

NEAT EVALUATION FOR INFOSYS:

Wealth & Asset Management Services

Market Segments: Overall, Hosting/BPS 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 *Wealth & Asset Management Services* in all market segments: *Overall, Hosting/BPS Capability, Professional Services Capability, and Support for New Digital Banking Models*. It contains the NEAT graphs of vendor performance, a summary vendor analysis of Infosys for wealth & asset management services, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering wealth & asset management services. 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 hosting/BPS, professional services, and supporting new digital banking models.

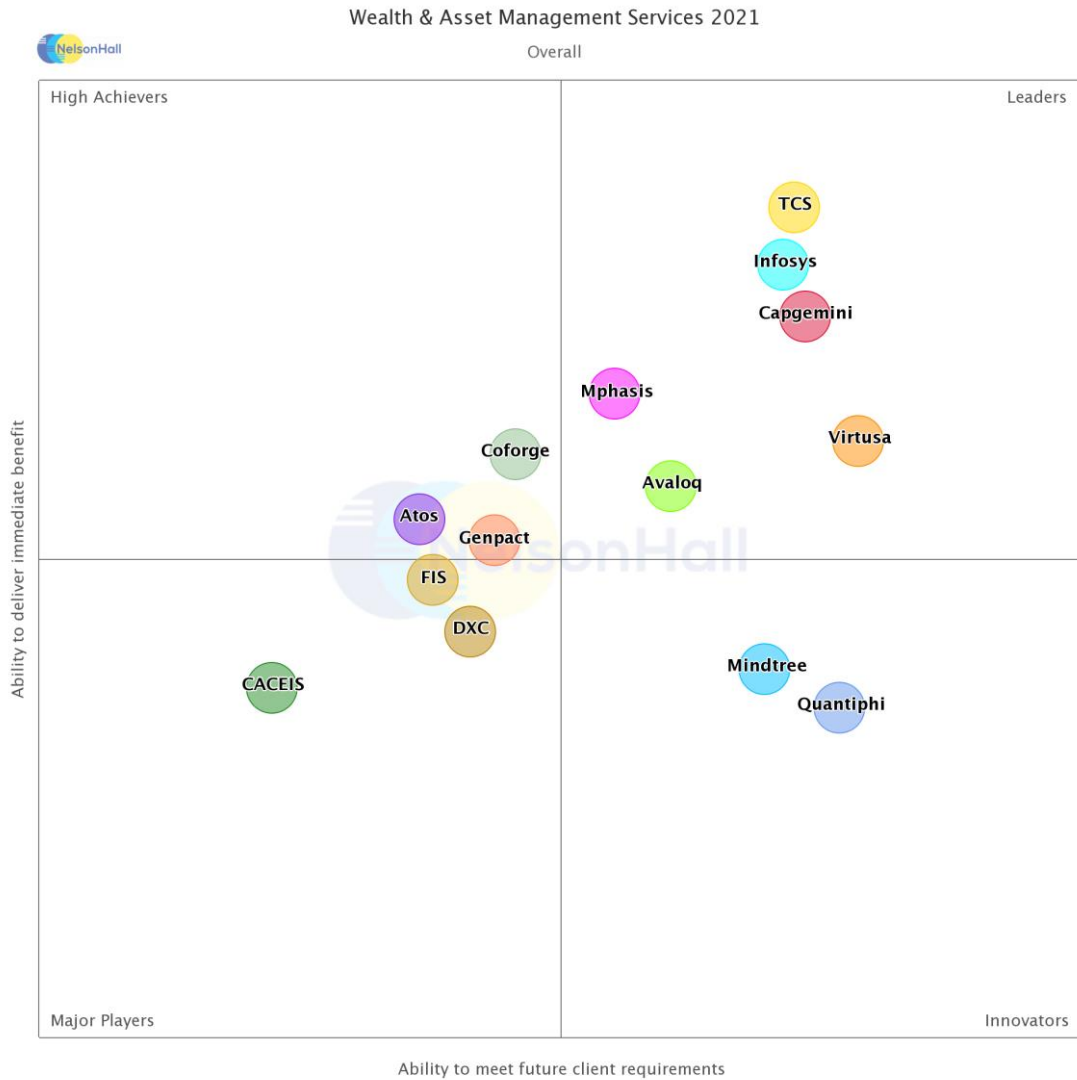
Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Atos, Avaloq, CACEIS, Capgemini, Coforge, DXC Technology, Fidelity Information Services, Genpact, Infosys, Mindtree, Mphasis, Quantiphi, TCS, and Virtusa.

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



NEAT Evaluation: Wealth & Asset Management Services (Overall)



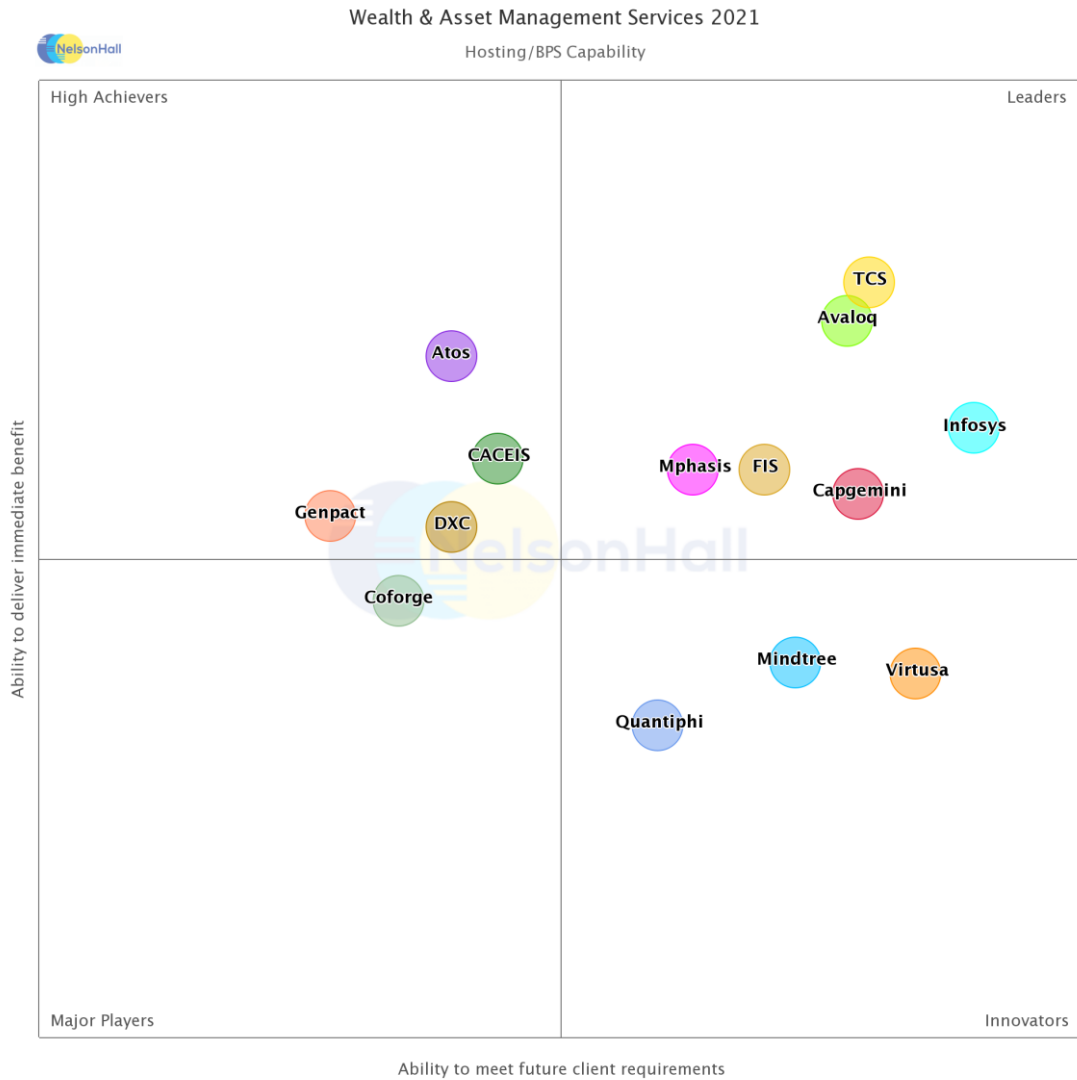
NelsonHall has identified Infosys as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects Infosys’ overall ability to meet future client requirements as well as delivering immediate benefits to its wealth & asset management clients.

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 *Wealth & Asset Management Services* NEAT tool (*Overall*) [here](#).



NEAT Evaluation: Wealth & Asset Management Services (Hosting/BPS Capability)

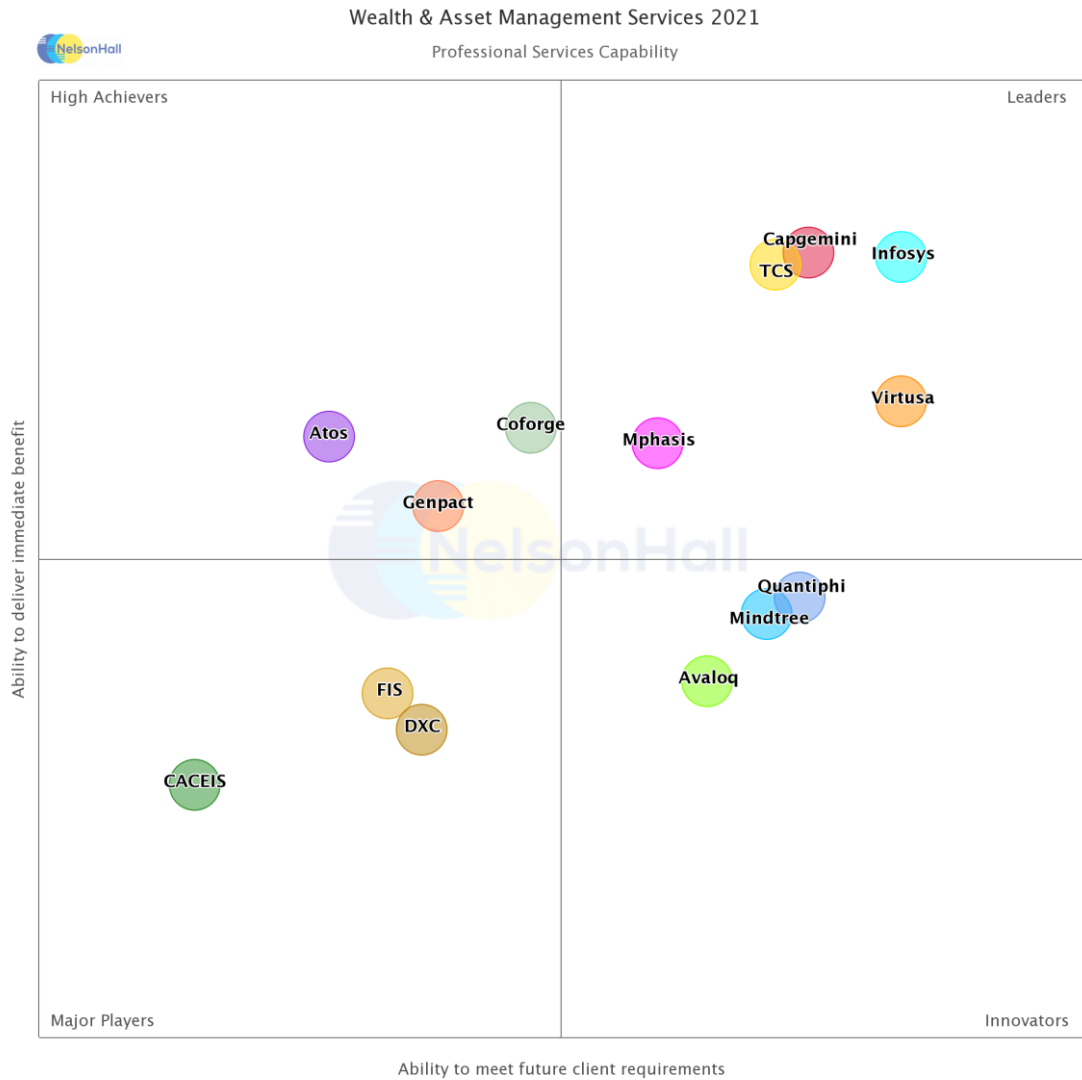


NelsonHall has identified Infosys as a Leader in the *Hosting/BPS Capability* market segment, as shown in the NEAT graph. This market segment reflects Infosys’ ability to meet future client requirements as well as delivering immediate benefits to its wealth & asset management clients with specific capability in hosting and business process services.

Buy-side organizations can access the *Wealth & Asset Management Services* NEAT tool (*Hosting/BPS Capability*) [here](#).



NEAT Evaluation: Wealth & Asset Management Services (Professional Services Capability)

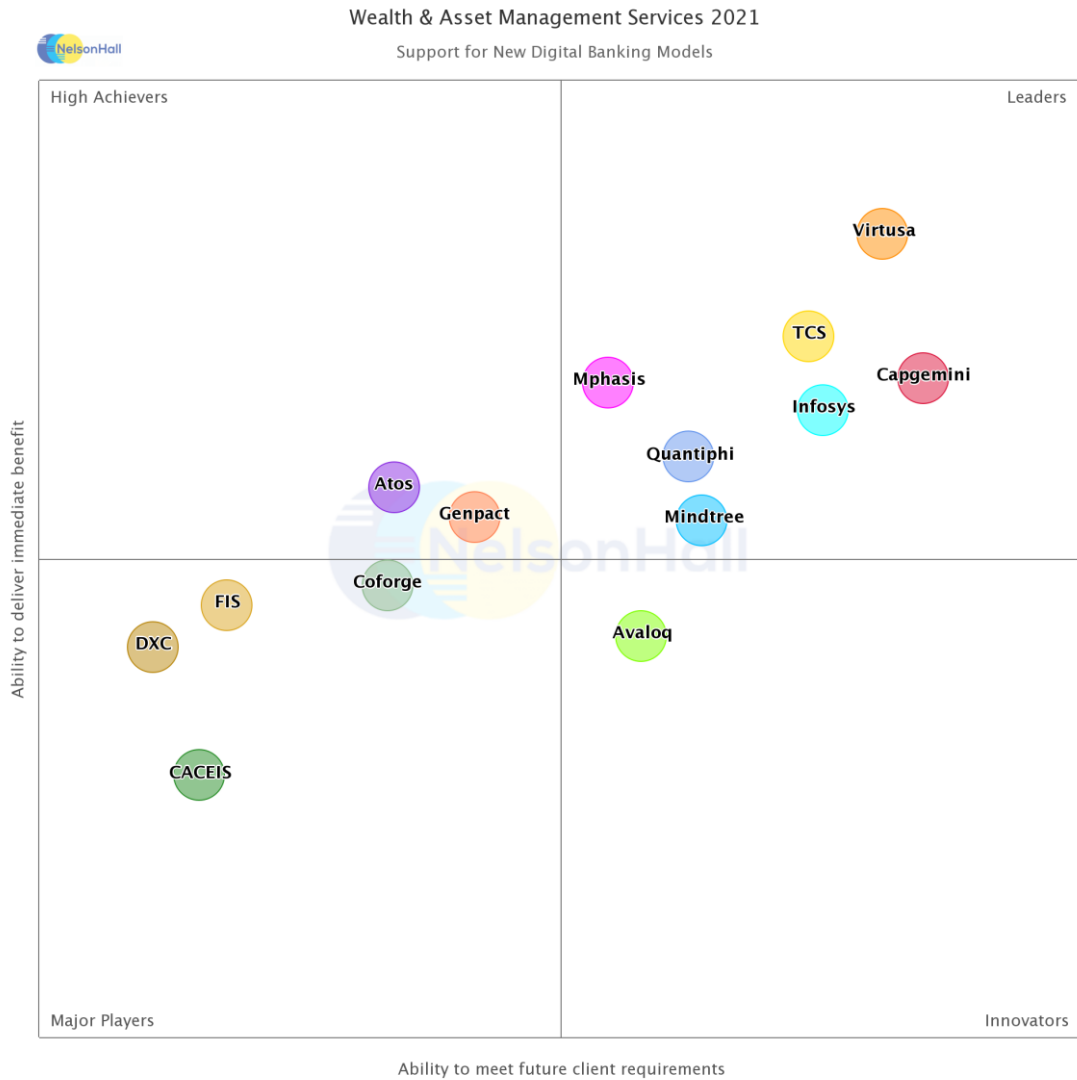


NelsonHall has identified Infosys as a Leader in the *Professional Services Capability* market segment, as shown in the NEAT graph. This market segment reflects Infosys' ability to meet future client requirements as well as delivering immediate benefits to its wealth & asset management clients with specific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

Buy-side organizations can access the *Wealth & Asset Management Services* NEAT tool (*Professional Services Capability*) [here](#).



NEAT Evaluation: Wealth & Asset Management Services (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 wealth & asset management clients with specific capability in supporting the development of new digital banking models.

Buy-side organizations can access the *Wealth & Asset Management Services* NEAT tool (*Support for New Digital Banking Models*) [here](#).



Vendor Analysis Summary for Infosys

Overview

Infosys began delivering professional services to brokerage firms in 2002. Over the next several years, these services expanded to consulting and technology services for wealth management firms. In 2004, Infosys began delivering W&A BPS services to a U.S.-based global custodian. Services included fund administration reconciliation and data management.

Infosys has added services and partners to expand its W&A services business, which is today focused on consulting, design and implementation services. It is making large investments in emerging areas of client demand, including:

- Digitalization of sales, robo-advisory, alpha generation, and digital dashboards
- Digital onboarding, intelligent investment research, and automation of portfolio risk management
- Cloud adoption, data governance, and cybersecurity
- Legacy modernization, middle and back-office digitization
- Fintech partnerships for new product offerings
- Hyper personalization for women investors, advisors, and millennial investors
- Blockchain
- Reskilling of resources on new technologies.

Recent service additions include cloud migration, Fintech product consulting/implementation, and platform renovation/BPS. Recent partnerships have focused on:

- Platform providers including Fiserv and Avaloq
- Hyperscalers including AWS, Azure, and Google.

Primary targets for Infosys' W&A management services include wealth managers, asset managers and private equity, retirement funds, W&A services vendors, market infrastructure providers, and custody providers.

Infosys has 70 W&A management services clients across these services:

- Consulting and ITS (55%)
- SaaS (25%)
- BPS (20%).

By geography, Infosys' clients are in North America (60%), Europe (25%), and APAC (15%).

Infosys has 14.5k FTEs working in W&A services, which are delivered from a global network of delivery centers.



Financials

NelsonHall estimates that Infosys' 2020 full-year revenue from wealth and asset management services was \$670m.

Strengths

- Strong capabilities in digital design and customer engagement
- Experience in major industry platforms
- Large ecosystem of product partners
- Extensive proprietary solutions portfolio
- Large onshore delivery capabilities in most mature markets.

Challenges

- Post-pandemic, Infosys will need to rebalance the delivery of labor to meet changing economics and client requirements
- It will need to scale its pensions recordkeeping workforce with the requisite skills and domain knowledge.

Strategic Direction

Infosys sells to a wide range of W&A management clients across the globe, with a focus on tier one clients. Today, it is focusing its growth efforts on large deal wins, similar to its recent Vanguard win. It will pursue these engagements by focusing on clients needing operational transformation, including:

- Platform renewal and digital transformation, including the move to cloud delivery
- Captive carve-out deals, where it will commit money to a client
- Vendor consolidation
- Cost takeout
- ITaaS and other XaaS models.

Infosys has a strong pipeline as of Q2 2021, and all its deals have 50%+ in digital services as part of the deliverables. It is hiring large numbers of onshore skilled resources and onboarding workers from recent client wins to deliver on its new engagements.

Outlook

Infosys has a strong W&A services business, with a set of services focused on platform modernization, data management, and cloud migration. It should have a strong year as it upsells services to existing clients and adds new logos, especially the Vanguard relationship.

NelsonHall estimates that Infosys' intelligent automation revenues in banking will grow by 23% per year over the next three years, based on its existing client base and the addition of



Vanguard, which should drive an overall 25% increase in annual W&A revenues over the three years. If it is successful in its partnerships with platform vendors, it should be able to grow its business an additional 3% per year.



Wealth & Asset Management Services Market Summary

Overview

W&A management services is an evolving business, with tier 1 managers looking for single-process customized services and migration to the cloud.

Smaller managers require productized services. All managers are increasing their data management and process discovery buying.

In the future, clients will continue to focus on data management and migrate to a hybrid multi-cloud. Operational delivery will become agile to support reducing time-to-market and support volume fluctuations.

Buy-Side Dynamics

The primary client profile is:

- *Current:* Tier 1 managers are primary adopters (~60%); regional/local and alternative asset managers are starting to scale their demand (30%). Services vendors make up the rest of the market
- *Future:* Wealth and asset management vendors are expanding their presence with regional/local managers by entering new markets and productizing offerings. They are also expanding their presence with alternative asset managers. Vendors support tier 1 managers and services vendors with cloud migration, new functionality, and compliance.

Buy-side drivers include:

- *Variabilize cost:* need to scale processing to match volatile external market conditions
- *Human support:* moving to highly distributed operations requires AI and automation for consistency
- *Change the business model:* requires operational agility, efficiency, and accuracy
- *Expand the customer base:* new target customers are younger and less wealthy and looking for digitally delivered services.

The W&A industry is adapting to new business conditions where they need to move to hybrid multi-cloud while maintaining the same high data security and compliance standards they delivered from centralized delivery centers. Data management has moved to the center of what is needed to address the mass affluent and younger generation investors. 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 wealth and asset management services market will be ~\$6,400m in 2021, and that it will grow at 12.0% per year in the period 2021 to 2026.

The wealth and asset management services market starts with consulting services, which account for ~8% (\$510m) of client spend and is growing at ~8.0% per year over the forecast period. Design and deploy services account for ~32% (\$2,050m) of client spend and are growing at ~12.0% over the forecast period. Finally, hosting, SaaS, BPS, and managed services



account for ~60% (\$3,840m) of client spend and are growing at ~12.5% over the forecast period.

Challenges

The key challenges faced in wealth and asset management services include:

Data management and analysis:

- Need for clear lines of responsibility: data lake environments (internal/external/cloud), with heterogeneous data types, require rethinking in terms of what data can be touched by third parties
- Effective use of AI requires large databases from which to derive insights. Most institutions cannot generate large data sets for meaningful analysis
- ML and AI techniques typically develop insights based on past market behaviors, which can lead to issues of fairness and equity. AI insights must be vetted for equity issues.

Cloud migration:

- Managing operations from the cloud: moving to hybrid operations (internal/external/cloud) where control is attenuated and solution architectures heterogeneous is difficult. Orchestration of heterogeneous evolving environments remains an ongoing challenge
- Developing cloud-native solutions, migrating legacy software, requires new employee skills, especially in DevOps techniques. Training developers and implementing emerging best practices requires continuous improvement
- Cloud vendors use proprietary sets of technologies for native deployments, requiring multiple skill sets for employees and multiple toolkits for hybrid deployments.

Creating an effective strategy:

- Open banking requires opening the legacy platforms with many APIs
- New business models: New business models require previously untried digital processes
- New inputs to process: unstructured data from new channels, analyzed using new methods, creates the risk that the outputs will be imperfect in a regulated industry
- Process discovery to expand automation activities has been slow to show results. Identifying effective use cases remains challenging.

Access to emerging technologies:

- Talent and capital to support new projects are scarce. Third-party vendors investing in projects have become increasingly common. Also, DevOps and other techniques to shorten implementation times and boost paybacks help the business case
- Mid-tier and startup W&A managers, do not have in-house access to resources to assess or monitor the emerging technologies and vendor capabilities. These firms look to productized offerings and best practices from third-party vendors to support their new initiatives
- Domain expertise requires relevant cross-training of LOB/technology. Those resources are rare and tend to prefer a non-financial services employer.



Success Factors

W&A management success factors for banks include:

Strategy:

- Change the business model, with a focus on reducing time-to-market for new product introductions for products targeting a broader market (e.g., mass affluent)
- Build an ecosystem of vendors with: (1) knowledge of client's business issues, (2) complementary skills to build and deliver IA services, and (3) ability to work within client operational practices
- Change the operational model: W&A managers need to shift from operational leverage (scale economies) and to leveraging flexibility (ability to cost effectively switch out workloads). This requires increased process discovery to identify processes for automation. Ability to bring data to processes for new products will be a key to success.

Execution:

- Preferred vendors should have the widest pool of Fintech solution providers supporting them
- Redefine what is delivered by internal and cloud to maximise agility, speed new automation and AI implementation
- Standardize across markets and projects. Build COEs and libraries of successful use cases
- Transform application development to a DevOps model to speed innovation cycle and migrate to cloud delivery.

Key success factors for W&A management vendors include:

- *Sales support*: ability to enhance sales efforts by using design thinking to build omnichannel services. Ability to complement client consumer contact representatives
- *Operations*: industry process knowledge and ability to re-engineer the widest range of sub-processes to produce global improvements in overall efficiency
- *Time to market*: deliver speed to market for new products, reduce error rates, and meet deadlines
- *Standardization*: standardize and consolidate process delivery across markets and products
- *Cost*: cost reductions of 20% to 70% with the improved matching of costs to revenues
- *Reengineer processes*: reengineering delivery across the widest range of sub-processes
- *Vendor ecosystem*: ISV ecosystem and ability to monitor changes in technology vendors, data vendors, and compliance requirements
- *Data management*: Ability to source, analyze, and manage unstructured data for both compliance and business purposes
- *Frameworks*: to guide transformation and transparency to stakeholders.



NEAT Methodology for Wealth & Asset Management Services

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	<ul style="list-style-type: none"> IA Consulting and advisory services IA design and deploy services IA management and BPS services Breadth of application of W&A services to financial institutions Application of W&A services to industry processes Application of W&A services to compliance Application of digital technologies to W&A Application of AI/cognitive technology to W&A Ability to offer new process models with W&A services Ability to benchmark processes and offer a roadmap W&A services implementation capability Ongoing technology management Combined technology/people-based exception handling capability Advanced analytics reporting ability
Delivery Capability	<ul style="list-style-type: none"> Scale of W&A 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 Use of pre-existing W&A technology implementation templates W&A process change management capability Maturity of W&A services delivery model W&A services governance capability Design thinking capability
Client Presence	<ul style="list-style-type: none"> Overall W&A management presence Overall W&A management consulting presence Overall W&A management design and deploy presence Overall W&A management BPS presence North America presence U.K. presence Continental Europe presence Rest of World presence

Continued...



Benefits Achieved	<ul style="list-style-type: none"> Level of cost savings achieved Increased use of self-serve Improvement in provisioning times Process error reduction Process cycle time reduction Improved CSAT Improved speed of new product roll-out Perception of “value for money”
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Exhibit 2

‘Ability to meet client future requirements’: Assessment criteria

Assessment Category	Assessment Criteria
Service Innovation Culture	<ul style="list-style-type: none"> Perceived suitability to meet future client W&A management needs Perceived suitability to develop new banking business models & processes Ability to apply automation to W&A management processes Ability to introduce new digital business models Service culture Innovation & creativity
Level of Investments	<ul style="list-style-type: none"> Level of investment in W&A management Level of investment in cognitive/AI Level of investment in digital technologies in support of W&A Level of investment in own tools & platforms in support of W&A management Level of investment in new systems of engagement for W&A management sector
Market Momentum	W&A 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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