Everest Group PEAK Matrix™ for Application and Digital Services in Capital Markets 2020

Focus on DXC Technology
December 2019
Introduction and scope

Everest Group recently released its report titled “Application and Digital Services in Capital Markets – Services PEAK Matrix™ Assessment 2020: Beating the Slowdown with Data.” This report analyzes the changing dynamics of the application and digital services in capital markets landscape and assesses service providers across several key dimensions.

As a part of this report, Everest Group updated its classification of 29 service providers on the Everest Group PEAK Matrix™ for application and digital services in capital markets into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of application and digital services in capital markets service providers based on their absolute market success and delivery capability. Everest Group also identified five service providers as the “2020 Application and Digital Services in Capital Markets Star Performers” based on the strongest forward movement demonstrated on the PEAK Matrix year-on-year.

Based on the analysis, DXC Technology emerged as a Leader and Star Performer. This document focuses on DXC Technology’s application and digital services in capital markets experience and capabilities and includes:

- DXC Technology’s position on the application and digital services in capital markets PEAK Matrix
- Detailed application and digital services in capital markets profile of DXC Technology

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 (2019)
Background, scope, and methodology for ADS in capital markets – Services PEAK Matrix™ assessment 2020

- Global capital markets firms have been stepping up their technology purchases and upgrades, in order to increase efficiency from operations, develop new services, or raise the service quality as they wrestle with the signs of a global slowdown. These firms are looking at data and digital initiatives to help them drive growth by launching new products, tapping into new customer segments, and experimenting with new business models.
- These enterprises have been embracing co-innovation with FinTechs and technologies such as Artificial Intelligence (AI), Robotic Process Automation (RPA), distributed ledgers, and cloud to innovate across their growth, efficiency, and risk and compliance mandates.
- In this research, we studied the vision and capability of 29 IT service providers for capital markets Applications and Digital Services (ADS). We also evaluated the market impact generated by each IT service provider.

Scope of this report

Industry
Capital markets (Investment banking, asset management, custody and fund administration, and brokerage)

Market segment
ITS market – Third-party ITS transactions; excludes shared services or Global Capability Centers (GCC)

Geography
Global

Sources
- Everest Group’s proprietary database of 800+ active, multi-year ITS contracts within capital markets
- Operational capability of 20+ capital markets IT service providers updated through Request for Information (RFI)
- Service provider’s demonstration of capabilities through briefings and discussions
- Interactions with the service provider’s clients

Service providers covered in the analysis

accenture aspire Atos birlasoft Capgemini CGI Cognitii Cognizant DXC.technology endava epam genpact GFT HCL ti IBM incendo Infosys LTI Mphasis Mphasis The next Applied NTT DATA NIIT Quinnox Softtek Tata Consultancy Services Tech Mahindra virtusa wipro
ADS in Capital Markets – Services PEAK Matrix characteristics

Leaders:
Accenture, Capgemini, Cognizant, DXC Technology, EPAM, HCL Technologies, Infosys, TCS, and Wipro
- Leaders have grown their ADS practices in capital markets, driven by capability-building and experience across the digital services spectrum (i.e., consult, build/design, and manage) and across all business segments within the capital markets
- These players continue to invest in building an extensive and robust partnership ecosystem with third-party platform providers. They also proactively invest in next-generation technologies and services capability development (internal IP/tools, platform/product assessment frameworks, acquisitions, accelerators, etc.)
- Leaders focus on driving large-scale / complex transformation, specifically for the large enterprise segment. They focus on driving alignment between enterprises’ business and IT teams to increase value through contextual solutions that are tailored to specific enterprise requirements

Major Contenders:
Atos, Birlasoft, CGI, Genpact, GFT, Hexaware, IBM, Incedo, LTI, Mphasis, NIIT Technologies, NTT DATA, Tech Mahindra, and Virtusa
- Major Contenders comprise a mix of large- and mid-sized players that focus on global/regional markets
- Various mid-sized providers including LTI, Virtusa, and Tech Mahindra have built strong credibility in the market for Commercially Off-the-Shelf (COTS) product implementations and digital services; players such as Mphasis, Birlasoft, and NIIT Technologies have developed tools/accelerators/frameworks to reduce implementation costs and accelerate time-to-market
- Though Major Contenders have demonstrated their ability to win large deals, they need to have a cohesive portfolio to win in transformation engagements

Aspirants:
Aspire Systems, Cigniti, Endava, Quinnox, Softtek, and YASH Technologies
- Aspirants have a niche focus on areas such as application maintenance, testing automation, software packages implementation, and platform engineering
- Player such as Aspire Systems and Incedo look to leverage analytics, cognitive, and mobile solutions for winning deals around customer engagement, payments automation, and regulatory reporting
- Their small scale and limited buyers portfolio has helped them become service providers of choice for clients seeking greater attention for engagement
**Everest Group PEAK Matrix™**

Application and Digital Services in Capital Markets – Services PEAK Matrix™ Assessment 2020 | DXC Technology positioned as a Leader and Star Performer

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**Note:** Assessment for Aspire Systems, Birlasoft, DXC Technology, Endava, Genpact, Softtek, and YASH Technologies; excludes service provider inputs on this particular 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 (2019)
Vision for capital markets IT services practice: To enhance its focus on application modernization with a distinct vision that highlights its role as an enabler of digital transformation, and invest in building capabilities and offerings around emerging technologies such as blockchain, IoT, and analytics for industry utilities.

Application and digital services mix:

<table>
<thead>
<tr>
<th>By LOBs</th>
<th>By geography</th>
<th>By digital services segment</th>
<th>By digital services scope</th>
<th>By buyer size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brokerage</td>
<td>North America</td>
<td>Big data &amp; analytics</td>
<td>Consulting (digital strategy/roadmap) ONLY</td>
<td>High (&gt;50%)</td>
</tr>
<tr>
<td>Investment banking</td>
<td>United Kingdom</td>
<td>Blockchain</td>
<td>Technology implementations ONLY</td>
<td>Medium (20-50%)</td>
</tr>
<tr>
<td>Asset management</td>
<td>Europe (excluding UK)</td>
<td>AI</td>
<td>Consulting-led technology implementation projects</td>
<td>Low (&lt;20%)</td>
</tr>
<tr>
<td></td>
<td>Latin America</td>
<td>Social media</td>
<td></td>
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<tr>
<td></td>
<td>Middle East &amp; Africa</td>
<td>Open banking</td>
<td></td>
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<td></td>
<td>By services scope</td>
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<tr>
<td>Consulting</td>
<td>Consulting</td>
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<td></td>
<td>Testing</td>
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<tr>
<td>Application development</td>
<td>System integration¹</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Application maintenance</td>
<td>Others</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

1 System integration includes package implementation

Source: Everest Group (2019)
## Key solutions

<table>
<thead>
<tr>
<th>Domain</th>
<th>Details</th>
</tr>
</thead>
</table>
| Capital markets-specific      | • Verify: End-to-end testing solution for trading firms in partnership with MIAX technologies  
• Fixnetix iX-eCute: Offers deterministic exchange trading gateways through the use of FPGA hardware and advanced software technologies with over 50 risk checks  
• Fixnetix low latency infrastructure: A solution that offers global connectivity and rapid infrastructure to capital markets firms leveraging dark fiber, DWDM, and microwave technology. It offers resiliency through its ultra-low latency backbone, consisting of over 40 datacenters, and access to over 90 key liquidity venues  
• Mobile user authentication: A solution that offers biometric-enabled authentication leveraging ConfidentID software for buy-side firms. It offers prevention from fraud and theft by cyber attacks to online banking accounts  
• Verify: End-to-end testing solution for trading firms (and ecosystem partners) in partnership with MIAX technologies |
| Other key solutions           | • Digital operational excellence: An integrated solution for product life cycle, manufacturing execution, enterprise resources, supply chains, etc.  
• Digital customer experience: Create personalized customer experiences with secure analytical customer insights driven by connected products and IoT devices |

Source: Everest Group (2019)
DXC Technology | Capital markets application and digital services profile (page 3 of 3)
Everest Group assessment – Leader and Star Performer

<table>
<thead>
<tr>
<th>Measure of capability:</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
</table>

### Market impact

<table>
<thead>
<tr>
<th>Market adoption</th>
<th>Portfolio mix</th>
<th>Value delivered</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
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</tbody>
</table>

### Vision & capability

<table>
<thead>
<tr>
<th>Scope of services offered</th>
<th>Innovation and investments</th>
<th>Delivery footprint</th>
<th>Vision and strategy</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Low</td>
<td>High</td>
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</table>

### Strengths

- DXC’s strong partnership ecosystem and its own IPs/accelerators built on top of the COTS platforms has strengthened its delivery quality across FS-specific assignments
- Acquisitions such as Luxoft have strengthened its ability to deliver digital services for established third-party solutions in the capital markets space
- DXC’s strategy and ability to play in the blue ocean for cloud transformation services in small- and medium-sized FS enterprises sets it apart from its peers
- A well-defined joint GTM strategy with Mavim has augmented its Microsoft Dynamics capabilities and has helped it to stand differentiated in the sell-side market
- Its flexibility in accommodating client requirements is well perceived by the clients

### Areas of improvement

- DXC needs to create a dedicated Center of Excellence (CoE) for next-generation services in asset and investment management, and build a strong market-facing point-of-view to capture customer mindshare in this high-potential market
- It should leverage its Digital Transformation (DT) consulting practice to win large deals in this space; it needs to improve market messaging in order to educate clients on the company’s new capabilities acquired via organic investments as well as the acquisitions such as Luxoft
- As it embarks on divesting non-core businesses, it needs to ensure client continuity and satisfaction with the services it provides
- Some clients have pointed that it lacks scaled capabilities to manage their change journeys for transformation engagements and proactively support them in the change management exercise
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
- **Vision & capability**: Measures ability to deliver services successfully

**Legend**
- **Leaders**: High market impact and high vision & capability
- **Major Contenders**: High vision & capability but low market impact
- **Aspirants**: Low vision & capability but high market impact

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Services PEAK Matrix™ evaluation dimensions

Measures impact created in the market – captured through three subdimensions

**Market adoption**
No. of clients, revenue base, and YOY growth, deal value/volume

**Portfolio mix**
Diversity of client/revenue base across geos 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 sub-segments / 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
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 a number of 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
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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