

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

Focus on NTT DATA

May 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 this report

- **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

This report includes the profiles of the following 24 leading open banking IT service providers featured on the open banking IT services PEAK Matrix:

- **Leaders:** Accenture, Capgemini, Cognizant, Infosys, NTT DATA, TCS, and Wipro
- **Major Contenders:** CGI, Deloitte, DXC Technology, EY, GFT, IBM, LTI, Mphasis, Softtek, Sopra Steria, Tech Mahindra, and Virtusa
- **Aspirants:** Aspire Systems, Happiest Minds, Hexaware, 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, **NTT DATA emerged as a Leader**. This document focuses on **NTT DATA’s** open banking IT services experience and capabilities and includes:

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

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

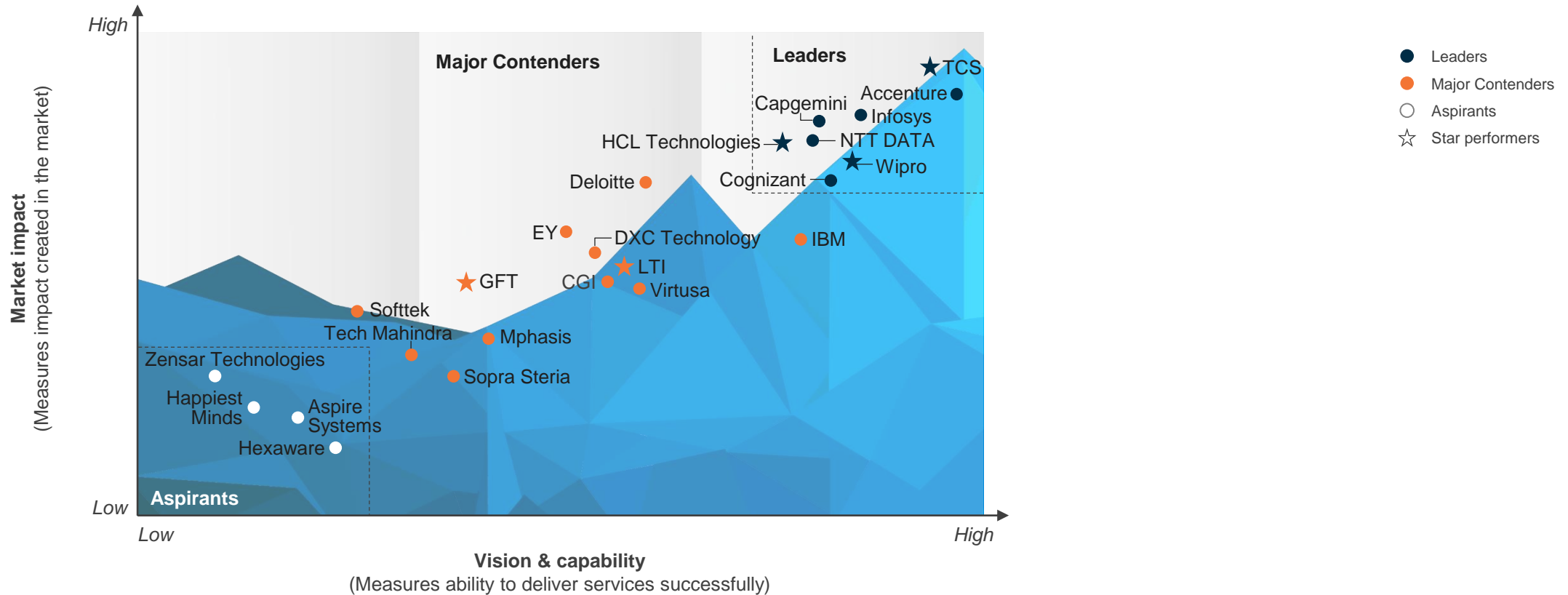
- Major Contenders cover a wide spectrum of service providers from large players with global consulting and technology capabilities to mid-sized payers with regional focus
- Large players such as IBM, CGI, and DXC have made considerable investments in platform-led point solutions for API connectivity, 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

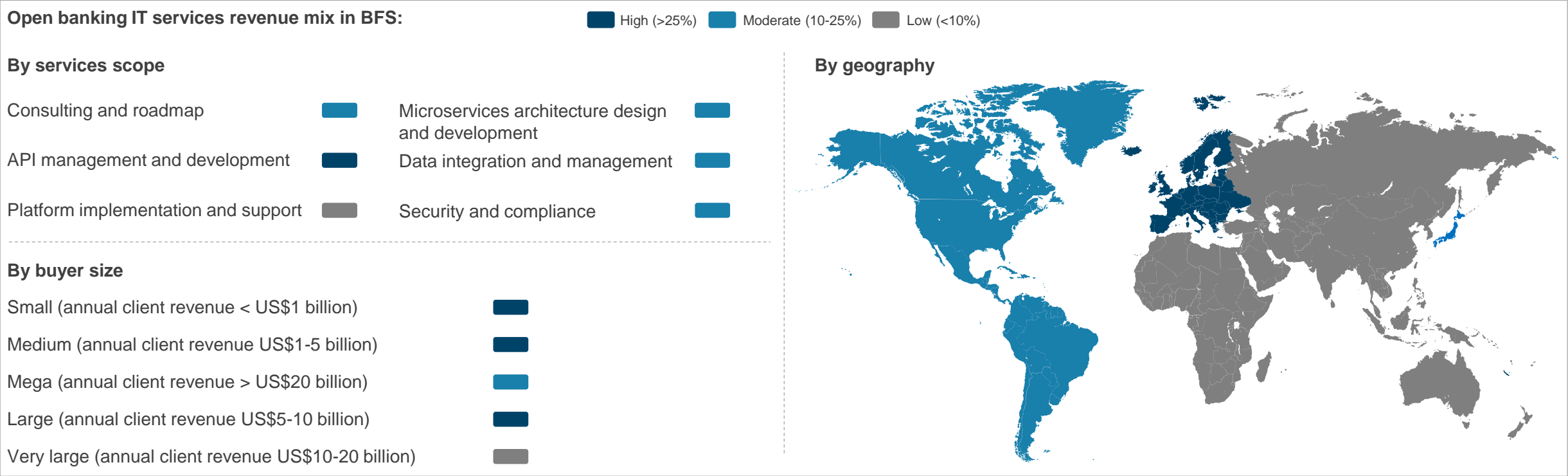
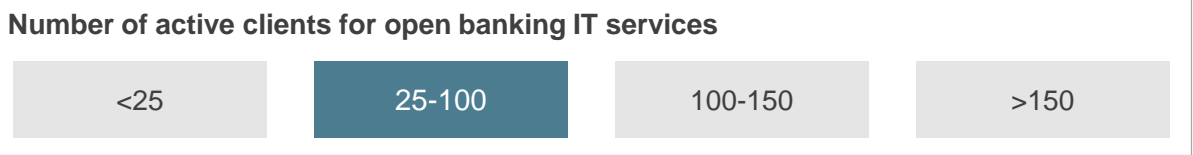


Note 1: PEAK Matrix specific to open banking IT services for banking and financial services sector. Assessment for Deloitte, EY, Hexaware, IBM, and Tech Mahindra; excludes service provider inputs, and is based on Everest Group's estimates that leverage Everest Group's proprietary Transaction Intelligence (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 help banking and new financial services players such as telecom providers and retailers, to realize new revenue streams, and deliver truly customer-centric experience for the “bank of the future” by putting digital transformation at the core of its value proposition – transforming the core business, while launching new growth ventures.



Source: Everest Group (2020)

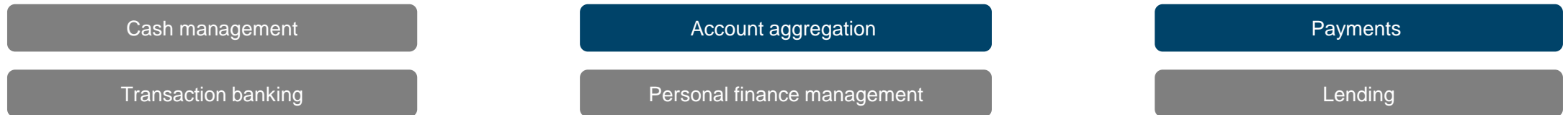
NOT EXHAUSTIVE

| Case study 1: Consulting and strategy for a commercial European bank | |
|--|---|
| Business challenge | Bank was keen to address the new open banking regulations (PSD2 and CMA), but was facing some business and delivery challenges such as: <ul style="list-style-type: none"> • Lack of industry consensus on interpretation of regulatory context • Lack of availability of common API standards across EU • Governance challenges, legacy platforms, and concurrent transformation projects within the bank |
| Solution | <ul style="list-style-type: none"> • Helped compile impact analysis, gap analysis, and business case creation • Deployed seasoned consultants to address the governance of a large regulatory program • Helped the bank in understanding and implementing new open banking API standards and articles; supported the bank in development of innovative products and offerings around open banking |
| Impact | <ul style="list-style-type: none"> • Achieved regulatory compliance within the timeline • Reduced the complexity and implementation costs for bank's connectivity by ~20% and enabled the bank to reach more clients and partners • Enabled the bank to partner with a FinTech that helped to increase customer retention by ~10% and cross-sell rate by ~15% |

| Case study 2: Digital transformation of an international bank | |
|---|--|
| Business challenge | Two-fold challenge: <ul style="list-style-type: none"> • Adapt to PSD2 requirements • Prepare the IT architecture to offer new services for better customer experience, leveraging new technologies |
| Solution | <ul style="list-style-type: none"> • Design and implementation of an API Gateway • Development and integration of APIs • Technologies used: CA API Management, Spring Boot/Cloud/MVC & Netflix OSS, and Tibco • The project was implemented using agile methodology |
| Impact | <ul style="list-style-type: none"> • High scalability of the service and associated management savings simplified thanks to self-registration and auto-discovery • New solution allowed for rapid and continuous improvement of new functionalities • Reduction of dependencies between development teams |

Prevalence of case studies across business segments – same for both case studies

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



Source: Everest Group (2020)

Key investments

NOT EXHAUSTIVE

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










| Name | Details |
|-----------------------|---|
| Open banking platform | API-driven, cloud-based, real-time data, and event management platform that allows a bank to transform core business and launch growth ventures |
| API Hub | Platform to easily consume third-party APIs, allowing provision of external services – AISP & PISP roles, document management, payments, etc. |
| Demetra | Native cloud solution suite that provides value-added services to retail and business customers – digital wallet, payments, open services, etc. |
| Everilion | End-to-end business management cloud-based platform that offers value-added services for payments, loyalty, and real-time marketing |
| Open Canvas | Provides the necessary infrastructure for API management; also offers an identity authentication and an AI management platform |

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 |
|---|----------------------------|--|
| Flux 7 | Acquisition (2019) | Added an Amazon Web Services (AWS) premier consulting partner to help customers improve business agility through IT delivery optimization and cloud-native application migration and modernization |
| NTT Disruption, NTT Venture Capital, NTT Research | Joint venture (2019) | A series of initiatives from NTT Group to co-create, co-validate, and co-accelerate with industry experts, business leaders, startups, and other key players, with the aim to develop innovative solutions |
| Joined Cloud Native Computing Foundation | Joint venture (2019) | Leverage latest trends in cloud native technology to support clients in their transformation/modernization efforts |
| NTT DATA Open Innovation Contest | Industry event (2014-2019) | Currently held in 16 countries with the objective of co-creating new businesses with startups and NTT DATA clients; open banking-related business problems are kept as the core theme of the contest |
| CloudHedge Technologies | Acquisition (2019) | Integrate its advanced technologies to focus on legacy digital integration and utilizing existing IT assets to accelerate the digital transformation journey for clients |
| Atom Technologies | Acquisition (2018) | Provide next-generation technologies for digital payments |
| Sierra Systems | Acquisition (2018) | Expand its IT service delivery footprint in US and Canada |

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

- Partnerships with leading API, security, and cloud platform vendors complements its recent investments in proprietary open banking platform Demetra for taking a flexible end-to-end open banking solution in the global market
- Investments in domain talent from traditional consulting services firms augment its business strategy and change management offerings for supporting financial institutions in generating value from open banking
- Credible proof points for market success illustrate a broad client base as well as deal wins across banking subsegments and LOBs
- Clients indicate its expertise in domain and technology, open-ended communication, and resource availability as key differentiators
- Its past investment in Spanish IT services firm Everis has given it access to talent with regional financial domain expertise for delivering open banking engagements in the UK and Europe
- Its investments in talent and innovation labs to establish base in LATAM and the US for capturing the emerging demand for open banking is in sync with industry trends

Areas of improvement

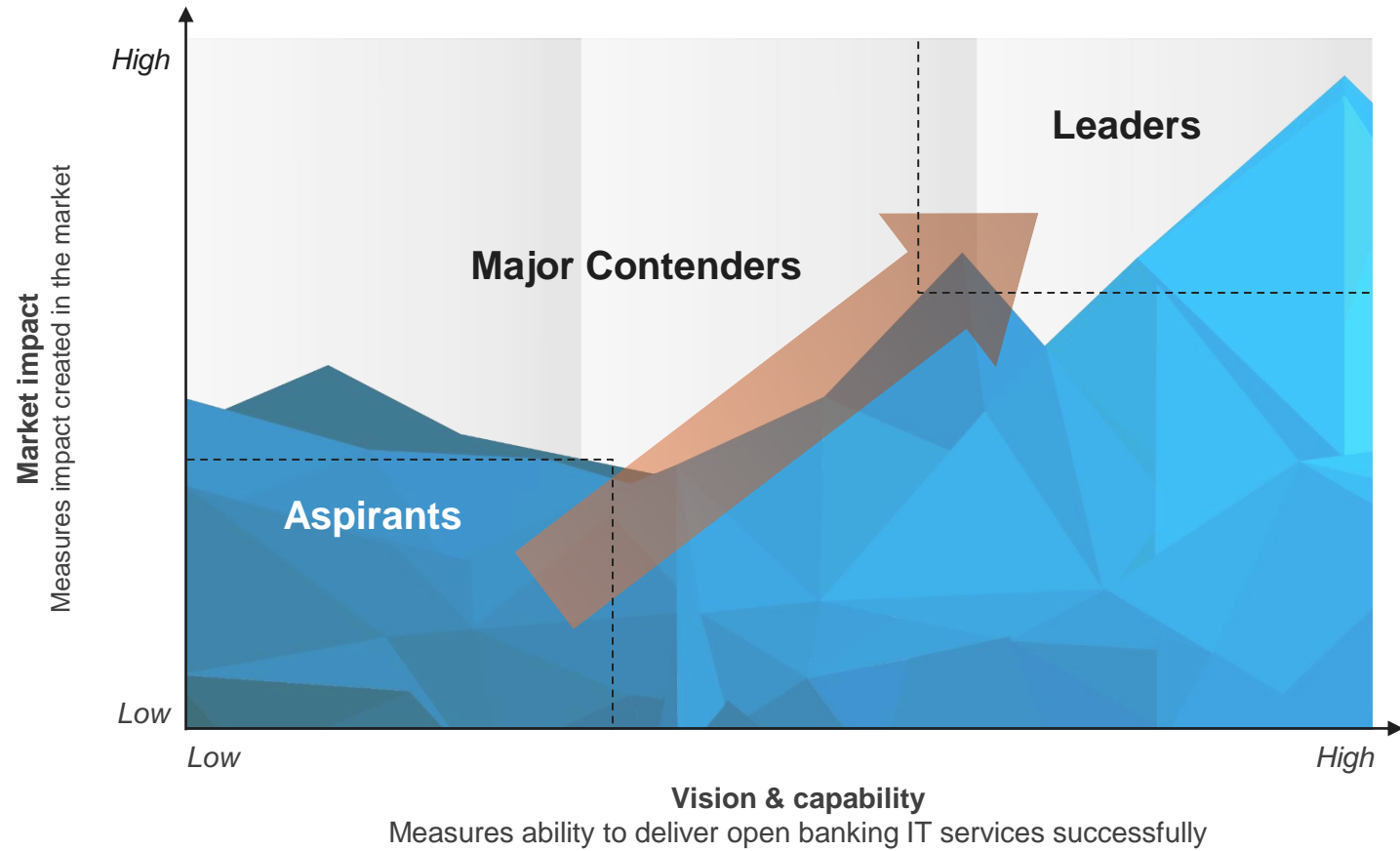
- Higher concentration in the European market for open banking wins. The number of open banking projects in Asia Pacific, Canada, and the US lags peers
- North American banking clients lack full understanding of NTT DATA's open banking offerings due to lack of a robust market messaging and GTM strategy
- Clients have highlighted that resource management is a primary challenge; they have cited consistency of talent, attrition, and training as the key areas of improvement
- Value proposition built for large banking clients is not aligned to the small and mid-sized buyers, and this alignment is necessary to gain wallet share in this segment and build credible market share
- Limited investments in thought capital for driving open banking conversations and support its GTM strategy for LATAM and US
- Missing opportunity in the market by not aggressively positioning its proprietary open banking platform Demetra for open banking engagements

Appendix

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



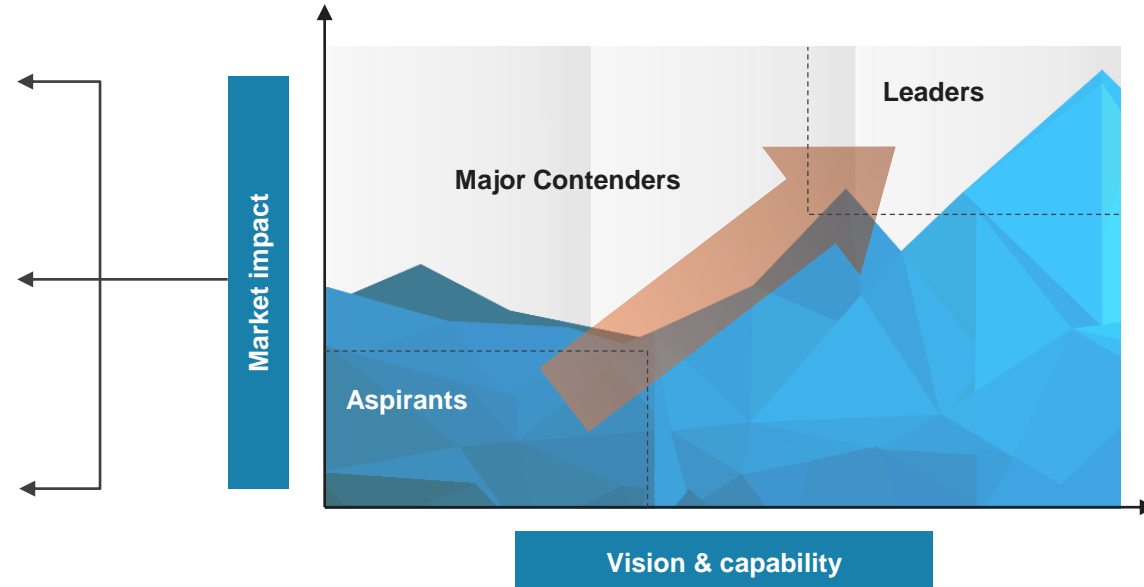
Everest Group PEAK Matrix



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



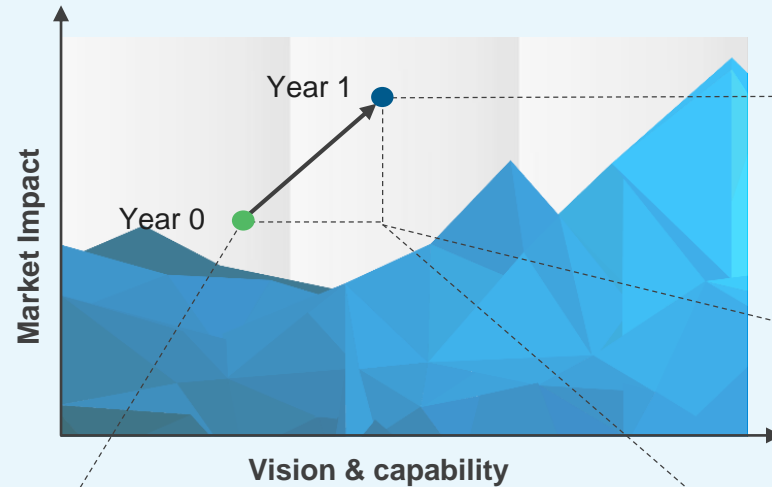
Measures ability to deliver services successfully. This is captured through four subdimensions

- 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.

Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

Bangalore

india@everestgrp.com
+91-80-61463500

Delhi

india@everestgrp.com
+91-124-496-1000

London

unitedkingdom@everestgrp.com
+44-207-129-1318

New York

info@everestgrp.com
+1-646-805-4000

Toronto

canada@everestgrp.com
+1-416-388-6765

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