

Everest Group PEAK Matrix® for Application and Digital Services in European Banking Service Providers 2021

Focus on HCL Technologies
August 2021



Background of the research

Evolving customer preferences, demand for digital and omnichannel experiences, and competition from FinTechs are impacting banks’ digital strategies and transformation initiatives. Moreover, COVID-19 has drastically accelerated their plans for organization-wide, end-to-end digitalization and adoption of digital technologies for use cases such as digital customer onboarding, real-time payments, paperless underwriting, and real-time cash management. In Europe, regulations such as the General Data Protection Regulation (GDPR) and open banking have driven banking organizations’ investments in application modernization initiatives. Additionally, the rise of challenger banks is compelling banks to focus on customer experience enhancement.

As demand themes experience a drastic shift, a platform-based operating model and efficient data exchange will be the foundation of a successful hyper-segmentation strategy. Cloud migration and data value realization leveraging AI/ML and APIfication will take center stage to lead back- and middle-office cost-optimization initiatives. Digital customer onboarding, workflow automation, and real-time regulatory checks will gain traction, as customer preferences shift to online banking. One of the biggest challenges the industry continues to face is the shortage of technology skills in the market. Thus, IT service providers are investing heavily in not just banking-focused IP/solutions, but also engineering talent to respond to the evolving demand themes.

In this research, we present an assessment of 26 Application and Digital Services (ADS) providers in Europe featured on the Application and Digital Services in Banking PEAK Matrix®. The assessment is based on Everest Group’s annual RFI process for the calendar year 2021, interactions with leading application and digital services providers, client reference checks, and an ongoing analysis of the banking ADS market.

This report features the profile of HCL Technologies as covered in the Application and Digital Services in Banking PEAK Matrix® Assessment 2021 – Europe

Scope of this report:



Geography
Europe



Service providers
26 leading application and digital service providers in banking



Services
Application and digital services in banking

Application and Digital Services in Banking PEAK Matrix® Assessment 2021 – Europe Characteristics

Leaders:

Accenture, Capgemini, DXC Technology, HCL Technologies, Infosys, TCS, and TietoEVRY

Leaders have managed to grow their revenues despite the increase in insourcing by some of the large banks in Europe by tapping the demand for digital services for accelerated cloud-based modernization of legacy technology as well as data stack

- They are investing in partnerships with FinTechs along with proprietary API sandbox offerings to help banks establish open finance ecosystems for the next phase of open banking
- Accenture has built banking industry-specific cloud solutions to provide a foundation to banks for creating modern, container- and microservices-based applications deployed on hybrid cloud environments.
- Some players, such as TCS, have taken an acquisition-led growth strategy to enhance their talent footprint and delivery capabilities in the European market
- They are also investing in GTM strategies targeted at catering to demand for application and digital services by challenger and digital-only banks of incumbents in Europe through partnering with composable core banking platform vendors such as Mambu and Thought Machine

Major Contenders:

Atos, CGI, Cognizant, Endava, Fujitsu, GFT, ITC Infotech, LTI, Mphasis, NTT DATA, Sopra Steria, Virtusa, and Wipro

- 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 Atos, CGI, and NTT DATA have significantly invested in proprietary platform-based offering for tapping demand for modernization by mid-tier banking institutions
- Mid-size players such as LTI, Virtusa, and GFT are driving growth in their revenues through investment in offerings for open banking enablement and monetization

Aspirants:

Aspire Systems, COMARCH, Itransition, Quinnox, Softtek, and Zensar Technologies

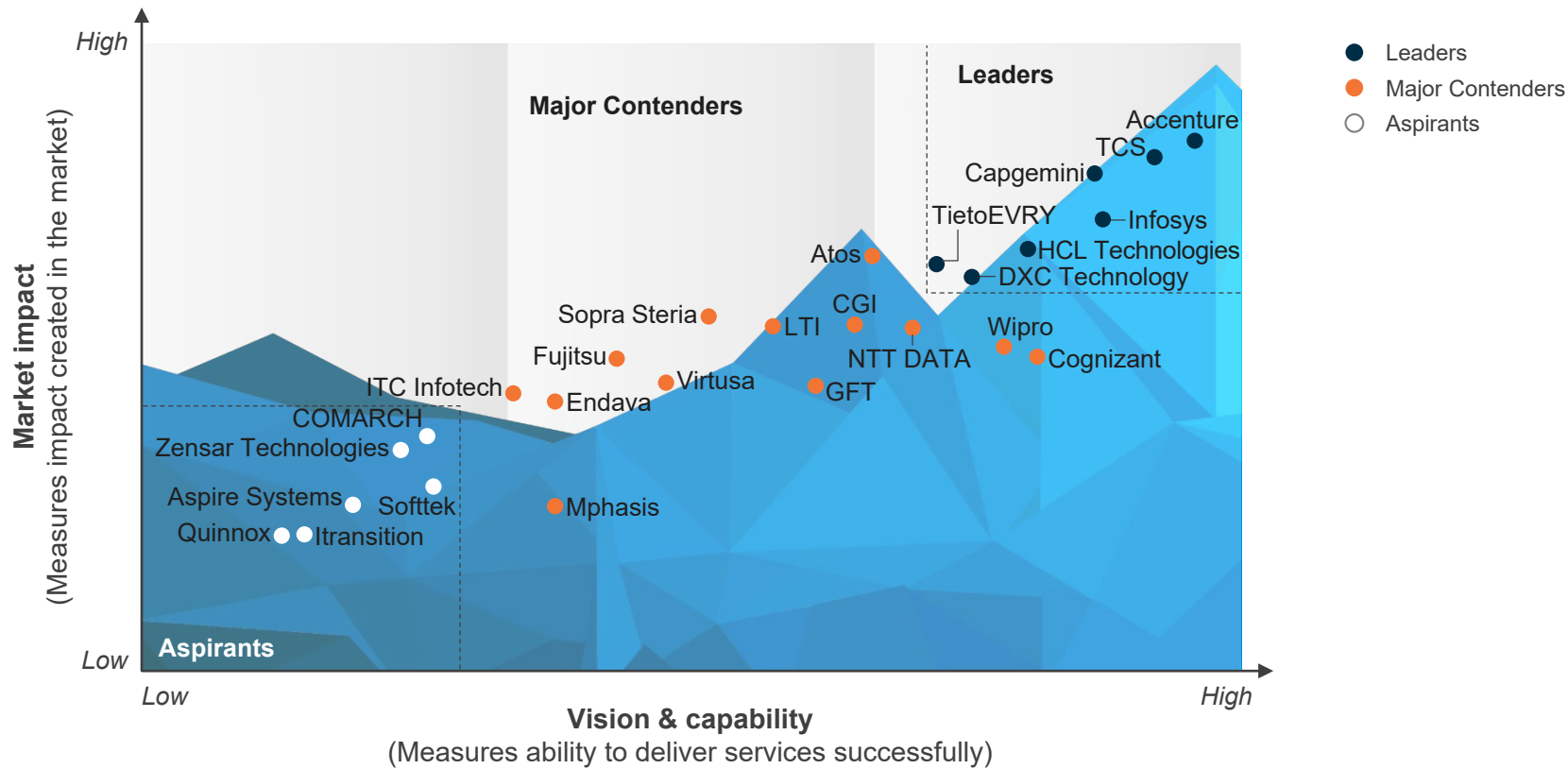
- Aspirants have built niche capabilities to cover specific domains within banking with a niche focus on service areas such as application maintenance, testing automation, and software packages implementation
- They have demonstrated credible customer success through innovative and commercial pricing and dedicated client attention
- They are investing in building partnerships with horizontal as well as vertical platform vendors to enhance their GTM strategy and grow revenues by winning new clients

Everest Group PEAK Matrix®

Application and Digital Services in Banking PEAK Matrix® Assessment 2021 – Europe | HCL Technologies positioned as Leader



Everest Group Application and Digital Services in Banking PEAK Matrix® Assessment 2021 – Europe¹



¹ Assessment for CGI, COMARCH, Endava, Fujitsu, and Sopra Steria excludes service provider inputs on this 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 (2021)

HCL Technologies | application and digital services in banking profile – Europe (page 1 of 4)

Overview

Vision for ADS in banking practice:
To become a strategic partner to banks in transformation for the digital age leveraging its Mode 1 and Mode 2 strategy and deploying its vertical offerings / IPs through Mode 3 strategy

ADS in banking revenue

<US\$200 million	US\$200-500 million	US\$500 million-US\$1 billion	>US\$1 billion
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Number of active clients for ADS in banking

<25	25-100	100-150	>150
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Delivery footprint		
Region	Key cities	No. of FTEs ³
Benelux	Amsterdam and Hague	440
DACH	Frankfurt, Munich, and Eschbon	375
Eastern Europe	Krakov and Wroclaw	75
France	Paris, Lyon, and Toulouse	355
Nordics	Gothenburg, and Malmo	85
Southern Europe	Sofia and Lasi	60
UK and Ireland	London, Watford, Egham, Preston, Belfast, Armagh, Dublin, and Kilkenny	770
Rest of Europe	Prague and Talinn	60

1 System integration includes package implementation
2 AR/VR, blockchain, IoT, quantum computing, etc.
3 Banking ADS FTEs
Note: ADS in banking revenue is based on Everest Group’s estimates

ADS in banking revenue mix

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

By lines of business			
Cards and payments	Medium	Commercial banking	Medium
Retail banking	High	Others	Medium
		Lending	High

By geography			
Benelux	High	DACH	Medium
France	Low	Nordics	Low
UK and Ireland	High	Rest of Europe	Low
		Eastern Europe	Low
		Southern Europe	Low

By services scope			
Application development	High	Application maintenance	High
System integration ¹	Medium	Testing	Low
		Consulting	Low

By digital services segment			
AI and ML	Low	API	Medium
Cloud	Medium	Mobility	Medium
		Big data and analytics	Medium
		Social media	Low
		Others ²	Low

By buyer size			
Small (annual client revenue < US\$1 billion)	Low	Medium (annual client revenue US\$1-5 billion)	Medium
Large (annual client revenue US\$5-10 billion)	Medium	Very large (annual client revenue US\$10-20 billion)	Medium
Mega (annual client revenue > US\$20 billion)	High		

HCL Technologies | application and digital services in banking profile – Europe (page 2 of 4)

Client success stories in Europe

Case study 1	Unified a technology platform for a Dutch banking and financial services corporation	Case study 2	Legacy modernization lending arm of a British retail & commercial bank	Case study 3	Accelerated payments platform for a German multinational bank
Business challenge The client wanted to unify the technology platform for its seven million retail customers across several countries. It was looking for a common front-end / central platform, harmonized value proposition, shared delivery organization, standardized back-end, and centralized infrastructure (private cloud).	Solution <ul style="list-style-type: none">Helped in delivering end-to-end implementation and integration of global KYC (G-KYC) platform (KYC, NS, and post TM systems, etc.) globally in a Bizdevops modelRamped up to 250+ engineers across multiple technologiesDeveloped balanced scorecard risk model for 6+ risk categories, 15 risk factors, and 30+ risk indicatorsML-driven modeling deployed for continuous monitoring/ screeningStreamlined processes across client on-boarding, risk-profiling, CLM, post TM, and NSProvided analysis for maturity enhancement of KYC and roadmap Impact <ul style="list-style-type: none">The client could achieve 6x projected income growthEnhanced customer experienceReduced TTM with a scalable IT solutionLaunched new products	Business challenge The client was facing challenges such as delay in loan approvals, manual intensive process, legacy architecture, high-cost base, and competition from FinTech challenger.	Solution <ul style="list-style-type: none">Helped the client in simplifying and automating the processImplemented legacy modernization and helped the client in becoming the API bankLeveraged open banking dataProvided three-year transformation roadmapImplemented programs contributing to climate change such as green mortgageProvided solution considerations such as, feature/component/ hybrid, automation/configuration/customization, scrum/kanban, location, technology choice, and strangler/cutover Impact <ul style="list-style-type: none">Decoupled origination from tightly coupled processing systemMicroservices based architectureAPIficationGreen Mortgage	Business challenge The client was facing slow progress rate while developing a target state architecture. The challenges included: scalability, stability, resiliency, and complexity. Five business and seven technical capabilities needed to be delivered for the payments platform.	Solution <ul style="list-style-type: none">Incremental implementation by countryFoundation of payment type frameworkCloud nativeVirtual remote executionDomain driven design Impact <ul style="list-style-type: none">Right features delivered in right quality enabled through frequent feedbackContinuous engagement to define, refine features, and obtain feedbackCross functional teamsDesign-to-DevOps operating modelAccess to digital development processCore engineering capabilities in cloud-based environment

HCL Technologies | application and digital services in banking profile – Europe (page 3 of 4)

Key offerings and investments

NOT EXHAUSTIVE

Proprietary IP/solutions/frameworks/accelerators/tools developed internally to deliver ADS services in banking

Name	Details
HCL power bank	A banking CRM solution, based on Microsoft dynamics CRM to unify sales, marketing, customer service, and advisory functions to help banks deliver better customer experience.
HCL NOVUS	A solution that enables digital transformation with easy integration to internal and external systems, through a partnership ecosystem of Thought Machine, Onfido, Equiniti, Powercurve, and Form 3.
HCL API Hub	An online platform for consumers (banks, third party systems, etc.) to connect with multiple banks or corporate ERP systems through a single, consistent API per function.
HCL digital experience	A platform to combine digital content, complex business applications, and digitized business processes, all through authenticated access, on a secure cloud-native platform that scales.
HCL NetBot	An IP-based module that is integrated with the UI and provides AI-assisted troubleshooting. It complements NetBot with causal reasoning, AI-based model engineering and feedback loop, conversational AI, and cognitive network control.










Key partnerships/alliances/acquisitions/JVs leveraged to deliver ADS in banking

Name	Type of investment (year)	Details of investment
Alterix	2020 (Partnership)	Partnered to accelerate analytics automation and digital transformation for global 2000 enterprises.
DWS Limited	2020 (Acquisition)	Acquired an Australian IT, business, and management consulting group to deploy its IT services such as, digital transformation, application development and support, program and project management, and consulting.
Finastra	2020 (Partnership)	Entered a partnership with Finastra, to deliver end-to-end services around key products such as Summit, Opics, LoanIQ, Midas, GPP SP, TI+, and Phoenix (Treasury management SaaS).
Alterix	2020 (Partnership)	Partnered to accelerate analytics automation and digital transformation for global 2000 enterprises.
Broadcom	2019 (Acquisition)	Acquired the professional services arm of Broadcom's enterprise services products (part of former CA technologies), to provide professional services, education, and training services along with technology capabilities in agile, cybersecurity, and DevOps.

HCL Technologies | application and digital services in banking profile – Europe (page 4 of 4)

Everest Group assessment – Leader

Measure of capability:  Low  High

Market impact				Vision & capability				
Market adoption	Portfolio mix	Value delivered	Overall	Vision and strategy	Scope of services	Innovation & investments	Delivery Footprint	Overall
								

Strengths

- Diversified mix of revenues from regions such as APAC, Europe, and North America shields it from concentration risk
- Acquisition of DWS has expanded its offerings for digital transformation and consulting services for banking clients in APAC
- Investment in partnership with Finastra has enhanced its capabilities for cloud native services to provide subverticalized SaaS-based solutions such as treasury-as-a-service
- Clients have appreciated its commitment level to the engagement by proactively bringing thought leadership on similar engagements from other geographies
- Investments in industry platforms such as Avaloq and Salesforce have helped in winning deals for legacy infrastructure modernization in Europe and North America

Limitations

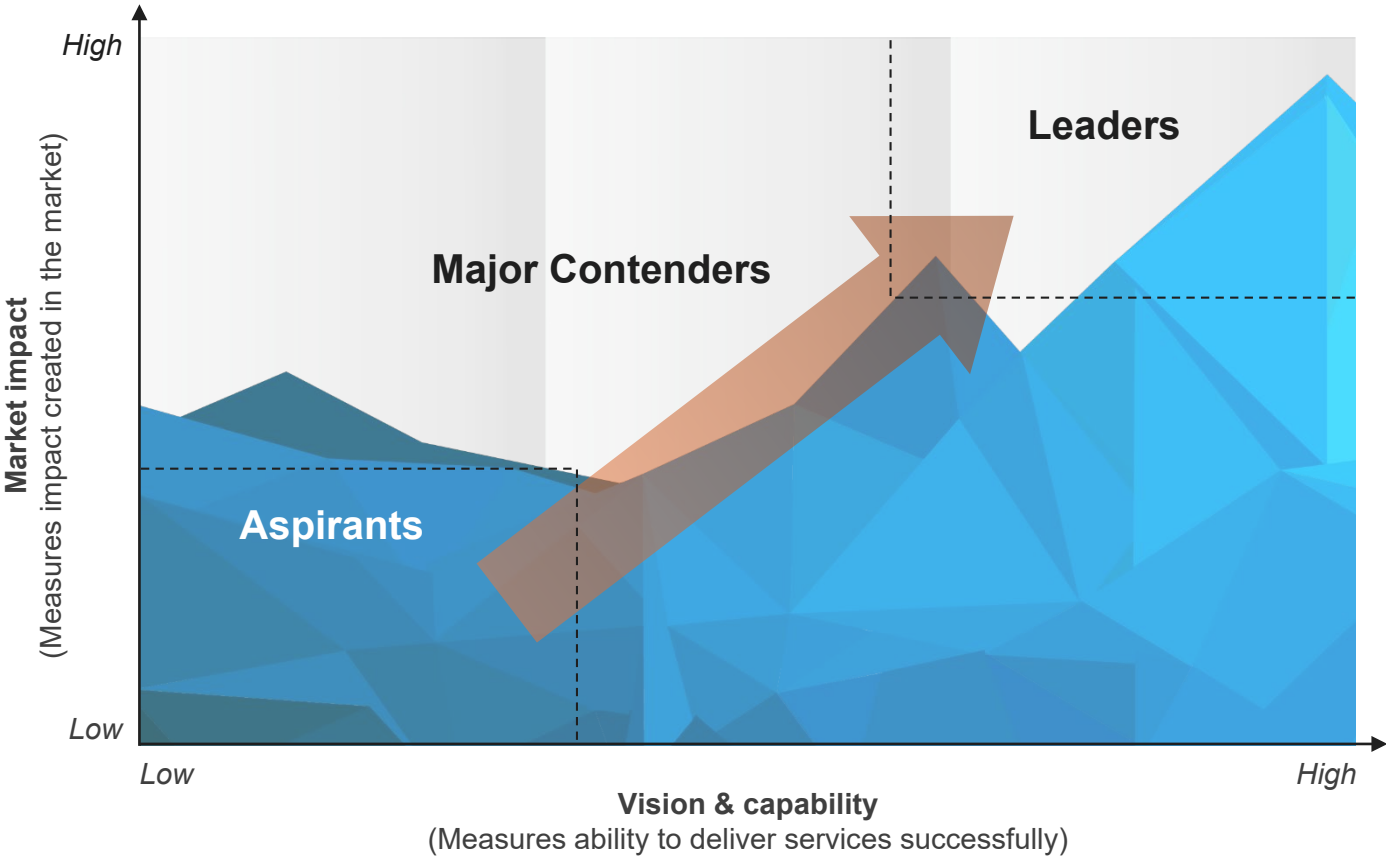
- Although it has rich talent pool for engineering services, it lags behind peers in providing talent with niche skills such as design thinking and data science
- Depending on the type of account, it can focus on bringing LOB-driven domain experts, specially to the execution teams
- For some engagements, clients have cited quality of onshore resource availability as a challenge
- Clients want HCL to rely less on an offerings-led sales motion and work toward co-creation and problem-solving

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

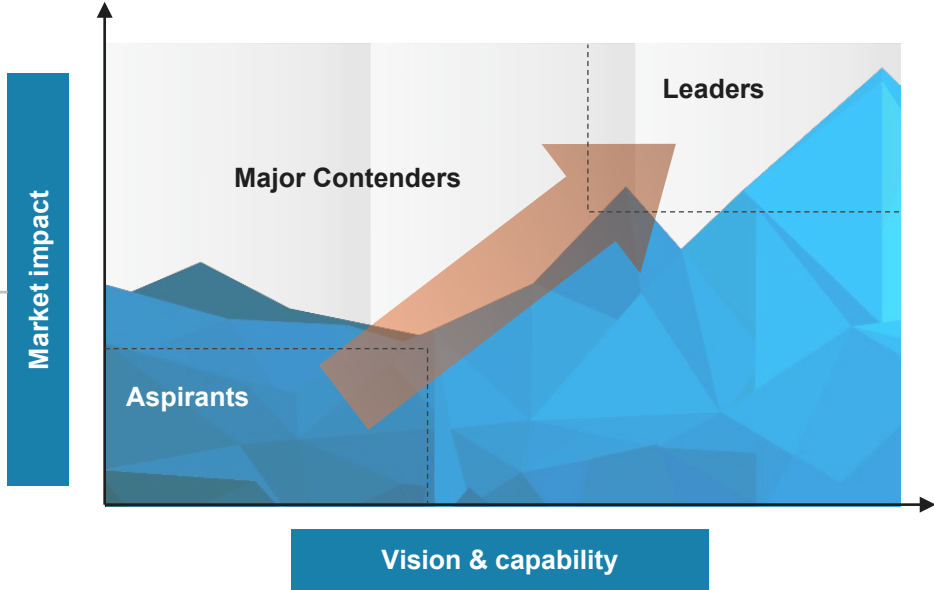
Number of clients, revenue base, YOY growth, and deal value/volume

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



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, M&A, etc.

Delivery footprint

Delivery footprint and global sourcing mix

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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