA services for capital markets clients. The initial engagement was an RPA implementation for a universal bank to improve shared services processing for compliance, HR, and finance.

Intelligent automation technology has been developing rapidly. Infosys has developed proprietary tools to support rapid deployment for its clients, and for the past two years, it has been aggressively expanding its ecosystem of emerging technology vendors to provide its clients with emerging functionality.

Infosys has made a number of acquisitions to enhance its intelligent automation offerings, including:

- Skytree (April 2017): machine learning software
- Fluidio (September 2018): Nordics-based salesforce advisor and consulting firm
- Compaz (November 2018): JV with Temasek, Singapore to offer advanced solutions for cloud, data, analytics, cybersecurity, digital experiences, and AI
- Simplus (February 2020): consulting firm for Salesforce in the areas of cloud, data integration, change management, and training
- GuideVision (October 2020): Europe-based enterprise service management consultancy
- Blue Acorn iCi (October 2020): Adobe partner focused on customer experience, commerce, and analytics.

Infosys's intelligent automation services are focused on consulting, technology integration, and process operations services.

Clients buy service bundles based on technology maturity. There are three key bundles bought, including:

- *Consulting and POCs*: clients within operations units are looking to improve process efficiency. Engagements are structured to identify use cases, develop POCs and, where successful, implement the POC into production. The engagement goes on to find more use cases to trial and implement. This model constitutes 45% of engagements, down from 50% in 2019



- *Consulting, integration, and implementation*: these engagements are driven by a top-down management desire to transform operations. Engagements define strategy and then work to implement a strategy. This model constitutes 45% of engagements
- *IA transformation delivered via BPM*: these engagements look to transform delivery by addressing a large range of processes and handoffs by transforming and migrating to a third-party BPM environment. Success is defined by the end outcome, which is influenced by the vendor running the operational delivery. These engagements are much larger than the first two types, often 50x the value. This model constitutes 10% of engagements, up from 5% in 2019.

Demand varies by client type, including:

- Regional banks tend to buy engagements focused on RPA implementation and process cost take-outs
- Tier one banks tend to buy engagements focused on AI, ML, and cognitive enablement
- All banks have skills deficits inhouse and look to receive skills transfer and employee training as part of, or in addition to, IA engagements.

Infosys has 4,500 FTEs working in intelligent automation for BFS out of 5.5k FTEs in AI and automation overall. Staff is allocated across consulting (15%), technology integration (60%), and process operations (25%). Infosys delivers intelligent automation services from a global network of development and delivery centers.

Financials

NelsonHall estimates that Infosys' next year revenues from intelligent automation services for the BFS industry will be \$330m, split across:

- Consulting: 20%
- Technology integration: 55%
- Process operations: 25%

Strengths

- Strong learning and knowledge transfer offerings for clients
- Integrated consulting, implementation, and BPM offering for multi-silo operations enhancements
- Strong consulting capabilities, with domain expertise drawn from its long-term experience with financial institutions
- Extensive proprietary intelligent automation solutions portfolio
- Large onshore delivery capability in its markets.



Challenges

- The AI space is crowded, and Infosys will need to build out its partnerships with emerging vendors very quickly to differentiate its AI offerings in this rapidly evolving market
- The move from a high onshore presence to a more distributed delivery model in response to COVID-19 will need to be reassessed post-COVID to make sure high client touch is retained.

Strategic Direction

Infosys is focused on delivering intelligent process automation services to a broad range of financial institutions across all major markets. It differentiates itself to clients with capabilities including:

- Proprietary IP, including AssistEdge and multiple cognitive platforms
- Learning and training capabilities, delivered locally in multiple geographies, for clients and employees
- IA transformation delivered via BPM, where it takes responsibility for the process outcome as part of a larger process reengineering and efficiency achievement engagement. These projects require large-scale engagement across multiple markets and client silos. Infosys will be increasing its focus on these opportunities and applying its operational coordination capabilities to delivering value to clients.

Over the next year, Infosys will be enhancing its AI offerings with additional cognitive functionality. This will require enhancement of existing and new partnerships, and Infosys' partnership strategy should enable it to expand its prospects.

Outlook

Infosys should have a strong year in 2021 as it upsells services to existing clients and adds more banking clients. The Vanguard contract award alone should strongly contribute to revenue growth, as well as provide a template for more IA BPM engagements. Infosys has a strongly growing intelligent automation business, with a broad range of services and new, cloud-delivered AI offerings.

NelsonHall estimates that Infosys' intelligent automation revenues in banking will grow by 20% per year over the next three years, based on its existing client base and its capabilities in intelligent automation.

Intelligent Automation in Banking Market Summary

Overview

Intelligent automation services is an evolving business, with tier 1 banks looking for single process customized services. Adoption and usage models for IA services are growing for the start-up, regional, and mid-tier market. Smaller banks require productized services. All banks are increasing their AI spend.

In the future, clients will continue to implement IA, focus on data management, and migrate to a hybrid multi-cloud. IA services vendors will deliver services to support business model change. Operational delivery will become agile to support reducing time-to-market and volume fluctuations.

Buy-Side Dynamics

Tier 1 banks and start-ups are primary adopters of intelligent automation services (~75%); regional and local banks are starting to scale their demand (25%). Intelligent automation vendors are expanding their presence with regional and local banks by productizing offerings.

Drivers include:

- Cost: mid-tier banks and start-ups need to match tier 1 banks' efficiency with lower CAPEX
- Human support: worker support for WFH and customer support for self-service to improve CSAT
- Variabilized cost: need to scale processing to match volatile external market conditions
- Human support: moving to highly distributed operations requires AI and automation for consistency.

The primary client profile is currently tier 1 banks and start-ups. In future, presence with regional and local banks will expand, as will support for non-differentiating processes and new functionality.

The banking industry is adapting to new business conditions where they need to move to WFH while maintaining the same high data security and compliance standards they delivered from centralized delivery centers. To deliver their operations profitably from increasingly heterogenous work environments will require highly standardized, consolidated, automated operations across multiple products and markets. Operations need to be able to scale up/down with a very low cost of delivery.

Market Size & Growth

NelsonHall estimates the size of the intelligent automation services in BFS market will be ~\$5,400m in 2021, and that it will grow at 18.5% per year in the period 2021 to 2026.

The intelligent automation services in BFS market starts with consulting services, which accounts for ~15% (\$810m) of client spend and is growing at ~12.0% per year over the forecast period. Design and deploy services accounts for ~55% (\$2,970m) of client spend and is growing at ~16.0% over the forecast period. Finally, BPS and managed services accounts for ~30% (\$1,620m) of client spend and is growing at ~25.0% over the forecast period.

Success Factors & Challenges

The **key challenges** faced in intelligent automation services in BFS include:

External challenges:

- Access to emerging technology: all IA services vendors are building ecosystems for emerging technologies and acquiring staff skilled in relevant technologies. Finding the best new technologies and embedding them in effective platforms remains difficult
- Access to qualified staff: changing technologies changes the required mix of staff skills, and emerging tech is driving a skills shortage. Currently, AI is the most constrained capability
- Changing regulations requiring resources to adapt to them
- COVID-19 induced move to more distributed operations:
 - The need to reduce supply chain risk by increasing the distribution of operations
 - Increased use of joint human/bot work teams, and how to make them effective
 - Shifting delivery to an omnichannel environment and rearchitecting processes
- Changing business models: the advent of digital banks (e.g., Marcus) and the need to create new competitive business models to address this challenge

Internal challenges:

- AI and robotics:
 - Data needs to be sourced in quantity (tough for small banks) and scrubbed for accuracy
 - Clients need improved CX for all stakeholders as delivery increasingly migrates to omnichannel
- Operations:
 - Human: working with bots lacks history and best practices
 - Environment complexity has increased with the need to balance workloads, standardize processes, and train workers
 - Maintaining workforce morale and engagement under conditions of WFH
 - Flexibility and accuracy: increasingly, volumes fluctuate rapidly. Managing capacity swings is difficult using labor
 - Challenges of new and heterogeneous tech requires new skillsets
 - Shift to DevOps to deploy new automation solutions rapidly requires new developer skills

Key competitive differentiators for vendors include:

- Delivery (processes listed in order of clients' current priority):
 - Ability to connect front-to-back end for STP
 - Ability to manage unstructured and transactions data accurately
 - Agile operations administration: provide flexibility and continuous capability improvement
 - Ability to improve CSAT using cognitive solutions across an omnichannel environment
 - Regulatory compliance, as regulations evolve, with industry and country context
- Vendor ecosystem:
 - Broad and evolving ecosystem of fintech and AI partnerships, with the focus on AI
 - Proprietary automation framework and libraries of use cases, APIs, and reusable assets
 - Tech partnerships with product vendors that banks want to standardize on. Technical knowledge of those solutions is critical. Business knowledge of emerging vendors is required



NEAT Methodology for Intelligent Automation in Banking

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet client future requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet client future requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders:** vendors that exhibit both a high ability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet client future requirements
- **High Achievers:** vendors that exhibit a high ability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet client future requirements
- **Innovators:** vendors that exhibit a high capability relative to their peers to meet client future requirements but have scope to enhance their ability to deliver immediate benefit
- **Major Players:** other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.

*Exhibit 1***‘Ability to deliver immediate benefit’: Assessment criteria**

Assessment Category	Assessment Criteria
Offerings	IA Consulting and advisory services
	IA design and deploy services
	IA management and BPS services
	Breadth of application of RPA and AI to banking
	Application of RPA to processes
	Application of AI to processes
	Ability to provide agile based development at scale
	Application of RPA technology to banking
	Application of AI/cognitive technology to banking
	Use of design thinking to reimagine automation processes
	Delivery personnel with relevant qualifications
	RPA & AI implementation capability
	Ongoing bot/AI management
	Advanced analytics reporting ability
Delivery Capability	Scale of RPA & AI delivery capability
	Cognitive delivery capability
	Delivery capability – U.S.
	Delivery capability – U.K.
	Delivery capability – Continental Europe
	Delivery capability – Rest of EMEA
	Delivery capability – APAC
	Accessing globally consolidated analytics for decision making
	Maturity of RPA & AI delivery model
	Design thinking capability
Client Presence	Extent of partnerships in support of intelligent automation services
	Overall RPA presence
	Overall AI presence
	Professional services presence
	SaaS/BPS presence
	Intelligent automation customer presence overall
	Intelligent automation customer presence, N. America
	Intelligent automation customer presence, U.K.
	Intelligent automation customer presence, Continental Europe
	Intelligent automation customer presence, RoW

Continued...



Benefits Achieved	Level of cost savings achieved
	Increased use of self-serve
	Improved scalability of operations
	Process error reduction
	Process cycle time reduction
	Improved CSAT
	Improved speed of RPA/AI roll-out
	Perception of “value for money”

Exhibit 2

‘Ability to meet client future requirements’: Assessment criteria

Assessment Category	Assessment Criteria
Service Innovation Culture	Perceived suitability to meet future client RPA & AI needs
	Perceived suitability to develop new banking business models & processes
	Ability to apply automation to banking processes
	Ability to introduce new digital business models
	Service culture
Level of Investments	Innovation & creativity
	Level of investment in RPA
	Level of investment in cognitive/AI
	Level of investment in professional services for RPA & AI
	Level of investment in SaaS/BPS for RPA & AI
	Level of investment in own tools & platforms in support of RPA and AI in banking
Market Momentum	Level of investment in new RPA & AI-based systems of engagement for banking
	IA services market momentum

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.



research.nelson-hall.com

Sales Enquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:

Beth Lindquist at beth.lindquist@nelson-hall.com

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