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

Focus on Wipro

June 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

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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, **Wipro emerged as a Leader and Star Performer.** This document focuses on **Wipro's** open banking IT services experience and capabilities and includes:

- Wipro position on the open banking IT services PEAK Matrix
- Detailed open banking IT services profile of Wipro

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.

Source: Everest Group (2020)

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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

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Everest Group PEAK Matrix®

Open Banking IT Services PEAK Matrix® Assessment 2020 | Wipro is positioned as a Leader and Star Performer

Everest Group Open Banking IT Services PEAK Matrix® Assessment 2020
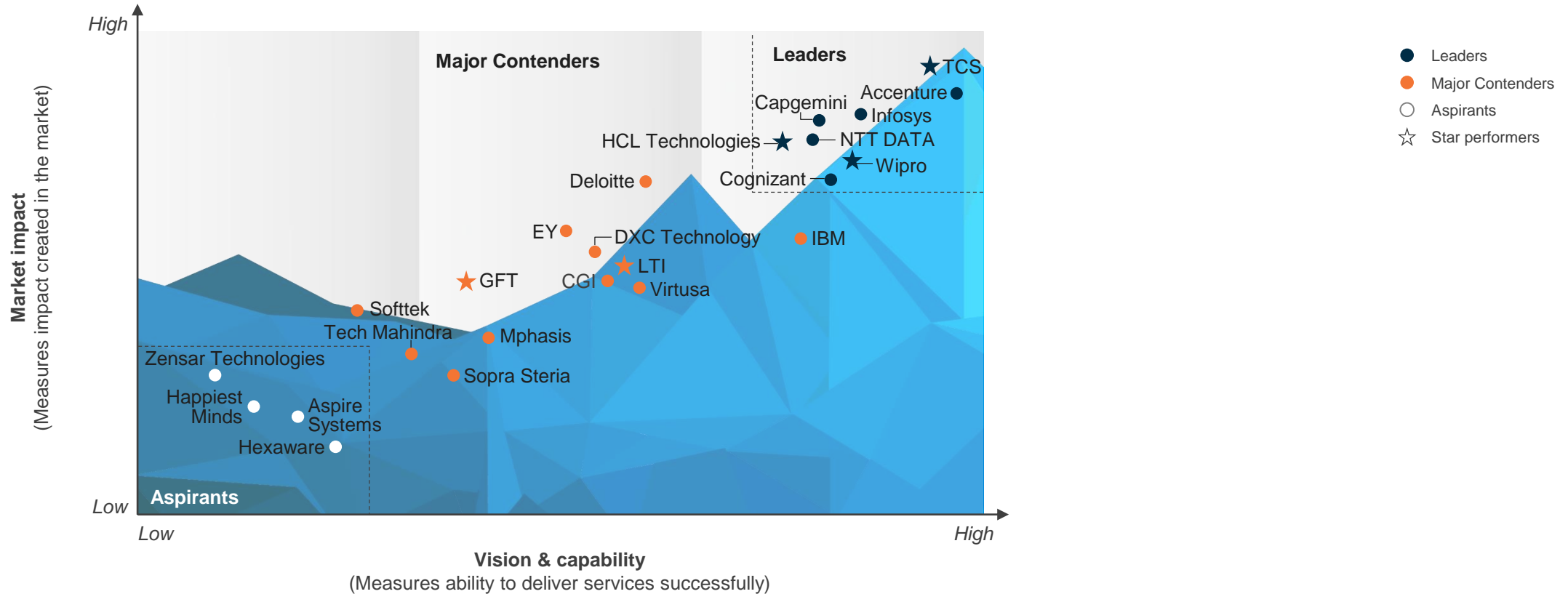
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Overview

Vision for open banking IT services practice: The future of banking is defined by ecosystems, and banks require a paradigm shift in viewing open banking as an opportunity to create more diversified and differentiated value propositions. It envisions banks to adopt monetization strategies and achieve organizational readiness of interfaces to participate in the open API ecosystem.

Open banking IT services revenue

<US$100 million	US$100-US$300 million	US$300 - US$600 million	>US$600 million

Number of active clients for open banking IT services

<25	25-100	100-150	>150

Open banking IT services revenue mix in BFS:

Legend: ■ High (>25%) ■ Moderate (10-25%) ■ Low (<10%)
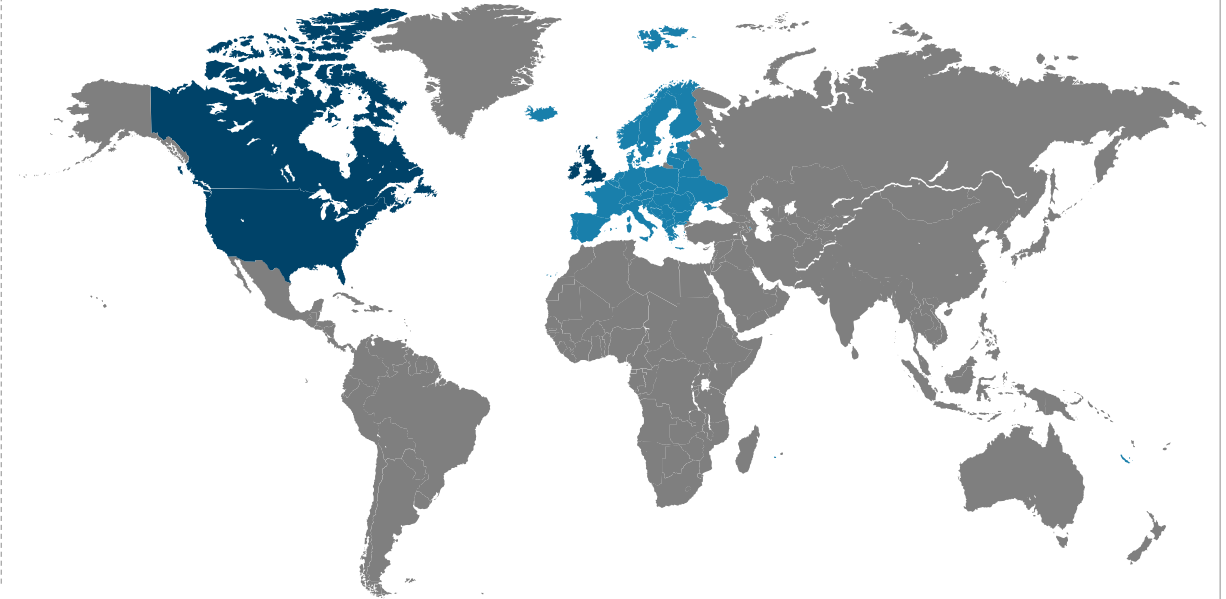
By services scope

Consulting and roadmap	■	Microservices architecture design and development	■
API management and development	■	Data integration and management	■
Platform implementation and support	■	Security and compliance	■

By geography

By buyer size

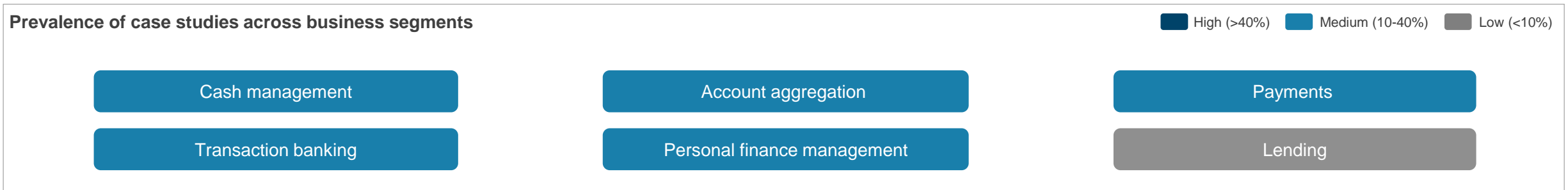|	
Small (annual client revenue < US$1 billion)	■
Medium (annual client revenue US$1-US$5 billion)	■
Large (annual client revenue US$5-US$10 billion)	■
Very large (annual client revenue US$10-US$20 billion)	■
Mega (annual client revenue > US$20 billion)	■

Source: Everest Group (2020)

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Client success stories

NOT EXHAUSTIVE

Case study 1: Compliance program for a large CMA9 bank in the UK	
Business challenge	The client wanted a partner to deliver open banking Release-4 across AISP, PISP, and commercial banking within the regulatory timelines in an outcome-based model, with an additional constraint that the R4 spec from the Regulator was not finalized
Solution	• Onboarded an engineering team, transitioning platform knowledge from previous releases without impacting R3 program delivery • Leveraged the Agile sprint-based delivery model with build-and-test on the same sprint
Impact	Delivered open banking R4 specs in an outcome-based model and compliance APIs for AISP, PISP, and commercial banking

Case study 2: Digital user journey for a large North American bank	
Business challenge	The client wanted to stitch together a user journey in auto-finance where the customer touchpoints during an entire vehicle purchase journey remained with the bank
Solution	• Integrated an API-driven journey by redefining workflows • Developed a user journey capturing the end-to-end customer touchpoints
Impact	• Created additional revenue channel for the bank through dealerships • Led to an increased conversion rate of acquired customer leads

Prevalence of case studies across business segments

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

Cash management	Account aggregation	Payments
Transaction banking	Personal finance management	Lending

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Key investments

Proprietary IP/solutions/tools/frameworks built to deliver open banking IT services to BFS enterprises	
Name	**Details**
Open banking API platform	Launched the platform for banks and financial institutions to create distribution channels, develop servicing capabilities, provide access to third-party application marketplaces, and comply with emerging regulatory norms through the standardization of APIs
Miliu	A concept bank that transforms itself from a payment provider to a partner, thus, making it easier for customers, banks, and other third-party service providers to securely share data with each other
Open banking API suite	A set of tools and accelerators for API design, development, and testing to enhance developer experience and productivity

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**
Cooper	Acquisition	Strengthen user experience and user interaction design capabilities in East and West Coast
InfoSERVER	Acquisition	Add domain and process knowledge and help Wipro to expand in Brazil's banking and insurance market by providing scale and new clients
Konsentus	Partnership	Enhance its capabilities for providing TPP validation services to financial institutions
Yapily	Partnership	Partner to provide wider API-based connectivity for customer data access from a wider base of financial institutions
BIAN	Membership	Partnership to help customers adopt BIAN open APIs for global interoperability

Source: Everest Group (2020)

Everest Group assessment – Leader

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

- Increased their revenue from open banking practice by winning deals for emerging demand themes such as API-led platform implementation for expanding banking channels and identity and access management in Australia and the USA

- Credible investments in open banking API suite for developer productivity and AI/cognitive solutions aimed at expanding its Agile/DevOps tools portfolio are helping it win deals in the open banking space

- Strategic partnership with BIAN for building open APIs to its specifications fortifies its market messaging for API standardization projects across BFS firms

- Dedicated thought leadership on selective open banking themes such as customer journey enhancement and digital identity management complements its consulting and advisory capabilities

- Clients have specifically appreciated Wipro's solutioning flexibility, client communication, and reskilling/upskilling efforts within open banking engagements

- Investments in partnerships with FinTechs for varied use cases such as trade finance, B2B financing, payments, and API aggregation expands the breadth of its open API marketplace offering for financial institutions

Areas of improvement

- Limited success proof points for third-party platform-led transformation projects across BFS industry segments

- Clients expect Wipro to show proactiveness and self-management initiatives in engagements for limiting enterprise oversight

- Lags peers in the scale of its consulting, digital delivery, and regional domain talent for open banking specific skills

- Lags its peers in terms of partnering with API platform providers such as MuleSoft and Apigee for enterprise platform integration and implementation projects

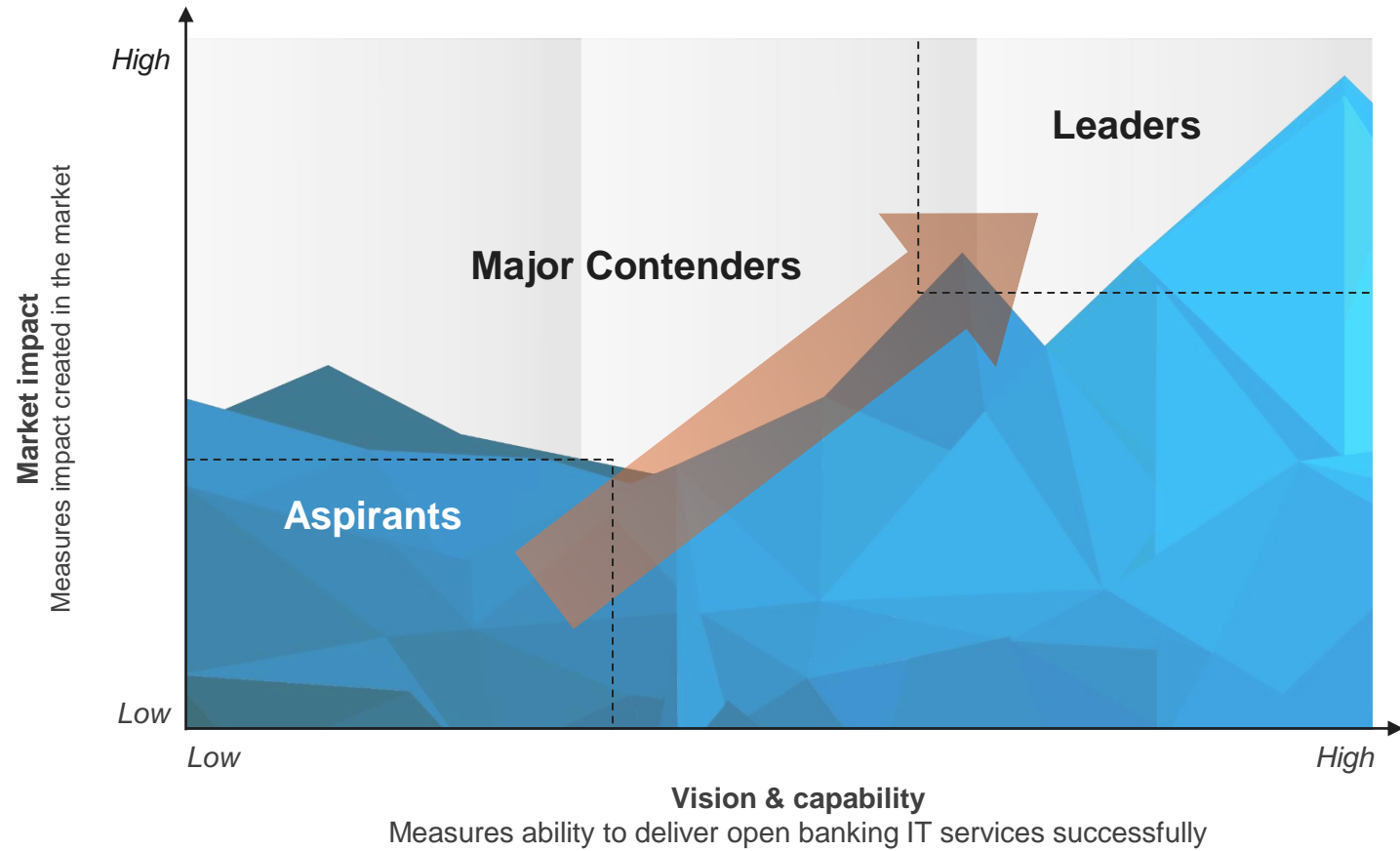- Limited success proof points in working with small and mid-tier banks for their open banking priorities

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

Market impact
Measures impact created in the market

High

Low

Leaders

Major Contenders

Aspirants

Low — High

Vision & capability
Measures ability to deliver open banking IT services successfully

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

Market impact

Leaders

Major Contenders

Aspirants

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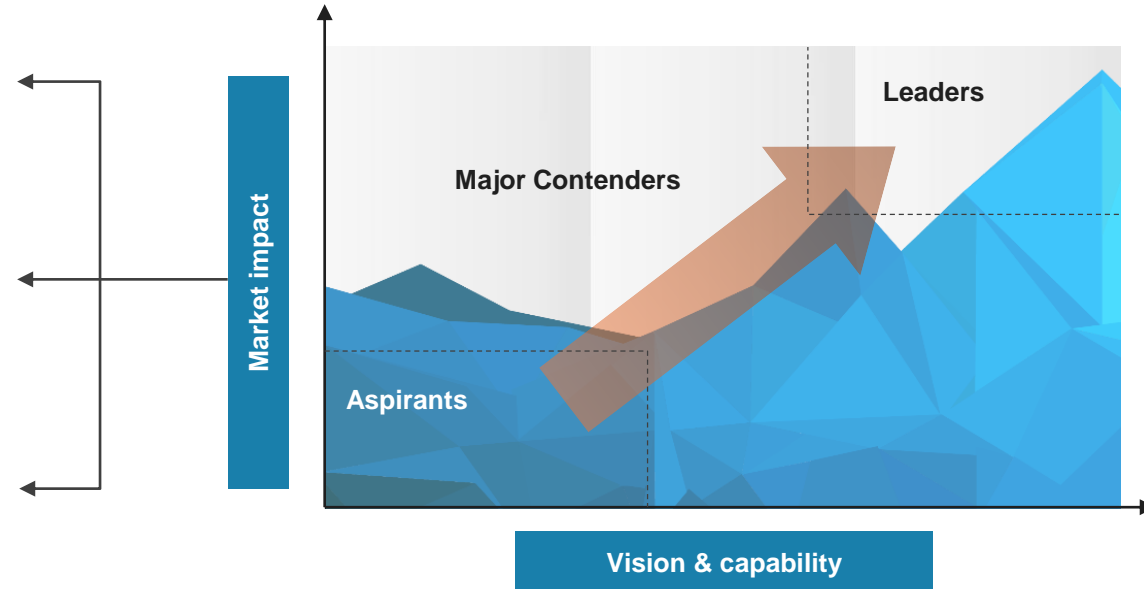
Measures ability to deliver services successfully.
This is captured through four subdimensions

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

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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
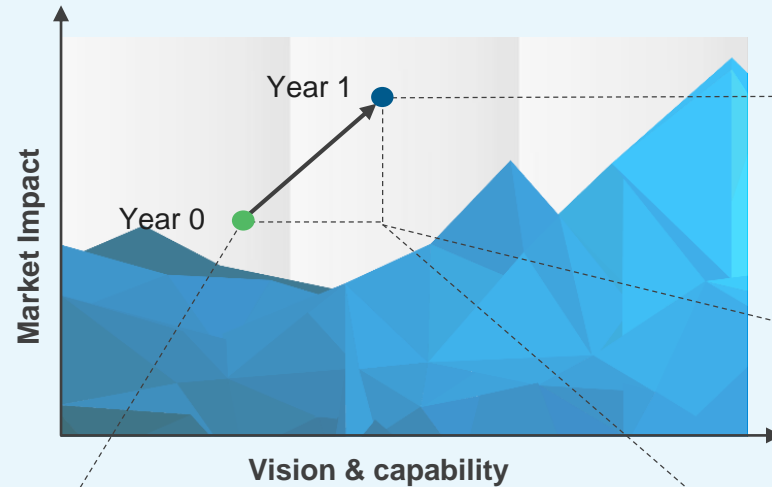
In order to assess advances on **market impact**, we evaluate each service provider's performance across a number of parameters including:
- Yearly ACV/YOY revenue growth
- # of new contract signings and extensions
- Value of new contract signings
- Improvement in portfolio mix
- Improvement in value 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.

FAQs

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

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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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