



Everest Group's PEAK Matrix™ for Capital Markets AO Service Providers

Focus on HCL Technologies
September 2016



Background and scope of the research

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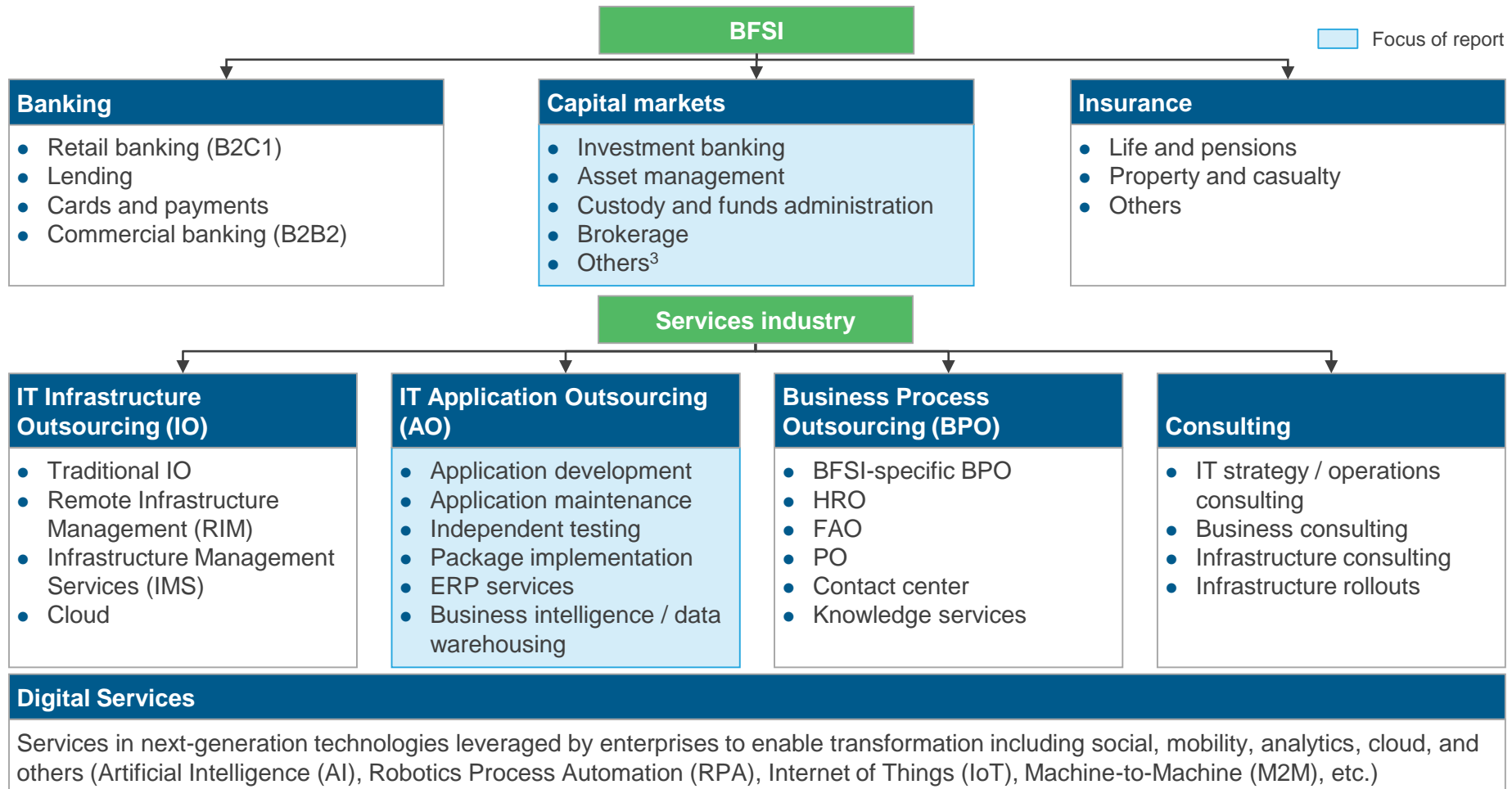
- The capital markets industry is grappling with high regulatory pressures, intense competition, and an uncertain economy. As a result of stagnated growth and a non-conducive environment to grow top-line, cost containment has become a single-most important area of focus for capital markets. Financial services firms are adopting different business levers to contain costs and improve profitability. They are adopting disruptive business models, mutualizing costs through shared utilities, and investing in digital technologies to stay ahead of competition. Buy-side and sell-side participants, as well as financial intermediaries are investing in risk & compliance management solutions, automation, mobility, big data & analytics, Blockchain, and third-party platforms, as they focus on cost reduction, standardization, and portfolio rationalization
- With the capital markets industry witnessing a number of changes, IT service providers are helping clients to manage their budgets more effectively with cost reduction initiatives, and are looking to provide offerings that are tailored to the firms' cost containment strategies. Service providers are accelerating their investments in automation to reduce costs, collaborating with buyers to invest in innovation, investing to provide customer-centric digital services, and forming alliances with leading platform providers to meet different client needs
- In this research, we analyze the capabilities of 27 leading AO service providers, specific to the global capital markets sector. These providers were mapped on the Everest Group [Performance | Experience | Ability | Knowledge \(PEAK\) Matrix™](#), which is a composite index of a range of distinct metrics related to each provider's capability and market success. Additionally, Everest Group has also profiled the capabilities of these 27 service providers in detail including a comprehensive picture of their service suite, scale of operations, scope, domain expertise & innovation, delivery footprint, and buyer satisfaction specific to banking AO services

This document focuses on HCL Technologies' capital markets AO experience and includes:

- Overview of the capital markets AO service provider landscape
- Everest Group's assessment of HCL Technologies' delivery capability and market success on PEAK Matrix
- Detailed capital markets AO profile for HCL Technologies

This report examines the service provider landscape for large (TCV > US\$25 million), annuity-based, multi-year (>3 years) application services relationships in the global capital markets sector

NOT EXHAUSTIVE



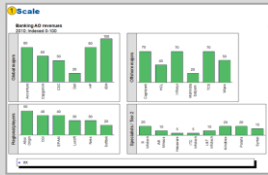
1 Business-to-consumer relationships

2 Business-to-business relationships

3 Includes other capital markets functions such as structured finance, treasury, FX, and horizontal functions including risk management

This report is a part of Everest Group's series of reports focused on ITO in BFSI in 2016

IT Outsourcing in BFSI – Annual Report

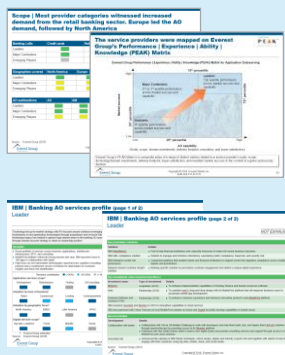


Each report provides:

- An overview of the application services market for the BFSI vertical, capturing key trends in market size, growth, drivers & inhibitors, adoption trends, regional/functional break-outs of the market, emerging themes, key areas of investment, and implications
- Key movements in volumes/values of AO transactions, evolving trends, market dynamics, and emerging priorities of buyers in the last 12 months

- Global Banking
- Global Capital Markets
- Global Insurance

IT Outsourcing in BFSI – Service Provider Landscape and Profiles Compendium



Each report provides:

- Assessment of service provider landscape in AO services and mapping of providers on Everest Group's PEAK Matrix™ – as Leaders, Major Contenders, and Aspirants
- Benchmarking scale, scope, domain investments, and delivery footprint of each provider's BFSI-AO practice along with comparative evaluation of their BFSI-AO capabilities
- The 2016 BFSI-AO PEAK Matrix analyses focus on identifying the "Star Performers", i.e., providers with the strongest forward movement over time – both in terms of market success and capability advancements
- Capability profiles of service providers capturing their AO services experience in specific subverticals including details such as AO services capabilities, key investments, proprietary solutions, and technological expertise

- Global Banking
- **Global Capital Markets**
- Global Insurance
- Mobility in Banking
- Mobility in Insurance
- Analytics in Banking
- Analytics in Insurance

Enterprise Digital Effectiveness with APEX Matrix



Two reports as part of an "open source" evaluation of the digital effectiveness of the largest retail banks in Europe and United States and mapping them on Everest Group's APEX Matrix – as Leaders, Optimizers, Innovators, and Aspirants

- APEX Matrix for Digital in U.S. retail banks
- APEX Matrix for Digital in Europe retail banks

Everest Group's capital markets research is based on two key sources of proprietary information

1

- Everest Group's proprietary database of 400+ large, active, multi-year AO contracts within capital markets (updated annually). The database tracks the following elements of each large AO relationship:
 - Buyer details including industry, size, and signing region
 - Contract details including TCV, ACV, term, start date, service provider FTEs, and pricing structure
 - Activity broken down separately for banking, capital markets, insurance, and by line of business (for example, investment banking, asset management, custody, fund administration, and brokerage)
 - Scope includes coverage of buyer's geography as well as functional activities
 - Global sourcing including delivery locations and level of offshoring

2

- Everest Group's proprietary database of **operational capability of 25+ capital markets AO service providers** (updated annually)
- The database tracks the following capability elements for each service provider:
 - Major capital markets AO clients and recent wins
 - Overall revenue
 - Recent capital markets-related developments
 - Capital markets AO delivery locations
 - Capital markets AO service suite
 - Domain capabilities, proprietary solutions, and intellectual property investments

Service providers covered in the analysis



1 Assessment for Accenture, Atos, HPE, Mphasis, Synechron, and Quinnox excludes service provider inputs, and is based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with capital markets buyers

2 Analysis for Dell Services based on capabilities before being acquired by NTT DATA

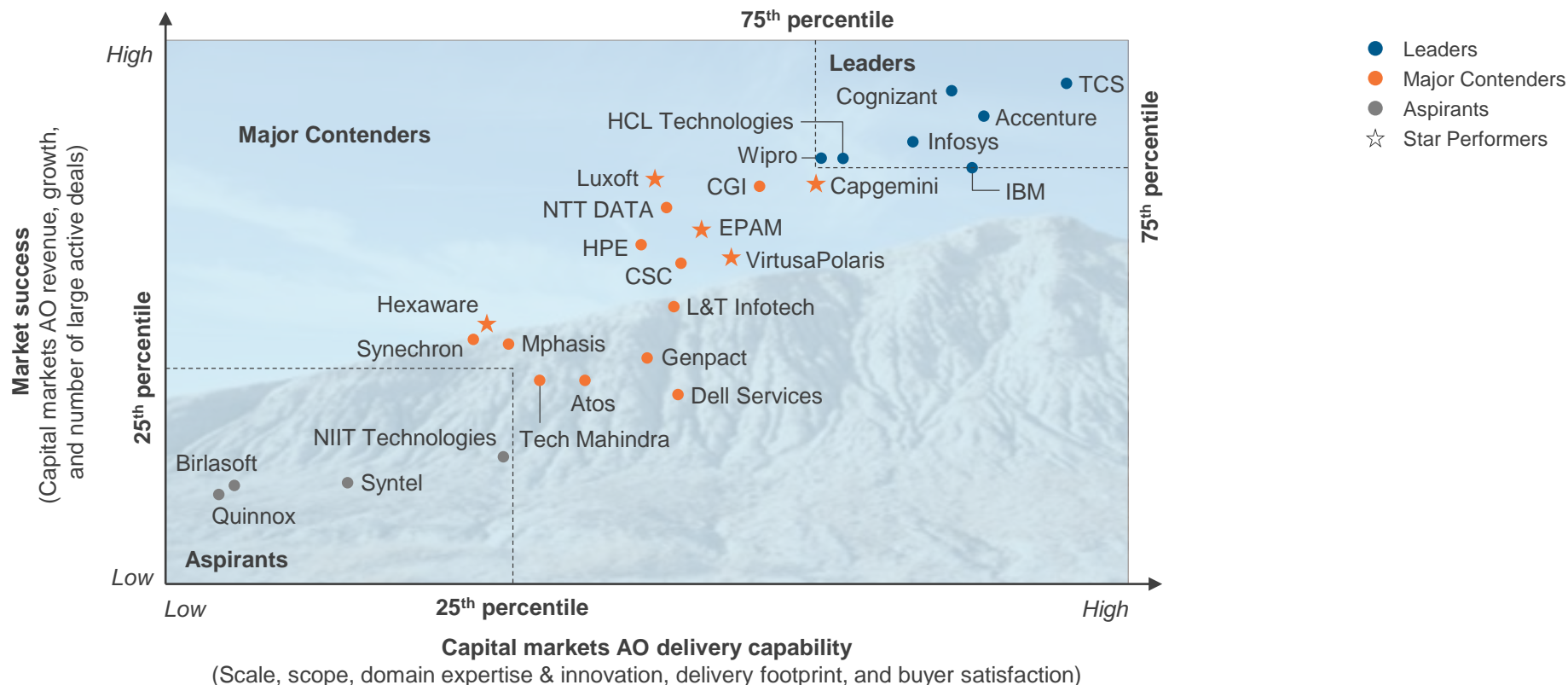
3 Analysis based on capabilities before the merger of CSC and HPE Services

Note: We continuously monitor market developments and track additional service providers beyond those included in the analysis

Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any information, that is contract-specific, will be presented back to the industry only in an aggregated fashion

HCL Technologies is positioned as a Leader on Everest Group PEAK Matrix for capital markets AO – 2016

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for large capital markets AO relationships¹



¹ PEAK Matrix specific to large (>US\$25 million TCv), multi-year (>3 years) application outsourcing relationships for the capital markets sector (investment banking, asset management, custody & fund administration, and brokerage); excludes banking and insurance

Note: Assessment for Accenture, Atos, HPE, Mphasis, Synechron, and Quinnox excludes service provider inputs and is based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with capital markets buyers

Source: Everest Group (2016)

HCL Technologies | Capital markets AO profile (page 1 of 2)

Capital markets AO services overview

HCL Technologies witnessed significant growth from mega-sized buyers (annual revenue >US\$20 billion) in 2015. It increased the share of wallet and won new clients in this segment by leveraging its ability to offer an integrated services value proposition, aggressive pricing, and offering a transformation agenda to win vendor consolidation exercises, and commitment to offer upfront cost savings. To complement this sales-led growth strategy, HCL Technologies also needs to continue investing in improving its delivery capabilities to enhance client confidence, ensure quality of delivery, and proactively drive innovation in engagements.

Strengths

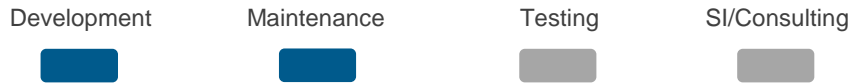
- Enhanced delivery capability in onshore and nearshore locations
- Clients value the domain expertise and HCL Technologies' ability to utilize its engineering capabilities to provide solutions for complex requirements
- Comprehensive capabilities for investment banking and asset management LoBs

Areas of improvement

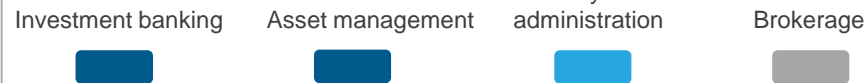
- Grow package implementation business by investing in joint GTM efforts with third-party product vendors to gain product expertise
- Tighter integration of delivery and consulting team to drive higher growth from application modernization & optimization engagements
- Articulate business benefits of IT transformation offerings for CM clients

Revenue contribution ■ (>20%) ■ (10-20%) ■ (<10%)

Application services scope



Adoption by lines-of-business



Adoption by geographic focus



Digital services scope



Capital markets AO revenue



AO services revenue by buyer size



Source: Everest Group (2016)

HCL Technologies | Capital markets AO profile (page 2 of 2)

Capital markets AO services offerings

NOT EXHAUSTIVE

Key proprietary solutions

Solution	Details
Socialytics	<ul style="list-style-type: none"> Tool that enables companies to identify their social media competitiveness and perform social media monitoring including customer behavior
LEAF	<ul style="list-style-type: none"> Framework for logging, exception handling, and auditing of SOA¹-based enterprise solution
Salesforce.com (SFDC)-Wealth CRM	<ul style="list-style-type: none"> Solution for the wealth management industry, enabling wealth managers / advisor community with advisory functions and client-centric engagement tools
Exact framework	<ul style="list-style-type: none"> Set of tools for application portfolio rationalization

Key investments (alliances/partnerships/M&As)

Investment name	Type of investment	Details
Infor	Partnership (2015)	<ul style="list-style-type: none"> To build a specialized practice and provide a team of 500 employees to assist in implementation of Infor CloudSuite products
CSC	Partnership (2014)	<ul style="list-style-type: none"> Develop solutions to modernize current application landscape of cloud services
Appian	Partnership (2014)	<ul style="list-style-type: none"> Leverage Appian's social applications and business process management software to enhance cloud and mobility solutions

HCL Technologies partnered with ServiceNow, Liaison, Moogsoft, ExperSolve, Corent, MicroFocus, and AppZero in 2015. HCL Technologies acquired PowerObjects in 2015.

Recent activities

Development	Details
Established delivery center	<ul style="list-style-type: none"> Launched a delivery center in Oslo, Norway to enhance delivery capabilities and serve as a hub to provide transformational IT infrastructure and application services
Joint venture with CSC	<ul style="list-style-type: none"> To form a banking software and financial services platform enabling modernization and product functionality enhancement

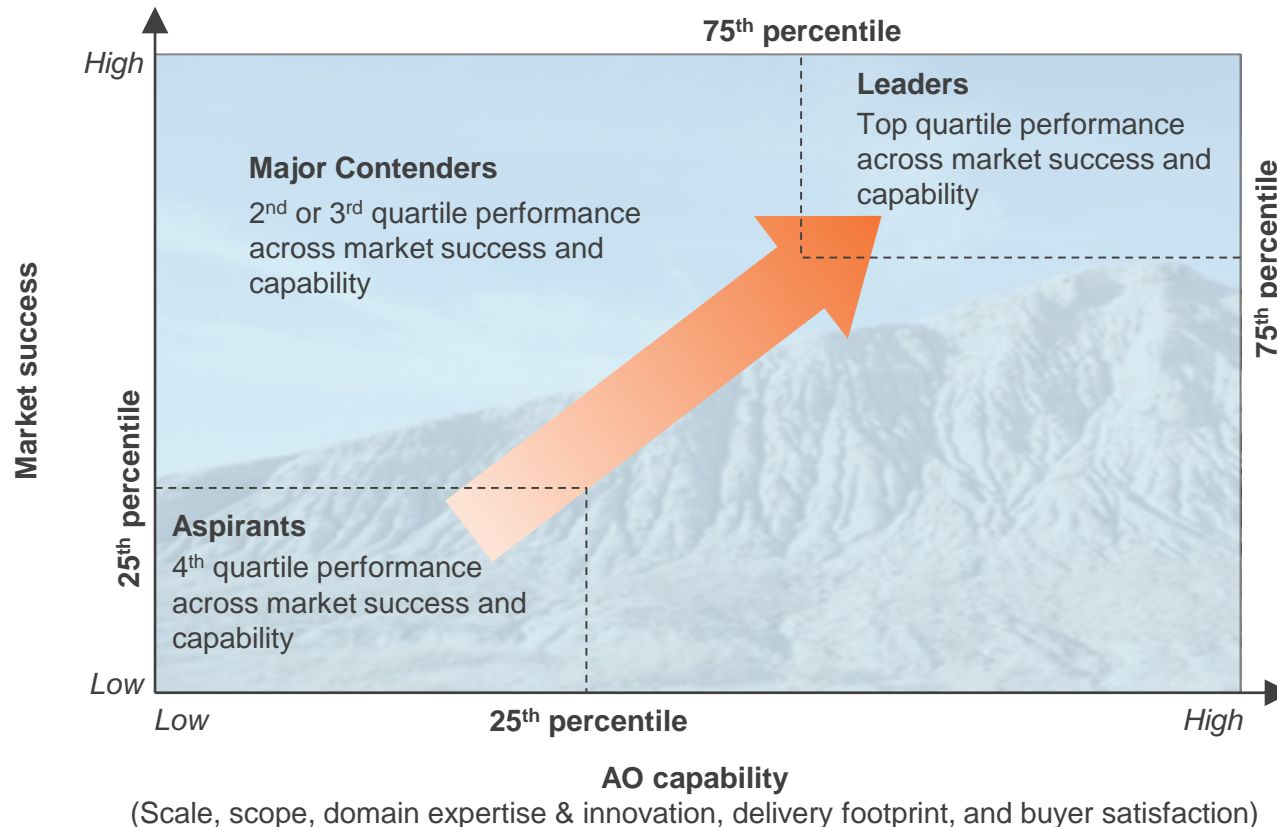
¹ Statement of accounts

Source: Everest Group (2016)

Appendix

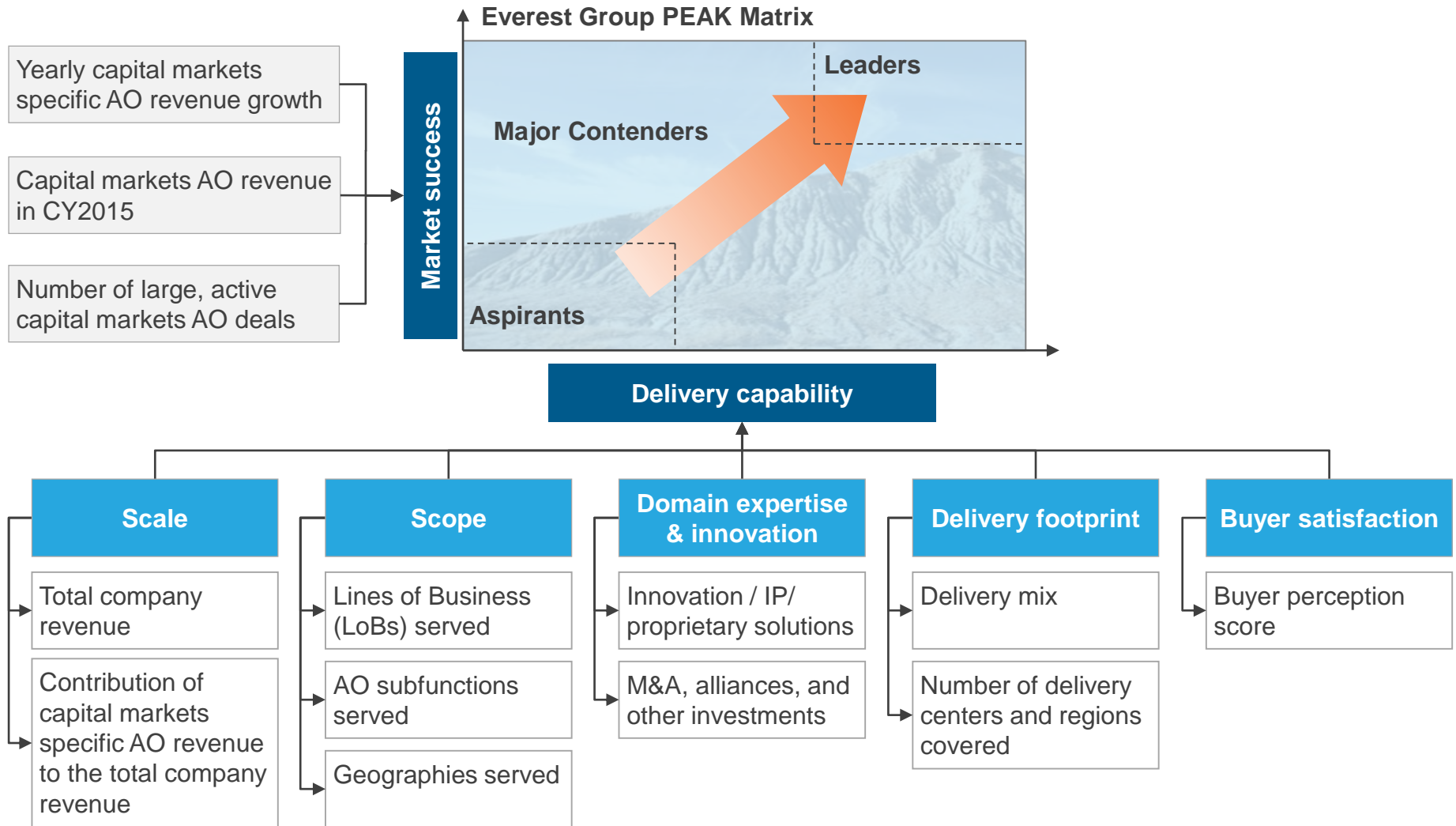
The service providers were mapped on Everest Group's Performance | Experience | Ability | Knowledge (PEAK) Matrix

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for Application Outsourcing



Everest Group's PEAK MatrixTM is a composite index of a range of distinct metrics related to a service provider's scale, scope, technology/domain expertise & innovation, delivery footprint, buyer satisfaction, and resultant market success in the context of a given outsourcing function.

Dimensions of service providers' capability and market success underlying the PEAK Matrix™ for capital markets AO services



Does the PEAK Matrix assessment incorporate any subjective criteria?

- The Everest Group’s PEAK Matrix assessment adopts an objective and fact-based approach (leveraging service provider RFIs and the 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 briefings

Is being a “Major Contender” or “Aspirant” on the PEAK Matrix an unfavorable outcome?

- No. PEAK Matrix highlights and positions only the best-in-class service providers in a particular functional/vertical. 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 in itself a favorable recognition

What other aspects of the PEAK Matrix assessment are relevant to buyers and providers besides the “PEAK Matrix position”?

- The PEAK Matrix position is only one aspect of the 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 to the buyers in selecting particular providers for their specific requirements. It also helps providers showcase their strengths in specific areas

What are the incentives for buyers and providers to participate / provide input to the PEAK Matrix research?

- Participation incentives for buyers include a summary of key findings from the PEAK Matrix assessment
- Participation incentives for providers 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 to leverage their PEAK Matrix positioning status ?

- Providers can use their PEAK Matrix positioning in multiple ways including:
 - Issue a press release declaring their positioning/rating
 - Customized PEAK Matrix profile for circulation (with clients, prospects, etc.)
 - Quotes from the Everest Group’s analysts could be disseminated to the media
 - Leverage the 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**



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 empowers 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 and research.everestgrp.com.

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