



# Everest Group PEAK Matrix<sup>®</sup> for BFS Risk and Compliance IT Service Providers 2020

Focus on Infosys  
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# Background of the research

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- Banking and Financial Services (BFS) firms are witnessing regulatory changes across cybersecurity, data privacy, enterprise risk, financial crime, and financial risk management. The industry has not witnessed such drastic changes since the Volker reforms and Dodd Frank Act, post the 2008 economic crisis. As the BFS industry deals with the pandemic induced crisis, enterprises need to prepare a resilient, scalable, agile, and flexible risk management and regulatory reporting architecture that can adapt to the needs of the post-COVID 19 world
- Firms face challenges in transforming their risk and compliance functions because of legacy IT systems and infrastructure, that act as roadblocks in using modern technologies such as AI- and big data analytics-driven risk assessment and leveraging real-time insights to manage and control risk scenarios
- Service providers are investing in building solutions and partnerships with technology vendors to help BFS firms better manage their risk and compliance function. This is accomplished by leveraging API-driven data warehouse, agile risk assessment models, and cloud-based platforms. Consulting-led change management across IT and operations is enabling service providers to help clients achieve the desired business outcomes from their risk and compliance transformation initiatives

In this research, we studied the vision and capability of, and the market impact generated by 26 leading service providers that provide Risk and Compliance IT services to BFS firms. These service providers were positioned on Everest Group's proprietary PEAK Matrix® to identify Leaders, Major Contenders, Aspirants, and Star Performers

## Scope of this report

- **Services:** Risk and Compliance IT Services
- **Industry:** Banking and Financial Services (BFS)
- **Geography:** Global
- **Service providers:** Accenture, Atos, Birlasoft, Capgemini, CGI, Cognizant, Deloitte, DXC Technology, EY, Happiest Minds, HCL Technologies, IBM, Infosys, KPMG, LTI, Mphasis, NSEIT, NTT DATA, PwC, Sopra Steria, Synechron, TCS, Tech Mahindra, Virtusa, Wipro, and Zensar Technologies

# Introduction and scope

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Everest Group recently released its report titled [“BFS Risk and Compliance IT Services PEAK Matrix® Assessment 2020: Building Cloud-based Data Infrastructure for Intelligent Real-time Controls”](#). This report analyzes the changing dynamics of the BFS risk and compliance IT services landscape and assesses service providers across several key dimensions.

As a part of this report, Everest Group updated its classification of 26 service providers on the Everest Group PEAK Matrix® for BFS risk and compliance IT services into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of BFS risk and compliance IT service providers based on their vision & capability and market impact. Everest Group also identified six service providers as the “2020 BFS Risk and Compliance IT Services Star Performers” based on the strongest forward movement demonstrated on the PEAK Matrix over time.

Based on the analysis, **Infosys emerged as a Leader**. This document focuses on **Infosys’** BFS risk and compliance IT services experience and capabilities and includes:

- Infosys’ position on the BFS risk and compliance IT services PEAK Matrix
- Detailed BFS risk and compliance IT services profile of Infosys

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.

# BFS Risk and Compliance IT services PEAK Matrix® 2020 characteristics

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## Leaders:

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

- Leaders are characterized by their wide scope of offerings including regulatory consulting, risk architecture & modeling, validation, application development & maintenance, and Systems Integration (SI) across GRC, financial risk management, financial crime mitigation, cybersecurity, data privacy, and reporting
- They have a well laid-out strategy to train and certify talent across major third-party platforms and provide a combined IT and operations services
- They have a well-defined partnership ecosystem with major third-party platform providers across the risk and compliance landscape; a joint market attack strategy with these vendors is helping them win large deals across different geographies
- In order to keep pace with the market dynamics, Leaders continue to invest in new services capabilities such as cloud-based offerings, cross-functional domain and analytics experts, solution accelerators, proprietary solutions, and innovation centers

## Major Contenders:

Atos, CGI, Deloitte, DXC Technology, EY, KPMG, LTI, Mphasis, PwC, Sopra Steria, Synchron, Tech Mahindra, and Virtusa

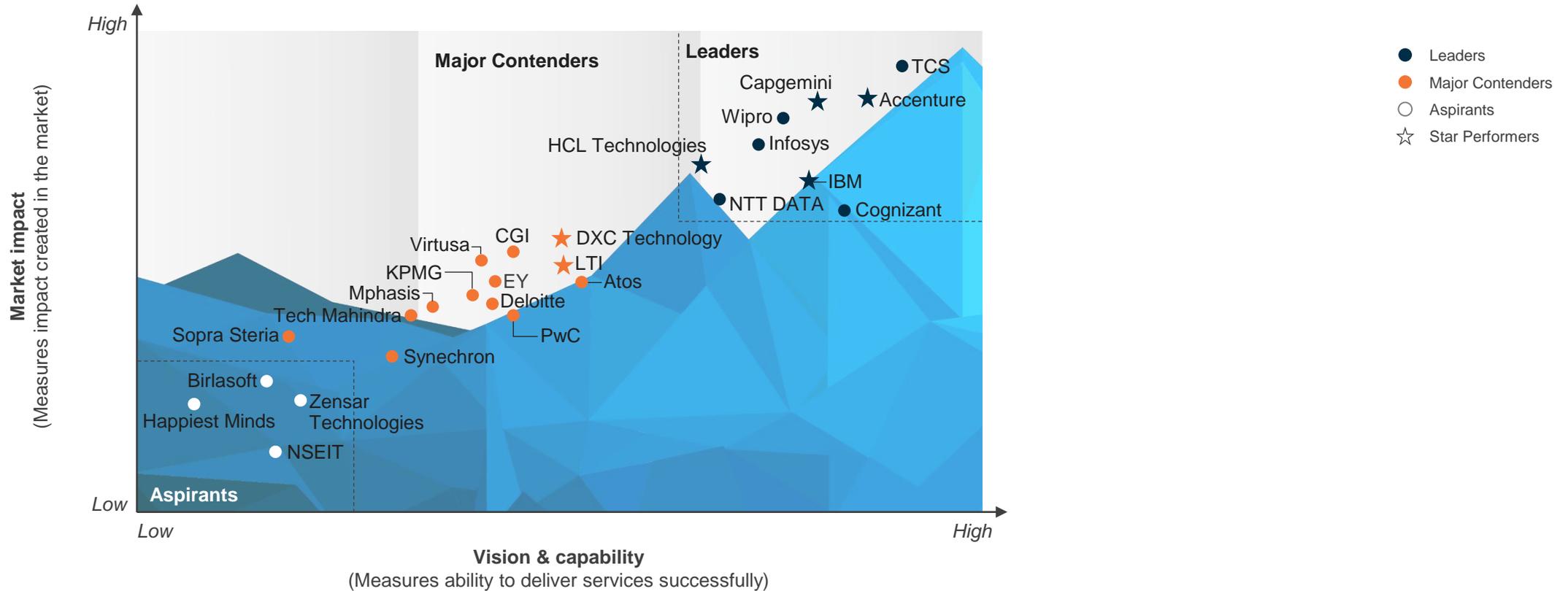
- Major Contenders includes a mix of global and regional players; these players have built meaningful capabilities to build pockets of sustainable differentiation
- They have created differentiated capabilities across specific areas such as market risk, credit risk, cybersecurity, and data privacy. Major Contenders are making continued investments in developing internal IP and bolstering partnerships in order to plug their capability gaps
- DXC Technology and LTI stand out among Major Contenders due to the breadth and depth of their solutions portfolio, proprietary platforms, capabilities across the stack (built in-house or through acquisitions), and the ability to combine offerings with next-generation technologies such as cognitive computing
- Large audit and consulting firms are moving downstream in their risk advisory projects to provide IT services support for managing the risk and compliance function as clients ask for end-to-end partners from roadmap to implementation and day-to-day operations

## Aspirants:

Birlasoft, Happiest Minds, NSEIT, and Zensar Technologies

- Aspirants typically cover specific risk segments across BFS lines of business or deliver depth of services on one of the services themes such as analytics, system integration, or cybersecurity
- Aspirants are in a good position to challenge the market on specific elements in the risk & compliance value chain. They can leverage small scale to their advantage by positioning themselves as a service provider of choice for clients who seek a nimble partner that can work intimately with their risk and compliance teams

### Everest Group BFS Risk and Compliance IT Services PEAK Matrix® Assessment 2020



Note : PEAK Matrix specific to risk and compliance IT services in BFS. Assessments for Accenture, Atos, CGI, Deloitte, DXC Technology, EY, IBM, KPMG, PwC, Synechron, and Tech Mahindra excludes service provider inputs on this particular study and is based on Everest Group's estimates that leverage Everest Group's proprietary Transaction Intelligence (TI) database, ongoing coverage of these service providers, their public disclosures, and interaction with buyers. For these companies, Everest Group's data for assessment may be less complete

Source: Everest Group (2020)

Overview

**Vision for risk and compliance IT services practice:** To be an industry leader and partner of choice for risk and compliance services through deep domain knowledge and differentiated offerings.



**Risk and compliance IT services mix in BFS:**

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

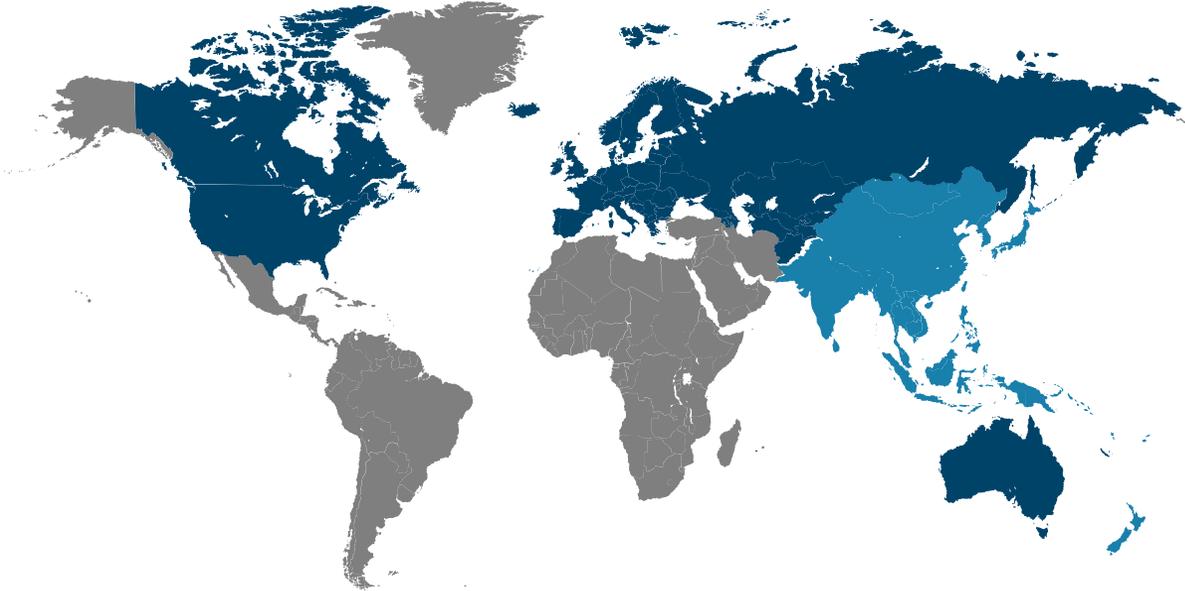
**By services scope**



**By buyer size**



**By geography**



Source: Everest Group (2020)

## Client success stories

NOT EXHAUSTIVE

### Case study 1: AML and fraud solution implementation at a large European bank

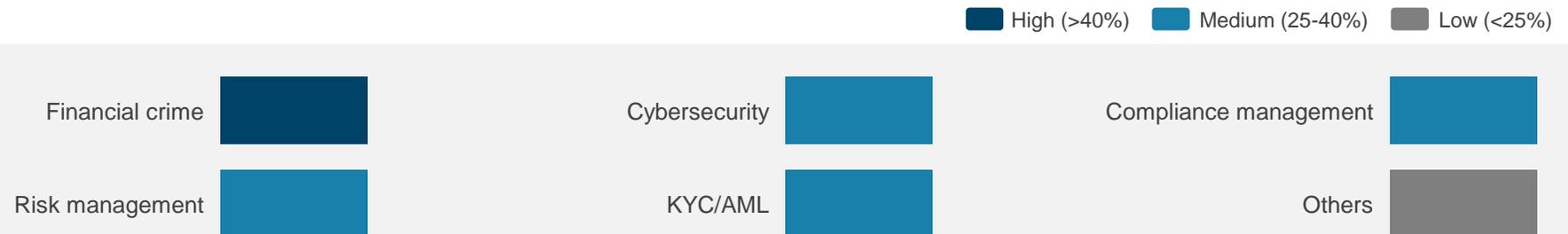
Business challenge	<ul style="list-style-type: none"> <li>The client wanted to procure data from disparate sources to create common and scalable data store and facilitate multi-country data processing and analysis engine for the global AML solution on a single platform</li> </ul>
Solution	<ul style="list-style-type: none"> <li>Architected a Hadoop-based technology solution (data lake) hosted on HortonWorks Data Platform</li> <li>AML-related data was sourced from the data lake into a data management layer to undergo quality checks, filtering, and customer segmentation, prior to ingesting into Oracle FCCM</li> </ul>
Impact	<ul style="list-style-type: none"> <li>1Ten-fold improvement in screening coverage</li> <li>Almost 30% reduction in average alert disposition time</li> <li>Nearly 20% alert reduction due to aggregation</li> <li>Project received the Banker Technology Project Award (compliance)</li> </ul>

### Case study 2: Trade and control room surveillance with Actimize

Business challenge	<ul style="list-style-type: none"> <li>The client wanted to detect risks of market reputation arising out of frauds, enhance customer relationship, boost investor confidence, and establish a roadmap for a best-in-class compliance platform</li> </ul>
Solution	<ul style="list-style-type: none"> <li>Development of Global Wealth and Investment Management (GWIM) surveillance models, leveraging Actimize platform</li> <li>Implemented the solution across businesses/regions to analyze trade patterns of different financial products and detect potential policy violations at the financial advisor / household / account level</li> </ul>
Impact	<ul style="list-style-type: none"> <li>Achieved 60% improvement in operational efficiency of the compliance program by leveraging a single platform</li> <li>About 500% increase in surveillance coverage, covering 175 surveillance scenarios across asset classes and geographical markets</li> </ul>



### Prevalence of case studies across business segments



Source: Everest Group (2020)

## Key offerings and investments

NOT EXHAUSTIVE

### Proprietary IP/solutions/frameworks/accelerators/tools developed internally to deliver risk and compliance IT services to BFS customers across the following themes

Name	Details
Climate change stress testing	Framework to measure the impact of climate-related risk factors on KPIs of banks. It deals with the entire spectrum of risk management business functions
AI/ML-based AML alert optimization solution	An automated alert processing solution driven by AI and ML models
Libor transition solution	Solution for transition from LIBOR bench rate to Risk Free Reference Rate (RFR)
Accelerators for Actimize implementation	After identifying a client as a potential money launderer, this is a one-click solution to terminate the relationship of the client and all the associated parties with the bank

### Key partnerships/alliances/M&As/JVs leveraged to deliver risk and compliance IT services to BFS customers

Name	Type of investment (year)	Details of investment
Metric Stream	Partnership (2018)	Strategic partnership for providing GRC products to BFS clients
Actimize	Partnership (2019)	Joint and collaborative model of project executions with collective governance PMO
SAS	Partnership (2019)	Strong partner ecosystem with SAS Institute with access to a full range of products via SAS PartnerNet
Axiom	Partnership (2017)	The partnership enables Infosys to provide financial risk management services to its clients

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 building cloud-enabled platforms for major risk and compliance areas such as financial risk management and enterprise risk management have helped Infosys win modernization engagements in this space
- Demonstrated a partner-led go-to-market strategy with players such as SAS, MetricStream, and RSA to serve a larger number of clients
- Clients have cited Infosys’s flexibility in offering innovative outcome-based pricing models
- Invested in emerging themes such as climate risk by developing a framework to measure the impact of climate-related risk factors on KPIs of banks
- Infosys has a consulting-led strategy for LIBOR transition, covering assessment of current exposure to LIBOR along with design, development, and implementation of new products

### Areas of improvement

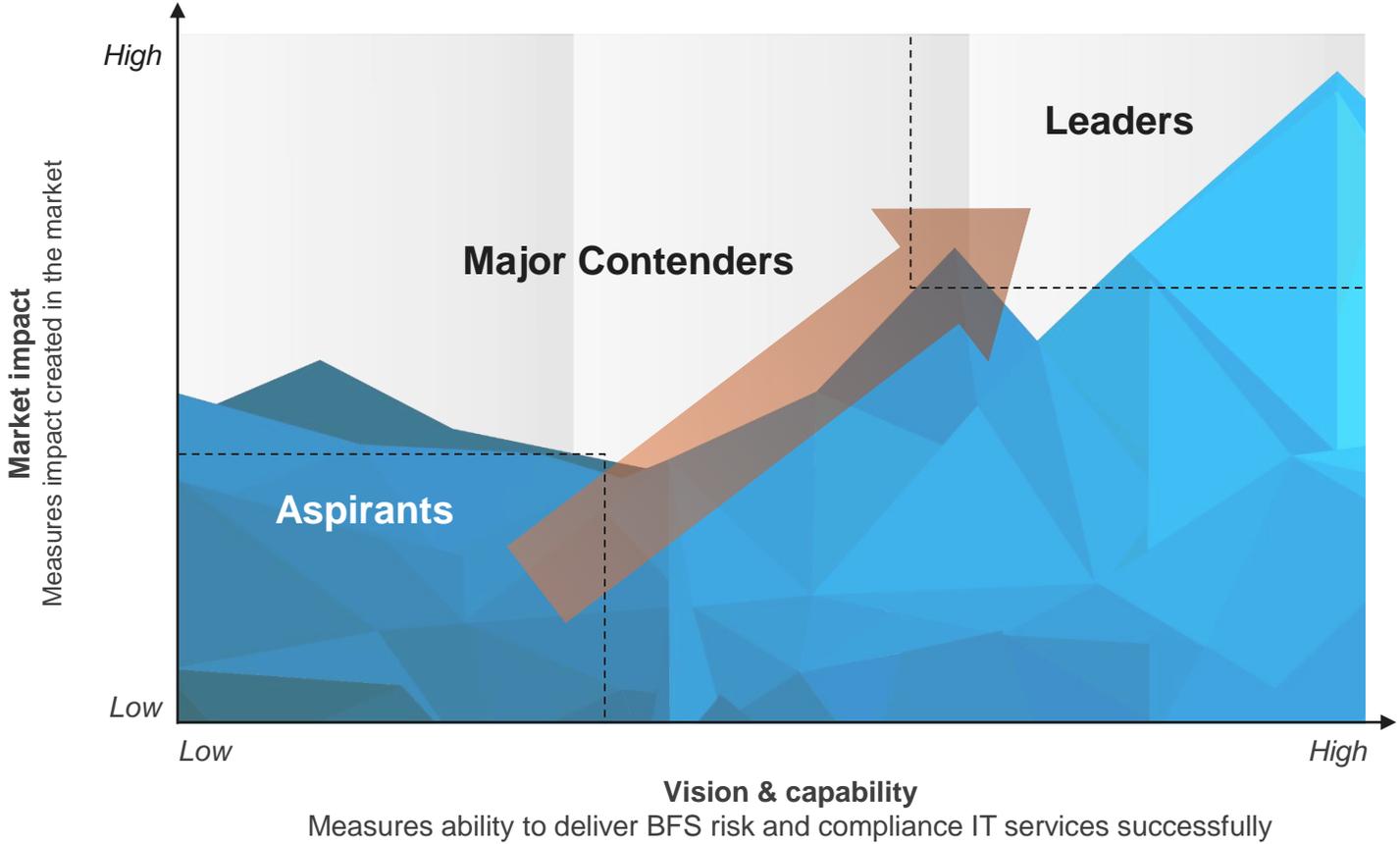
- Consulting and strategy engagements drive lower percentage of revenue as opposed to peers of similar scale
- Limited ability to provide clients with multiple options for third-party risk tools due to sparse partnership ecosystem in this space
- Attrition has been a consistent issue at an organization level and clients have cited a lag in ramping up of resources for projects
- Infosys lacks in training and upskilling talent within risk and compliance to cater to the market demand for integrated IT and operations offerings. Clients view this siloed skilling as a challenge in onshore and nearshore talent pools
- Clients believe that Infosys needs to bring best practices and share enterprise knowledge in existing engagements

# Appendix

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



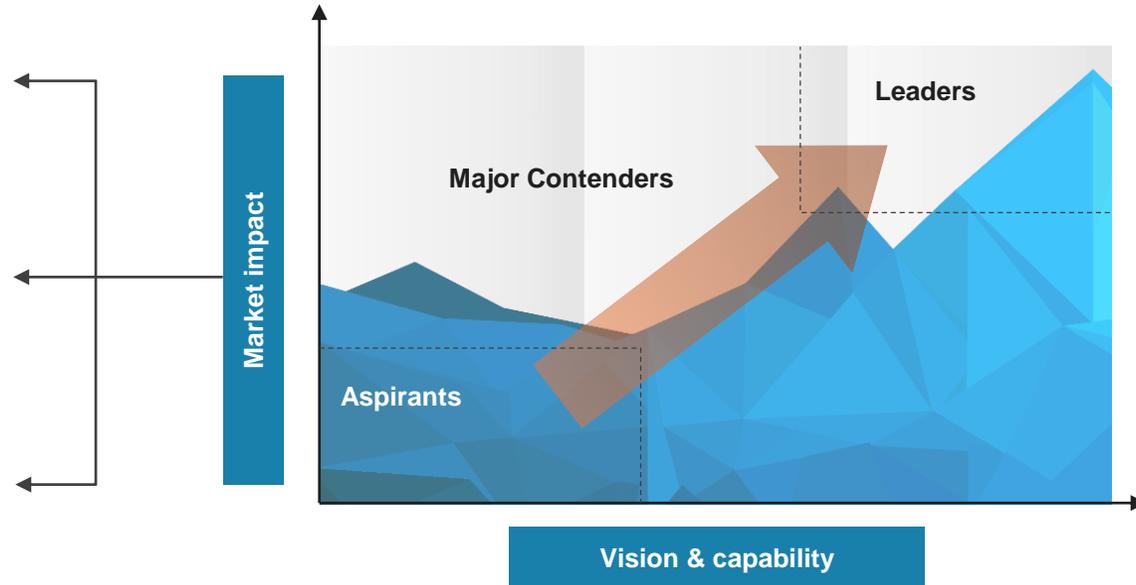
Everest Group PEAK Matrix



# 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



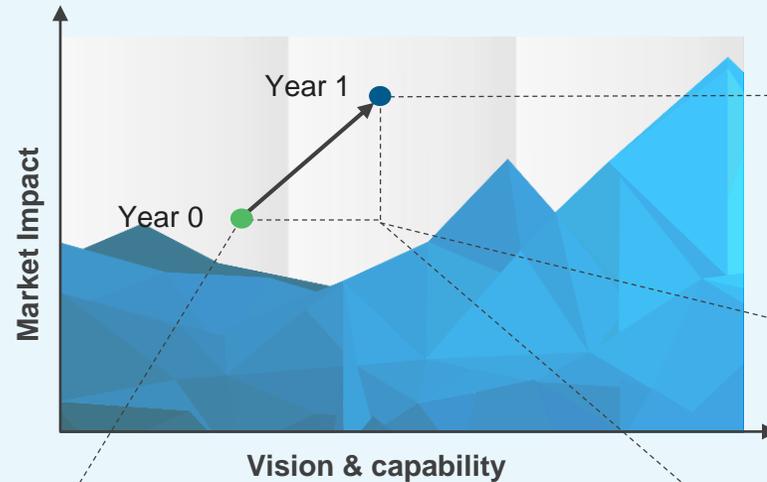
Measures ability to deliver services successfully. This is captured through four subdimensions

- 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](http://www.everestgrp.com).

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