

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

Focus on Infosys
July 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, **Infosys emerged as a Leader**. This document focuses on **Infosys’** open banking IT services experience and capabilities and includes:

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

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

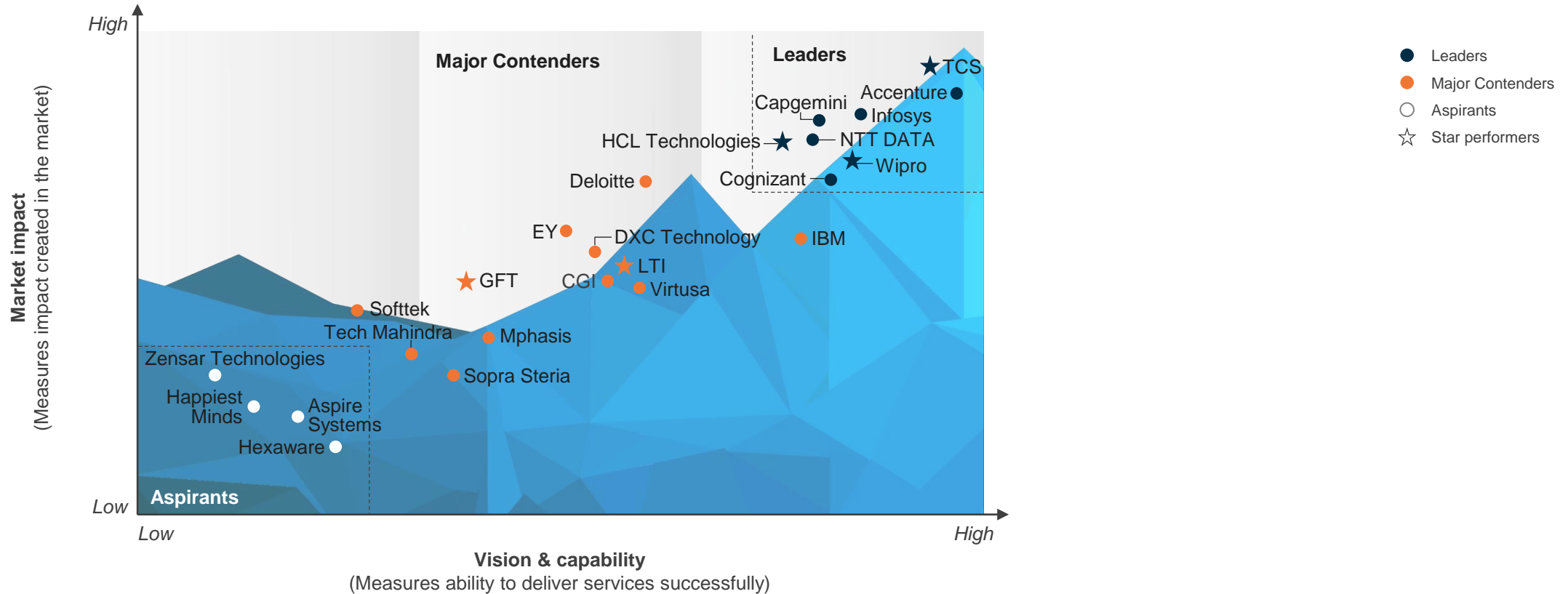
- Major Contenders cover a wide spectrum of service providers from large players with global consulting and technology capabilities to mid-sized payers with regional focus
- Large players such as IBM, CGI, and DXC have made considerable investments in platform-led point solutions for API connectivity, 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 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 be industry leader in the open banking space and the partner of choice for open banking transformation initiatives.

Open banking IT services revenue¹



Number of active clients for open banking IT services¹



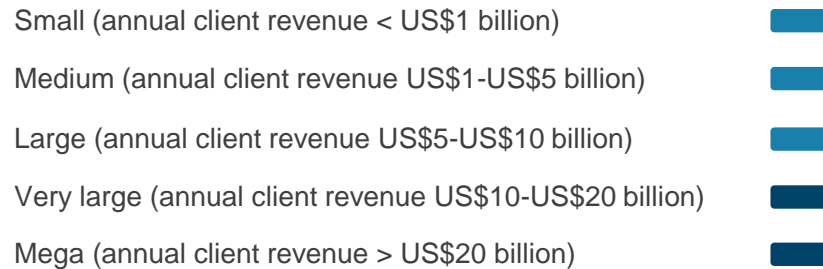
Open banking IT services revenue mix in BFS:

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

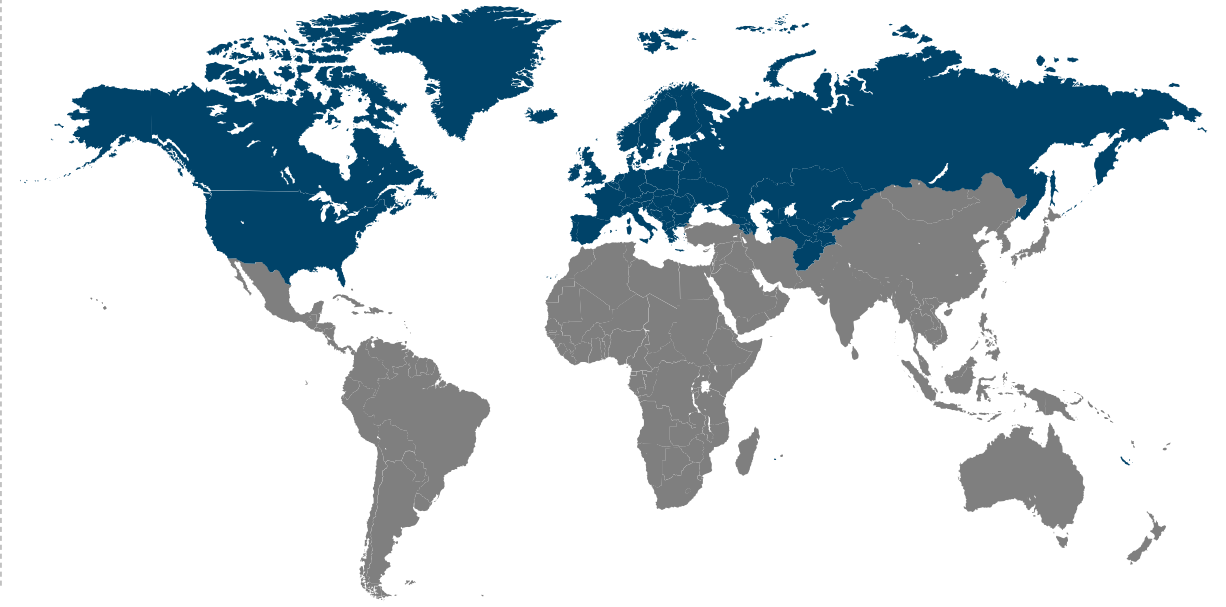
By services scope



By buyer size



By geography



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

NOT EXHAUSTIVE

Case study 1: Digital bank proposition for SME customers

Business challenge	A British multinational bank wanted to give its SME customers a digital proposition that allow them to collaborate with the bank's FinTech partners and third parties, and enable an "Aggregator" open banking model
Solution	<ul style="list-style-type: none"> Reimagined six key customer journeys across onboarding, lending, payments, transactions, alerts, and customer service Helped to set up a digital platform on Google Cloud, enabled a hybrid integration architecture, and further worked with the client on data monetization opportunities
Impact	<ul style="list-style-type: none"> With mature open banking models, cloud adoption, and re-imagined customer journeys, the client was able to achieve significantly reduced onboarding time (from four hours to fifteen minutes) Reduced time to cash from two weeks to two-three hours, and a strong ability to compete with leading FinTech players

Case study 2: Open banking implementation at a leading bank headquartered in Scotland

Business challenge	Partnered with the client to implement Competition and Markets Authority's (CMA) open banking standards. This requires UK's nine largest current account providers to build interfaces for both provisioning of data to Third-Party Providers (TPPs) as well as execute payments by TPPs
Solution	<ul style="list-style-type: none"> Worked with the business to create platform-specific user stories and technical design – high-level and detailed The approach involved decoupling of mainframe interfaces using the in-house Microservices Platform. The team successfully used third-party tool Slack as an alternative to TPP for validation and live simulation to business users
Impact	<ul style="list-style-type: none"> The solution provided better data management and enhanced customer experience, with robust security controls through Identity Access Management (IAM) Timely implementation ensured regulatory compliance and avoidance of reputational, financial, and legal risks to the bank



Prevalence of case studies across business segments

Cash management



Transaction banking



Account aggregation



Personal finance management



Payments



Lending



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

Key investments

NOT EXHAUSTIVE

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










Name	Details
Infosys Banking APIs Platform	An out-of-the-box, regulatory compliant solution for open banking that offers customer consent, TPP onboarding, ready-to-use sandbox environment, and an API marketplace
Infosys Microservices Platform	A pre-fabricated microservices platform for API-led development, powered by open source framework and tools
Infosys Finacle Banking Solution Suite	Extensive suite of APIs and API management capabilities to enable banks collaborate easily with other banks and external ecosystems
Infosys Open Banking API Testing	A tool providing testing environment for open banking APIs including compliance testing, schema validation, load testing, and performance testing with anomaly detection

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
Banking Industry Architecture Network (BIAN)	Alliance	To be a part of BIAN network and work actively with BIAN for defining API standards and specifications
Mulesoft	Partnership	Provide implementation and integration services for API management product suite
RedHat	Partnership	Focus on OpenShift for microservices implementation
IBM	Partnership	Provide implementation and support services for IBM API management and API connect products
Apigee	Partnership	Partner for leveraging Apigee edge API management products
Google Cloud, MS Azure, and AWS	Partnership	Partner for cloud technology and collaboration on industry solutions
Microsoft	Partnership	Develop platform-based offerings for enhanced security monitoring & management, threat detection, and response services, powered by Microsoft Azure Sentinel

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

- Targeted location-specific GTM, talent upskilling and reskilling efforts, and local market understanding have led to growth in key geographies such as the Netherlands, Australia, and Hong Kong
- Investments in IP/accelerators such as Infosys banking API platform, Infosys microservices platform, Finacle banking solution suite, and open banking API testing tool have strengthened its capability to deliver end-to-end open banking engagements
- Clients have cited price competitiveness and solutioning flexibility as key areas of strength for Infosys
- Investments in partnering with cloud, security, and technology platform vendors such as RedHat, MuleSoft, GCP, AWS, and Ping Identity and domain-driven partnerships with industry bodies such as BIAN strengthen its market position as an end-to-end integration partner for open banking transformation projects
- Well-defined employee skilling strategy for open banking themes by investing in customer trainings and vendor certifications
- Displayed credible proof points of market success in enabling financial institutions embrace open banking themes to become a lifestyle partner

Areas of improvement

- Infosys' market messaging and transformation pitch for open banking lacks BFS lines of business focus, making it hard for clients to contextualize them for their business priorities
- Clients have cited concerns around its ability to bring the right talent to help them in cloud, security, and microservices at speed and scale
- Clients point out that Infosys must be more proactive in leveraging learnings and identifying risks / mitigation steps from previous engagements, rather than reinventing the wheel every time (tools, processes, repeatable frameworks, etc.)
- Lags its peers in investing in strategic assets for API monetization opportunities and partnerships with FinTechs to orchestrate revenue generating models for financial institutions

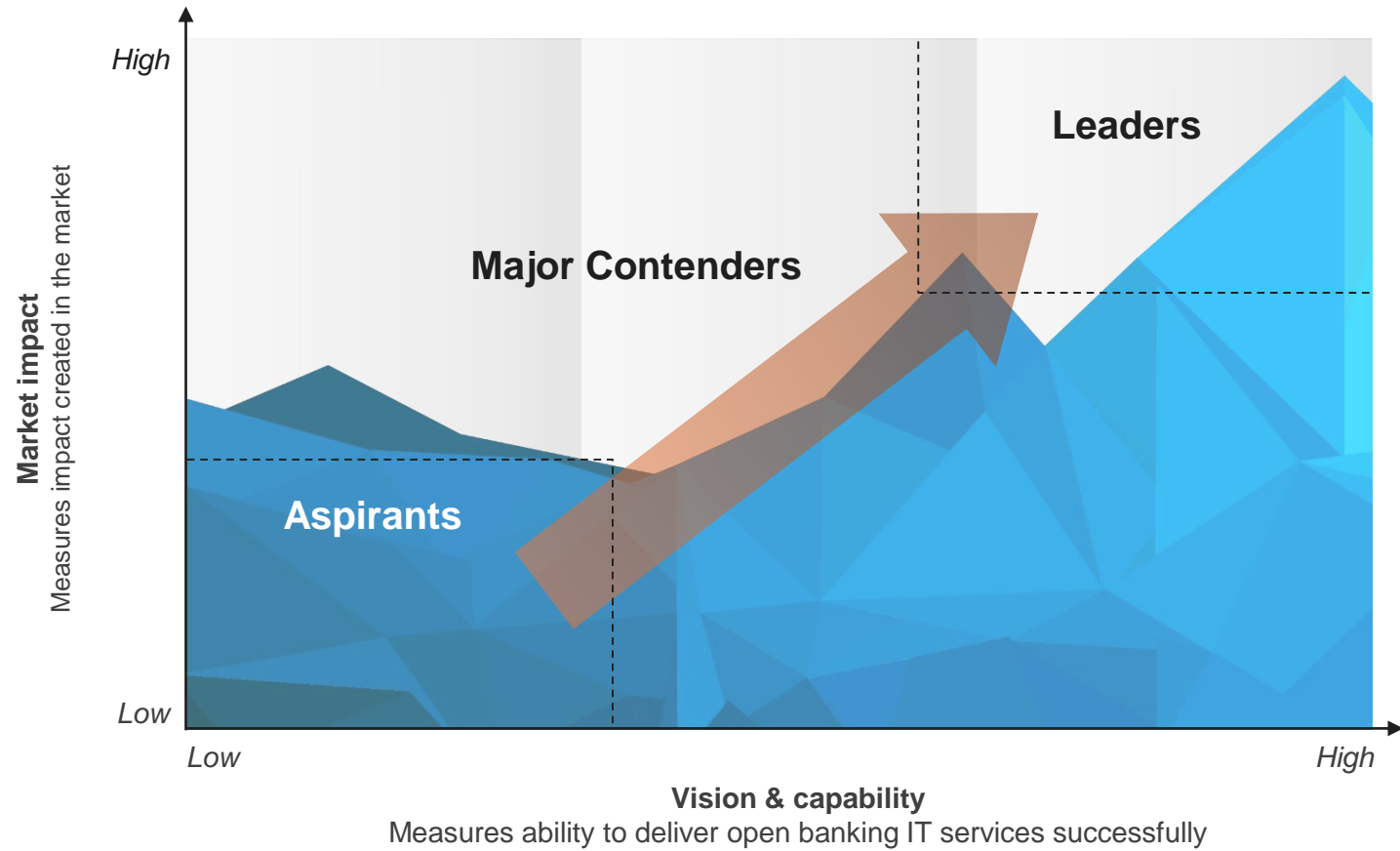
Source: Everest Group (2020)

Appendix

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



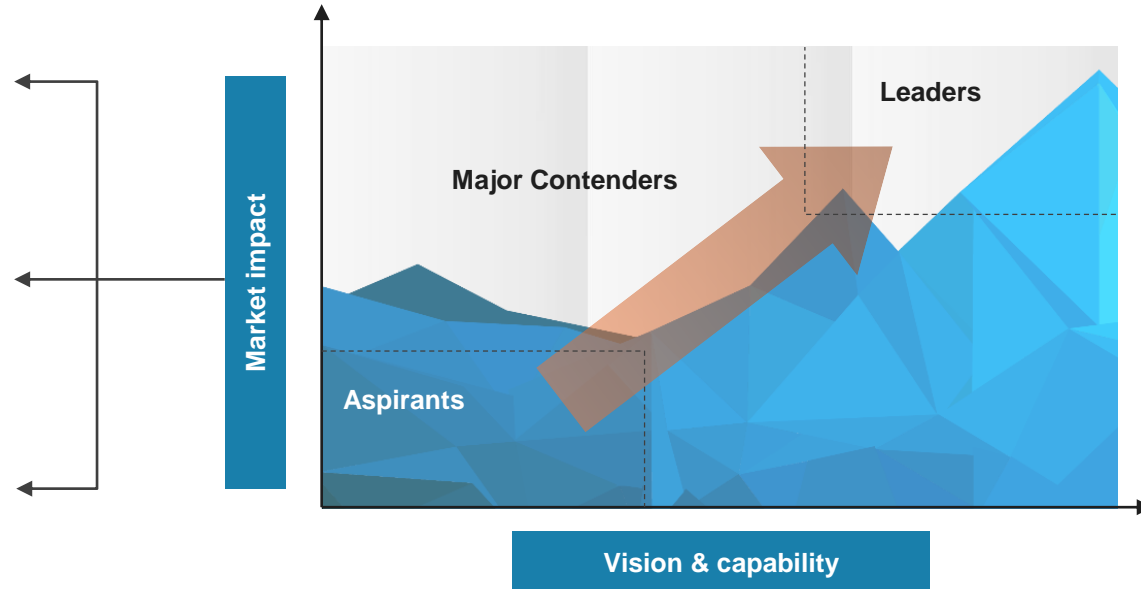
Everest Group PEAK Matrix



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



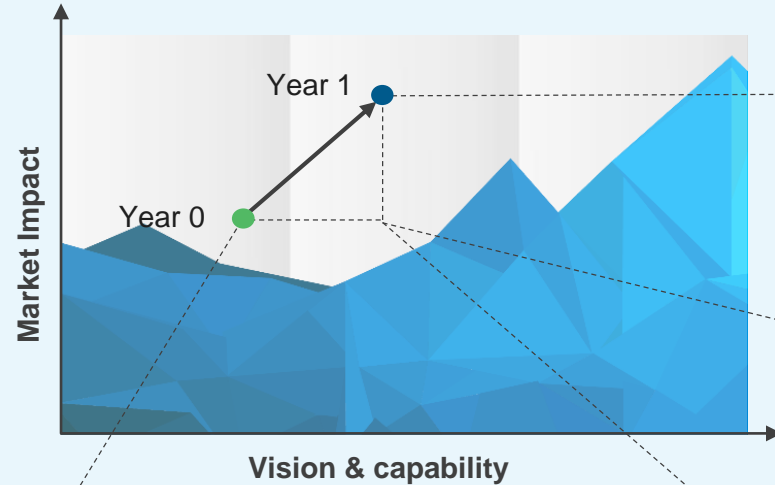
Measures ability to deliver services successfully. This is captured through four subdimensions

- 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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