

NEAT EVALUATION FOR WIPRO:

## RPA & AI in Banking

Market Segments: Overall and AI Focus

*This report presents Wipro with the NelsonHall NEAT vendor evaluation for RPA & AI in Banking (Overall and AI focus market segments). It contains the NEAT graph of vendor performance, a summary vendor analysis of Wipro in RPA & AI in Banking, and the latest market analysis summary for RPA & AI in Banking. An explanation of the NEAT methodology is included at the end of the report.*

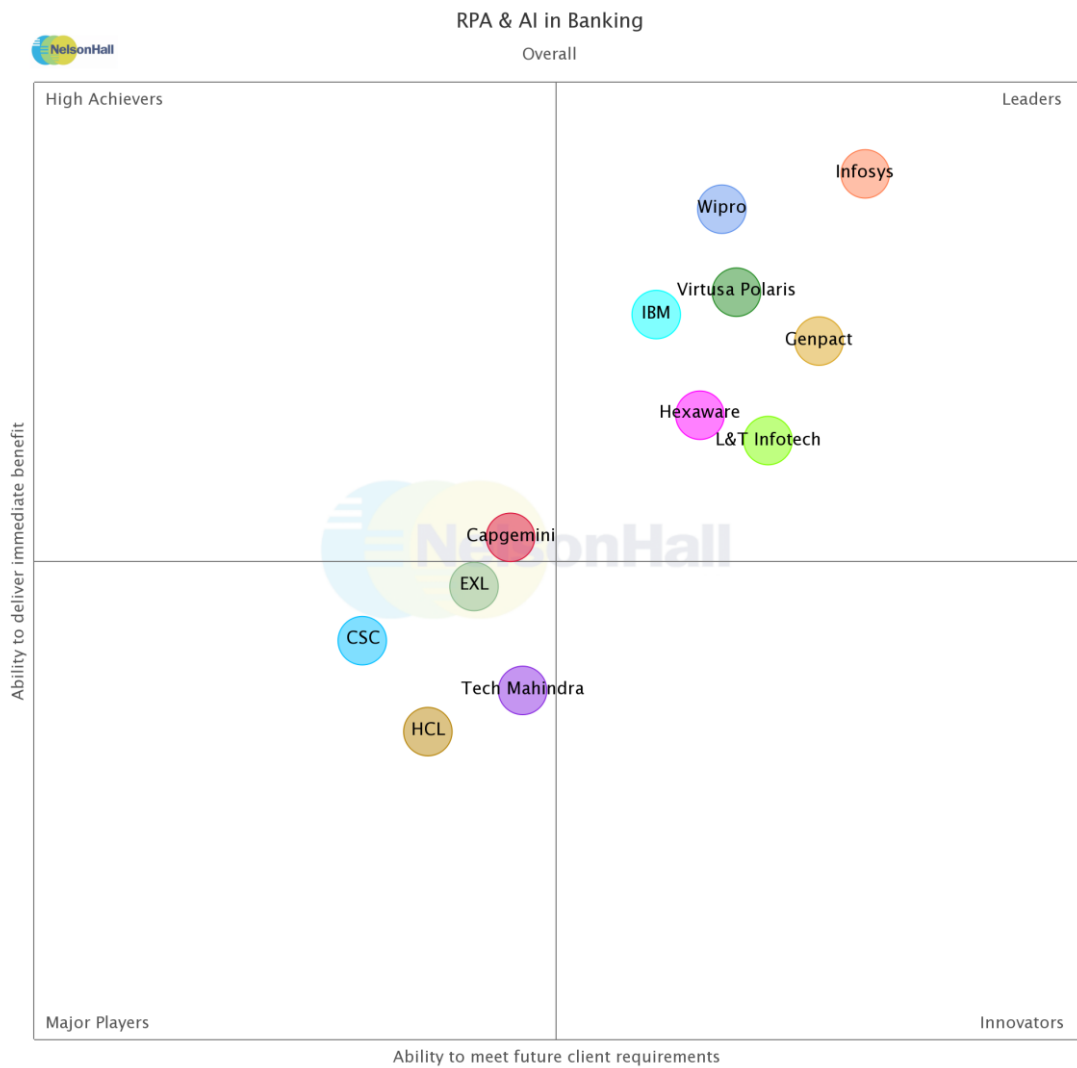
*The vendors evaluated are: Capgemini, CSC, EXL, Genpact, HCL Technologies, Hexaware Technologies, IBM, Infosys, L&T Infotech, Tech Mahindra, VirtusaPolaris, and Wipro.*

### Introduction

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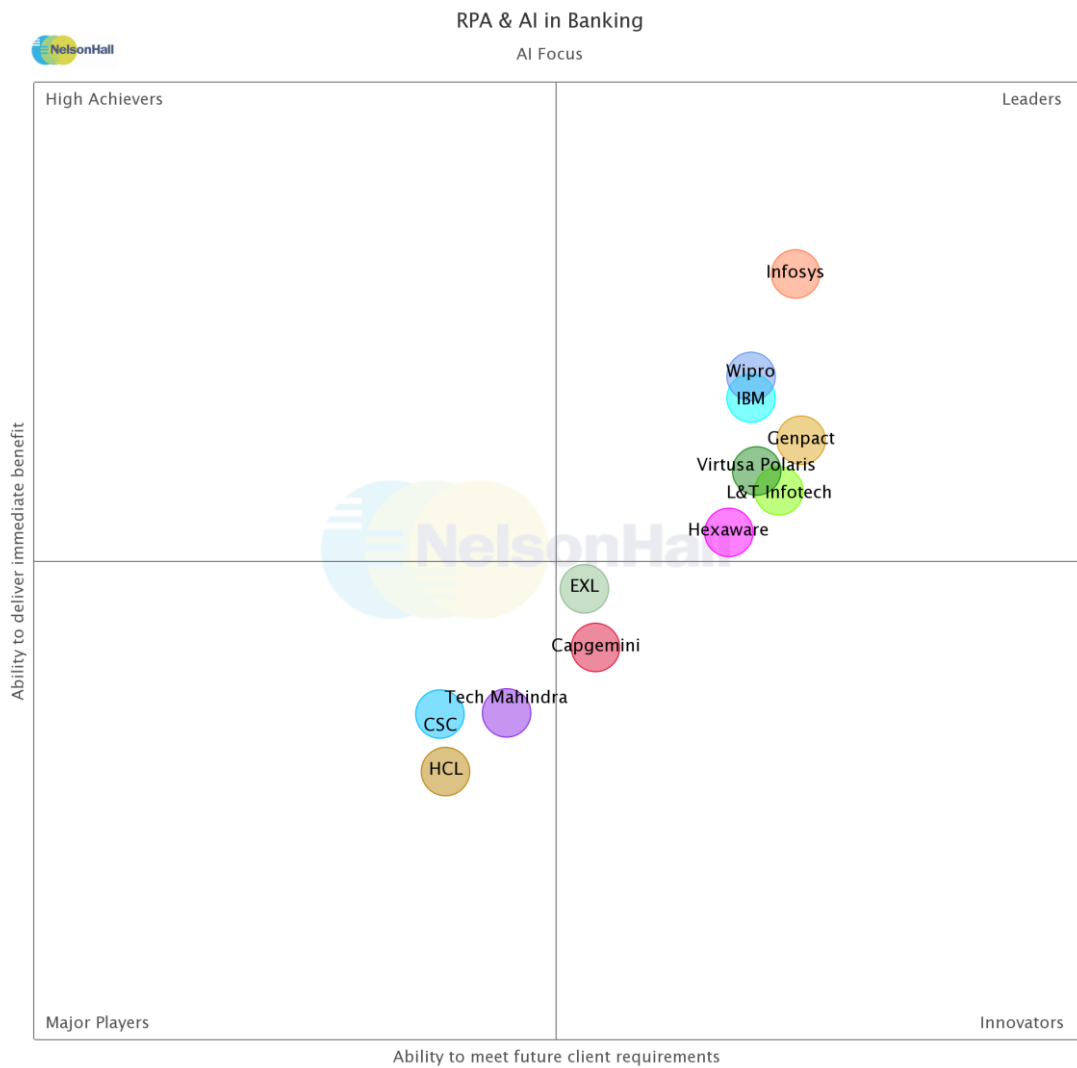
NelsonHall has assessed and evaluated Wipro's proposition against demand for RPA & AI in Banking, and has identified Wipro as a Leader in the *Overall* and *AI focus* market segments, as shown in the NEAT graphs on pages 2 and 3.

## NEAT Evaluation: RPA & AI in Banking (Overall)



Buy-side organizations can access the RPA & AI in Banking NEAT tool (Overall) [here](#).

## NEAT Evaluation: RPA & AI in Banking (AI Focus)



Source: NelsonHall 2017

Buy-side organizations can access the RPA & AI in Banking NEAT tool (AI focus) [here](#).

## Vendor Analysis Summary for Wipro

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### Overview

Wipro began developing its RPA and AI capabilities in 2010 by developing solutions for big data and NLG internally. By 2014, Wipro had created the HOLMES cognitive intelligence platform. The NLG capability of HOLMES was first deployed internally in the Wipro customer service desk offering.

In late 2015, Wipro implemented its first RPA deployment at a banking client. The bank requested a KYC RPA deployment. Wipro deployed several POCs at this time. In January 2016, the KYC offering was put into full production.

Wipro's RPA and AI in banking operations has 753 FTEs, of which 377 FTEs are in RPA and AI services and 376 FTEs are in IT services automation (AMD).

Wipro's primary targets for RPA and AI in banking are institutions headquartered in the U.S., Europe, and Australia, including:

- Global banks
- Card issuers
- Regional mortgage lenders
- Mortgage and retail banking service vendors.

Wipro has fifteen RPA and AI banking clients currently.

### Financials

NelsonHall estimates that Wipro's revenues from RPA and AI in banking are currently:

- Consulting: \$800k
- Design and implementation: \$1,500k
- BOT management and operation: \$200k
- Total revenues: \$2,500k.

NelsonHall estimates that 51% of these revenues are from AI services and 49% are from RPA services.

Wipro estimates that these activities have achieved a 1,849 FTE reduction through automation, which has led to \$28m in cost savings at the clients.

## Strengths

- Extensive proprietary RPA and AI solutions portfolio, especially with HOLMES for AI
- Existing client base in loan processing, from Gallagher Systems, and knowledge of the proprietary loan processing solution code, which can benefit from new automation capabilities
- A wide variety of banking clients in North America and Europe, including industry service providers (e.g., card association and mortgage processor) and specialty financial services vendors (e.g., card issuer and mortgage lender).

## Challenges

- Lack of presence in retail banking BPS outside the U.S. and the U.K. (especially in the rest of Europe and Asia)
- May be restricted in the medium term by dependency on third party RPA tools rather than proprietary RPA software.

## Strategic Direction

Wipro started its banking RPA and AI practice in 2010 by developing internal capabilities and proprietary IP to deploy within its own operational delivery of services to clients. The purpose was to develop an ecosystem of product vendors and proprietary tools to support its automation initiatives and test best practices. In 2014, Wipro rolled out its RPA capabilities to the banking industry, focusing on data management processes, initially in KYC. Its largest area of RPA and AI deployment in the banking industry is in IT management, but customer data management is growing fastest and will continue to do so for the next several years.

Wipro is now starting to expand its automation capabilities into increasingly complex processes such as underwriting, reconciliation, and disbursements. Wipro is also beginning to increase its go to market focus on AI using its proprietary HOLMES platform to support clients which want to create on-premise AI capabilities and processing, rather than primarily cloud based AI capabilities.

Wipro's client acquisition strategy in banking has been to pursue clients with a need for ITS services as a start to an engagement. It will be pursuing existing clients such as Gallagher Systems' clients (mortgage processing platform, often delivered by cloud), where Wipro has developed APIs that facilitate RPA and AI integration.

## RPA & AI in Banking: Market Summary

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### Buy-Side Dynamics

The RPA and AI services in banking market is established with global banks. Lower tier banks have yet to consider widespread adoption.

Drivers include:

- Cost: need to achieve operations cost reduction (~50%-70% savings) at all volumes without replatforming
- Compliance: has been the focus for past five years, as cost of traditional compliance delivery has increased 10X
- Successful pilots will drive the industry to deploy successful engagements across products and markets
- Need to increase revenues to offset margin declines, by shifting from product to customer focus: customer value maximization (mature markets) and customer acquisition (emerging market).

The primary client profile is:

- Current: tier 1 bank and service vendors remain the primary adopters (~99%+ of revenues)
- Future: expand into regional banks, specialty/startup banks, and emerging markets
- Future: tier 1 banks: support cloud delivery and industry shared services.

Clients are buying service bundles including:

- Consulting (20% overall), design and deploy (70%), and operations support (10%)
- Internal bank operations deployment (80%) and BPS delivery (20%). RPA (80% overall) and AI (20%)
- Monitoring the evolving RPA and AI vendor space for new features and vendors, as well as declining ones
- Emerging: consulting (20% overall), design and deploy (40%), and operations support (40%)
- Emerging: internal bank operations deployment (60%) and BPS delivery (40%). RPA (20% overall) and AI (80%)
- Emerging: provide unique bundle of functionality within an established RPA and AI vendor ecosystem (e.g. APIs, cloud delivery, industry consortia).

Pricing is rapidly shifting from per FTE (~70% of market) to per transaction (~30% of market). Transaction pricing is preferred where a vendor provides capital based IP (e.g. infrastructure, software, or network). RPA and AI services in banking market engagements are increasingly requiring BPS or cloud services, which use per FTE or subscription methods.

There are other significant drivers for decisions to seek third party support from vendors. The top drivers are vendors are:

- Partnering to access industry-critical RPA and AI solution vendors
- Building low level RPA tools and APIs to pull data from legacy client silos, markets/exchanges, or channels
- Broadening RPA/AI product vendor certifications
- Partnering with schools to train and onboard staff quickly in hard to fill skillsets
- Developing staff in-house and in-country from generic skills to solution-specific capabilities (e.g. RPA and AI platforms)
- Monitoring the fast evolving digital solution landscape and provide guidance to clients
- Developing solutions for compliance and data management processes to offer as BPaaS and link to external counterparties.

## Market Size & Growth

NelsonHall estimates the size of the RPA and AI services in banking market to be ~\$75.0 m in 2016, and that it will grow at 24.2% per year in the period 2016 to 2021.

The RPA and AI services in banking market starts with consulting services, which accounts for ~20% (\$15.0 m) of client spend and is growing at 25.9% over the forecast period. Design and deployment accounts for ~60% (\$45.0 m) of client spend and is growing at 23.0% over the forecast period. Operations support is moving rapidly from an emerging to established market status, with ~20% of client spend (\$15.0m). Operations support will grow 25.9% per year over the same period.

## Outlook

Vendors are introducing RPA and AI services offerings with process automation across channels and data management embedded into the processing services including:

- Consulting, including:
  - Creation and use of automation frameworks to guide process selection, tool selection, and process management
  - Creation and development of COEs, including partnerships with universities, training programs, creation of APIs, and creation of best practices
- Delivery: creation of cloud offerings and other shared services
- Functionality:
  - Launch analytics to manage large, heterogeneous data sets, including unstructured data
  - Machine learning functionality
  - Fraud detection and compliance functionality.

## NEAT Evaluation for RPA & AI in Banking

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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.



*Exhibit 1*

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

Assessment Category	Assessment Criteria
RPA and AI Services Offering	<ul style="list-style-type: none"> <li>Overall RPA services capability</li> <li>Overall AI/cognitive services capability</li> <li>Range of RPA &amp; AI consulting capability</li> <li>Range of RPA &amp; AI design and deploy capability</li> <li>Range of RPA &amp; AI operations support capability</li> <li>Perceived RPA &amp; AI consulting capability</li> <li>Perceived RPA &amp; AI design and deploy capability</li> <li>Perceived RPA &amp; AI operations support capability</li> <li>Re-engineering of bank processes in conjunction with RPA and AI</li> <li>Application of RPA and AI to legacy processes</li> <li>Application of RPA and AI to drive digital banking models</li> <li>RPA and AI implementation capability</li> <li>Ongoing BOT management capability</li> </ul>
Delivery	<ul style="list-style-type: none"> <li>Ability to re-engineer manual processes</li> <li>Hiring/training/certification of staff</li> <li>Maturity of RPA &amp; AI delivery and governance</li> <li>BluePrism delivery capability</li> <li>UiPath delivery capability</li> <li>IPSoft delivery capability</li> <li>Automation Anywhere delivery capability</li> <li>Cognitive delivery capability</li> <li>Change management capability</li> <li>Combined RPA/people based handling capability</li> </ul>
Scale of Delivery	<ul style="list-style-type: none"> <li>Scale of delivery consulting</li> <li>Scale of delivery design and deploy</li> <li>Scale of delivery operations support</li> </ul>
RPA and AI Customer Presence	<ul style="list-style-type: none"> <li>Overall RPA &amp; AI customer presence</li> <li>RPA customer presence</li> <li>Cognitive/AI customer presence</li> </ul>
Benefits Achieved	<ul style="list-style-type: none"> <li>Cost savings</li> <li>Reductions in process turnaround time</li> <li>Increased operational flexibility</li> <li>Pricing</li> <li>Improved compliance</li> <li>Revenue generation</li> <li>Speed to market (support for)</li> <li>Ability to standardize operations</li> <li>Reduced error rates</li> </ul>

*Exhibit 2***‘Ability to meet client future requirements’: Assessment criteria**

Assessment Category	Assessment Criteria
Commitment/investment in RPA & AI in Banking	Perception of value
	Financial rating
	Commitment to consulting
	Commitment to design and deploy
	Commitment to operations support
	Commitment to RPA
	Commitment to AI
Suitability to deliver future benefits	Investment in new digital process models for banking
	Mechanisms in place to deliver service innovation
	Extent to which client perceives that delivery innovation has been delivered
	Perceived suitability for consulting
	Perceived suitability for design and deploy
	Perceived suitability for operations support
	Perceived suitability for RPA
	Perceived suitability for AI
	Impact of benchmark and roadmap methodology
	RPA and AI market momentum
	Suitability to introduce new banking business models
	Service culture
	Innovation and creativity
Perceived ability to apply automation to banking processes	

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



[research.nelson-hall.com](http://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:

Guy Saunders at [guy.saunders@nelson-hall.com](mailto:guy.saunders@nelson-hall.com)

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