



IDC MarketScape

IDC MarketScape: Worldwide Banking Transformation Systems Integration Services 2018 Vendor Assessment

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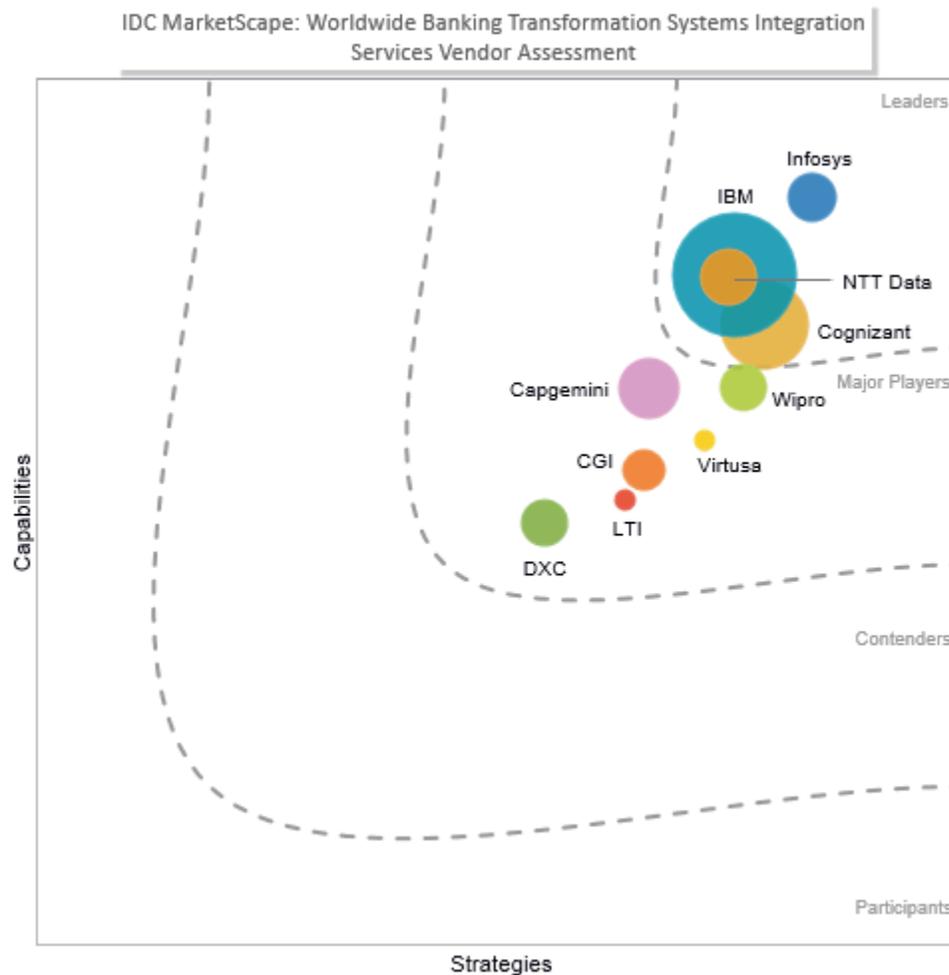
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IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape: Worldwide Banking Transformation Systems Integration Services Vendor Assessment



Source: IDC, 2018

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IDC OPINION

This IDC Financial Insights study presents a 2018 vendor assessment of technology providers that support banking transformation implementation services worldwide using the IDC MarketScape model. This research is a quantitative and qualitative assessment of the characteristics that explain a vendor's success in the marketplace and help anticipate the vendor's ascendancy. This IDC MarketScape covers the vendors that provide information technology (IT) implementation services for financial services specific to banking transformation, inclusive of omni-channel engagement, datacenter transformation, payments, and risk and compliance IT implementation services. This evaluation is based on a standardized and comprehensive framework and a set of parameters developed to be the most conducive to success in providing implementation services for banking transformation for financial services firms both today and in the long term. A component of this evaluation is the inclusion of buyers' perception of both the key characteristics and the capabilities of these specific providers. The technology providers provided an in-depth assessment of their current capabilities and strategies, and their reference clients were interviewed to gauge the vendor's ability to meet the financial institution's strategic needs and current requirements. Key findings include:

- Across the 13 strategy measures assessed, the most highly rated criteria across implementation strategies across the spectrum of banking transformation, and therefore the most impactful to a vendor's position within this IDC MarketScape, were cost management strategy, delivery model, and growth strategy. Those criteria that were lowest rated on average were innovation/R&D pace and productivity, pricing model, and other offering strategy.
- Among the 11 capabilities measures assessed, those rated most highly were customer service, delivery model appropriateness and execution, and functionality/offering delivered. Those that were lowest rated on average were cost competitiveness, financial/funding management, and sales/distribution – structure and capabilities.
- As an institution's specific objectives and requirements play a critical role in determining which firms should be considered as potential candidates for engagement, this evaluation should be considered as a guide to selection and not as an endorsement of a specific vendor for any specific engagements.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This research includes analysis of 10 of the largest systems integration (SI) services providers that support banking transformation on a global scale. This assessment is designed to evaluate the specific abilities in banking transformation, as opposed to the size of the firms or the breadth of their services. This study is a culmination of a series of IDC MarketScape documents on omni-channel engagement (see *IDC MarketScape: Worldwide Retail Banking Omni-Channel Engagement IT Implementation Services 2017 Vendor Assessment*, IDC #US40831016, March 2017), datacenter transformation (see *IDC MarketScape: Worldwide Bank Datacenter Transformation System Implementation Services 2017 Vendor Assessment*, IDC #US41074316, June 2017), payments (see *IDC MarketScape: Worldwide Payment System Implementation Services 2018 Vendor Assessment*, IDC #US43550917, February 2018), and risk and compliance IT implementation services (see *IDC MarketScape: Worldwide Banking Risk and Compliance IT Implementation Services 2017 Vendor Assessment*, IDC #US42714917, December 2017). To qualify for inclusion in this worldwide evaluation, vendors must

have been included in at least three of those four preceding IDC MarketScape documents and at least 10% of the vendor's revenue must be derived from different regions to indicate diversity in its market. In addition, it is conceivable, and in fact the case, that service firms can compete with multidisciplinary firms on equal footing. As such, this evaluation should not be considered a "final judgement" on the first to consider for a project. An enterprise's specific objectives and requirements will play a significant role in determining which firms should be considered as potential candidates for engagement.

The following vendors were considered but for various reasons are not included in this study:

- Accenture
- BearingPoint
- Cisco
- Deloitte
- EY
- Genpact
- KPMG
- McKinsey
- Microsoft
- Oracle
- PwC
- SAP
- TCS
- Unisys

ADVICE FOR TECHNOLOGY BUYERS

Financial institutions are increasingly relying on third-party technology partners to implement technology-based initiatives, particularly related to digital transformation (DX) in the context of connected banking. DX in the worldwide banking industry is characterized by the ability to use technology to break out of the constraints forced by legacy systems and processes and enable a more efficient and responsive institution. As an institution progresses through transformation, it becomes more and more able to respond to market disruptions and, in fact, create new business models itself while increasing efficiencies and improving risk management. DX significantly relies on a business strategy as well as a technology strategy and frequently engages consultative and integration support to augment internal knowledge and capabilities. In addition, financial institutions are tasked with orchestrating the myriad of internal solutions and offerings and attractive fintech capabilities and partnerships to deliver a seamless banking experience in the connected banking ecosystem. Based on the findings from this IDC MarketScape, IDC Financial Insights offers the following guidance to banking institutions in the selection of a services firm with which to partner for transformation initiatives:

- **Use this IDC MarketScape for vendor selection.** Financial institutions can use this IDC MarketScape as a tool to not only short list vendors for transformation implementation services bids but also evaluate vendors' proposals, presentations, and demonstrations. Because this analysis shows that the breadth and depth of services offered are strong for most providers,

institutions should make sure they understand where these players are truly differentiated and determine whether these areas are important to selection.

- **Favor the SI partners that understand the market and the need for transformation in the banking industry.** SI organizations with strong references and continued growth reflect a commitment to focus on the financial institution's business outcomes. This commitment is often demonstrated by a use case approach to the partner's capabilities, not by a catalog of technology assets.
- **The chosen service provider must be engaged as a full business partner, not just as a solution provider.** Borne out by comments from the buyers interviewed as part of this IDC MarketScape series, the more successful vendors showed a willingness to commit at the highest levels of the organization to the success of the project and to make changes to its own ways of operating where needed to be successful in the transformation. These types of large-scale transformation projects are typically measured in years, not months, so the partnership requires a long-term view.
- **The quality of the service provider's staff is critical.** Resource quality was listed consistently as being vital to the success of transformation projects. Expert staff needs to be committed to the project long term and must display an array of capabilities, from technology to security to operations to governance.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

IDC Financial Insights understands the difficulty in making references available for the IDC MarketScape evaluation. However, the ability to provide references, which we can then interview to gain perspective on the provider's capabilities, does positively influence the evaluation against the provider's peers. Therefore, IDC believes it is important to note where references were not made available for our institutional clients to form their own opinions. References do not influence IDC's evaluation of the provider's product, market, and business strategies.

Capgemini

Capgemini is positioned as a Major Player in IDC Financial Insights' IDC MarketScape on worldwide banking transformation systems integration.

Capgemini is a global consultancy with more than 140,000 employees and a physical presence in more than 40 countries, providing end-to-end professional services for clients, from strategy and transformation through its management consulting arm and IT consulting focusing on systems integration to business process outsourcing and managed services supporting IT infrastructure. Capgemini is committed to growth and is expanding its global footprint, particularly in Latin America and Asia/Pacific.

Capgemini's transformation successes are based on thought leadership, experience, and benchmarks and are specifically focused on strategy, organization design, business transformation design and delivery, change management, and transaction services. Capgemini has conducted research in digital transformation and is implementing emerging technologies through its partnership with the MIT Center for Digital Business and other centers of excellence across the globe. Capgemini has deep experience

assessing maturity, developing a digital strategy, adjusting the organizational and operating model, and implementing this new innovative, digital-focused vision. The financial services practice of Capgemini is currently its fastest-growing practice, and banking is an important focus for the firm.

Strengths

- Capgemini has a solid foundation of tools and methodologies, with continuous improvement plans, to facilitate efficient SI engagements, including visualization, agility, DevOps, and rightshoring. In addition, Capgemini is ahead of its peers in automating delivery.
- Capgemini offers innovative frameworks for justification of client expenditures to help clients achieve cost and time savings.
- IDC believes Capgemini is focusing on the right areas in its two- to three-year growth strategy in banking DX, which includes geographic expansion, new partnerships with solution providers and fintech companies, organic growth and strategic acquisitions, and continued investment specific to banking. The IGATE acquisition is a good example.

Challenges

- Capgemini was unable to provide the full number of requested references for this research, resulting in limited opportunity for IDC to evaluate customer perception of Capgemini's SI capabilities and value proposition.
- Capgemini is slightly lagging behind its peers in fully developed DX capabilities in some 3rd Platform and innovation accelerator technologies, although investment is in progress.
- Some Capgemini competitors offer a wider array of development and training resources for their delivery staff and consultants to aid in staff retention and skills development.

CGI

CGI is positioned as a Major Player in IDC Financial Insights' IDC MarketScape on worldwide banking transformation systems integration.

CGI is one of the largest IT and business process services providers in the world. Operating in hundreds of locations across the globe, CGI helps clients become customer-centric digital organizations. CGI delivers both business and IT consulting, systems integration, and transformational outsourcing services, complemented by more than 150 IP-based solutions, to support clients in transforming into end-to-end digital enterprises. CGI works with clients around the world through a client proximity and best-fit global delivery model to accelerate their digital transformation; ensure on-time, within budget delivery; and drive competitive advantage in today's increasingly digital world.

CGI deploys a Common Management Foundation delivery framework that is used by CGI staff around the world. Industry Growth Councils (IGC) at CGI meet on a regular basis to share expertise, best practices, ideas, and knowledge across clients and geographies. They also use a Build and Buy strategy to acquire skills to build solutions in emerging areas and actively collaborate with partners to develop new service offerings. Many of CGI's client relationships in financial services are 20+ years old, and many others are 5-7 years old. Key enablers leveraged include next-generation UI, API enablement, contextual data analysis, cognitive computing, natural language processing and machine learning, advanced services orchestration, mobility dynamic workflows, RPA, alert-based compliance, transaction monitoring, alert remediation, and operational and social network.

Strengths

- CGI has made strategic acquisitions to improve geographic reach and DX capabilities, which combined with organic growth and investment in human talent position CGI well in the banking transformation SI space.
- CGI has a committed focus and an appropriate toolset for defining the "enterprise value case" to assist clients in proving ROI for specific SI engagements. CGI also offers clients an end-to-end capability of IT services and has a formal Client Satisfaction Assessment Program (CSAP) to measure client satisfaction.
- CGI takes a broader approach to DX by considering the wider ecosystem to highlight the potential to participate in that broader marketplace and collaborate with a broader range of partners specific to DX SI capabilities.

Challenges

- CGI was unable to provide the full number of requested references for this research, resulting in limited opportunity for IDC to evaluate customer perception of CGI's SI capabilities and value proposition.
- While CGI is investing in DX capabilities, in IDC Financial Insights' opinion, the company's breadth of existing DX capabilities slightly lags behind CGI's peers.
- CGI was unable to disclose information for R&D and reinvestment and go-to-market strategies; therefore, IDC was unable to effectively evaluate these areas.

Cognizant

Cognizant is positioned as a Leader in the IDC MarketScape on worldwide banking transformation systems integration.

Cognizant is a global professional services company helping its clients transform their business, operating, and technology models for the digital era. With more than 100 development and delivery centers worldwide and more than 220,000 employees, United States-based Cognizant is a member of the Nasdaq-100, the S&P 500, the Forbes Global 2000, and the Fortune 500. Cognizant has services across multiple banking competencies with clients ranging from global to regional banks across geographies.

Cognizant has deep domain expertise in banking and broad capabilities across banking disciplines. Cognizant offers a 360-degree customer view that can provide new analytics insights required for multiple areas from compliance to customer engagement and cross-selling/upselling opportunities. Its Digital Works lab was established to co-innovate with its clients and partners on emerging technologies and devise new solutions. Cognizant states its services strategy is to make a paradigm shift from steady state to constantly ready state through its next-gen transformation Constantly Ready Infrastructure Framework. Cognizant has a variety of partnerships, industry and strategic alliances with world-class technology partners, and has been serving financial services clients for almost 20 years.

Strengths

- Cognizant is rated highly for its investments in 3rd Platform transformational technologies (cloud, big data/analytics, mobility, and social) and innovation accelerators (cognitive and next-generation security).

- Cognizant provides a variety of pricing models for shifting risk, including an innovative gain share approach where the client and Cognizant share the up-front investment as well as the risk and the rewards of the relationship.
- Buyers rate Cognizant high for delivering SI projects within budget, quality of staff, transparent pricing, and customer service.

Challenges

- Cognizant was unable to provide the full number of requested references for this research, resulting in limited opportunity for IDC to evaluate customer perception of Cognizant's SI capabilities and value proposition.
- Cognizant was unable to disclose R&D and reinvestment in the banking SI service, so IDC was unable to analyze this aspect.
- While on par with peers, there is room for Cognizant to improve its banking-specific market messaging and better articulate capabilities and client success stories.

DXC

DXC Technology is positioned as a Major Player in the IDC MarketScape on worldwide banking transformation systems integration.

As the merger of CSC and Hewlett Packard Enterprise (HPE) occurred after this research was compiled, IDC assessed CSC alone for the purposes of this analysis. Prior to the merger, HPE supported financial services transformation through a suite of services and solutions. IDC estimates that the two firms had a small overlap in business, which implies that the combined organization could have complementary services and should be given additional consideration when evaluating partners to fulfill specific needs. As of April 2017, the combined company is known as DXC Technology. DXC is a Fortune 500 company, with more than 66,000 employees, providing technology consulting to support the business and mission needs of clients. DXC has locations in more than 70 countries and provides technology services and solutions that leverage industry expertise, global scale, technology independence, and an extensive partner community. DXC's consulting, systems integration, and outsourcing services are organized in two main business units – Global Business Services (GBS), which includes consulting, industry software and solutions, and applications, and Global Infrastructure Services (GIS).

Financial services are DXC's largest commercial sector. DXC's Banking and Capital Markets segment has numerous offerings to position in banking transformation while leveraging multiple partner tools integrated with DXC solutions across engagements. DXC believes its technology-agnostic approach is a major competitive advantage, leveraging its shape, transform, and manage framework and co-investing with partners.

Strengths

- DXC has demonstrated existing DX capabilities for 3rd Platform technologies and most innovation accelerators, with current investment to round out these SI offerings.
- DXC has built a solid framework of "Shape, Transform, Manage/As a Service" within which to contextualize the DX evolution process, considerations, and interdependencies.
- DXC has demonstrated a strong focus on its portfolio strategy and effectively communicated its plan for growth in banking transformation services and in addition has made several significant acquisitions, mergers, joint ventures, and partnerships to continue to round out expertise and geographic reach.

Challenges

- DXC was unable to provide the requested references for this research, resulting in limited opportunity for IDC to evaluate customer perception of DXC's SI capabilities and value proposition.
- While DXC performed on par with peers in most other areas (functionality, pricing, and innovation), DXC did not effectively articulate its customer service strategy and ability to execute on customer service for datacenter transformation projects.
- Another area where DXC did not effectively articulate its strategy and capability was its delivery model – how the firm allocates resources across industries and projects, how those resources are allocated globally, what tools DXC uses for engagements, what role automation plays, and so forth.

IBM

IBM is positioned as Leader in the IDC MarketScape on worldwide banking transformation systems integration.

IBM is one of the largest multidisciplinary consulting firms with more than 125,000 employees in the consulting services business globally, serving 18+ industries in more than 450 locations in 170 countries. IBM provides consulting services across a wide range of topics, functions, and industries through IBM Global Business Services. IBM not only is positioned in the industry knowledge of the SI elements but provides expertise with an analytics practice as well as its cognitive/Watson offerings. In addition to IBM's research and software labs, IBM offers marketing and user experience labs as well as a global center of competence.

IBM has a historical position as a strong player in financial services and specifically in supporting infrastructure initiatives for financial services institutions. Its investments in innovation and 3rd Platform technologies and innovation accelerators help maintain its position as a trusted advisor in the financial services industry. IBM has deep partnerships with leading solution vendors at both a global level and regional levels across multiple banking disciplines. IBM is one of the most acquisitive companies in our observations and is actively investing in extending its technical skills in cognitive, cloud, mobile, analytics, and robotic process automation. IBM has one of the highest percentages of revenue spent on research and development and in number of patents published. IBM has a historic position as a strong player in financial services and specifically in supporting infrastructure initiatives for financial services institutions. Its investments in innovation and 3rd Platform technologies and innovation accelerators help maintain its position as a trusted advisor in the financial services industry.

Strengths

- IBM has strong brand recognition in financial services and long-standing relationships with the largest financial institutions globally. From that perspective, the company has a level of credibility that is difficult to match by other providers.
- IBM demonstrates significant reinvestment in DX and SI capabilities and talent. IBM has existing fully developed competencies in 3rd Platform and innovation accelerator technologies, leveraging its Industry Labs and Centers of Competency, accordingly.
- During the reference interviews, IBM's customers reported that the company's ability to provide the right experts (both global and local) for the various phases of datacenter transformation was critical in the success of the initiative. Buyers also rate IBM high for

banking expertise, the ability to manage multiyear and cross-organization SI projects, customer service, and assisting with ROI analysis.

Challenges

- IBM does well when selling its implementation services directly, but IDC believes its market approach could benefit from a broader set of reseller partnerships to expand its reach. Specifically, IBM could investigate partnerships that could leverage the company's reach into smaller institutions, particularly those that want to take advantage of cloud-based infrastructures during datacenter transformation.
- In IDC Financial Insights' opinion, IBM has not well articulated its growth strategy for the next several years specific to systems integration in banking.
- IBM has a reputation for being better suited for large engagements at large financial institutions; therefore, IDC believes IBM could improve its messaging as a viable provider for the midmarket.

Infosys

Infosys is positioned as a Leader in the IDC MarketScape on worldwide banking transformation systems integration.

Infosys is a global provider in technology services and consulting, focused on enabling clients in more than 50 countries to create and execute strategies for digital transformation. Infosys provides services ranging from engineering and application development to knowledge management and business process management, with the total number of employees reaching 200,000 worldwide. Infosys drives client centricity by acting as a strategic partner for its clients while understanding their contextual and business priorities to enhance operational quality through the company's process transformation and consulting teams. To provide deeper, more collaborative engagements with clients, Infosys leverages design thinking workshops to develop a joint vision that enables the governance and sponsorship required to drive action.

Infosys is using initiatives including Zero Distance and Design Thinking to help banks redefine the way they deliver end-user experience. Infosys has domain and technological skills across key subdomains such as consumer and business banking, including digital channel banking, lending, and customer experience management. Through a combination of products like Finacle, Skava, and Panaya and their platforms like artificial intelligence (AI)-driven Mana and knowledge-based AiKiDo, Infosys is driving digital transformation for its customers. Its flagship banking platform, Finacle, is powering co-innovation in customer engagement through Finacle innovation labs. Infosys also provides a framework and labs and platforms to automate business processes – for example, regulatory compliance (iKYC), mobility, big data, test automation, and cloud.

Strengths

- Buyers rated Infosys high for creating efficient partnership models, delivering within budget, and productively incorporating feedback, as well as good customer service and high quality of human talent.
- Infosys has existing competencies in all 3rd Platform and innovation accelerator technologies as the foundation of its DX SI offerings in financial services. In addition, Infosys has deep roots in financial services technology and expertise with products and frameworks spanning the needs of banking and financial services.

- Infosys has been quite successful in automating delivery with continuous improvement as well as investing in human talent.

Challenges

- Infosys does leverage shared, cross-industry resources across the organization, which may dilute financial services-specific talent and knowledge.
- In IDC Financial Insights' opinion, Infosys could improve the articulation of its two- to three-year SI plans for its banking SI practice.

LTI

LTI, a Larsen & Toubro Group Company, is positioned as a Major Player in the IDC MarketScope on worldwide banking transformation systems integration.

LTI (Larsen & Toubro Infotech, founded 20 years ago as a subsidiary of the Larsen & Toubro Group) is a global IT consulting and solutions provider with presence in 27 countries. With a team of over 20,000 employees worldwide, LTI helps institutions with complex business challenges at the convergence of digital and physical. LTI enables clients to build innovative business models, enhance operational efficiencies, and create captivating customer experiences. LTI offers a wide range of IT solutions and services in the banking and financial services industries. The firm works with the most prominent global and investment banks across multiple business areas. Banking and financial services clients include leading global financial institutions based in the United States and Europe, European cards and payments service providers, leading South African banks, and several banks in the Middle East-Asia region.

LTI considers its strongest capabilities to be execution of post-merger integration strategy, consolidation of infrastructure across multiple countries involving disparate systems, datacenter transformation, end-to-end application migration including cloud, managed datacenter services, network services, enterprise management, platform consolidation, network integration and security infrastructure, business process automation and business process management using Lean and Six Sigma principles and practices, and hosted application. LTI also has strong capabilities in multiple banking disciplines spanning customer engagement, payments, and risk management, sometimes through existing relationships with multiple leading platform providers.

Strengths

- LTI received high marks for its strong focus on cost and pricing in banking transformation initiatives using well-defined tools and specific methodologies for its transformation practice.
- LTI is ahead of the curve in automated delivery, both leveraging its Extreme Automation approach internally and extending this beneficial approach to its clients.
- LTI's R&D investment is in the midrange to higher end of the scale versus that of competitors in our survey. In addition, LTI uses its ROI framework as well as other tools and techniques to assist clients in generating business cases and cost-benefit analysis while providing innovative pricing model approaches to benefit its clients.

Challenges

- LTI was unable to provide the requested references for this research, resulting in limited opportunity for IDC to evaluate customer perception of LTI's SI capabilities and value proposition.

- LTI is horizontally organized, which is common for the size of the firm, but it could translate to a lack of banking/financial services-specific focus.
- In IDC Financial Insights' opinion, L&T Infotech has not well articulated its strategic path for the next three years, limiting our ability to analyze its potential trajectory.

NTT DATA

NTT DATA is positioned as a Leader in the IDC MarketScape on worldwide banking transformation systems integration.

NTT DATA is a publicly traded Japanese SI company and subsidiary of Nippon Telegraph and Telephone (NTT) and one of the largest SI companies globally. NTT DATA has made several acquisitions to increase its geographic presence, particularly in North American financial services with Carlisle & Gallagher Consulting Group and Dell Services. NTT DATA has focused capabilities in immersive experience, social, mobility, and cloud life-cycle services, including salesforce.com for CRM solutions.

NTT DATA considers its core strengths to be ERP cloud migration, cloud workload migration, cloud assessment for disaster recovery, security, ITSM, service desk, and application cloud readiness. ERP cloud migration services are complemented by ERP cloud hosting services, where they're managed and hosted in an enterprise-class virtual private cloud or a single-tenant dedicated private cloud. NTT DATA Assessment Services include disaster recovery, security, ITSM, service desk, and application cloud readiness to provide an understanding of the best ways to optimize and improve a client's infrastructure and application environments. In leveraging technology provided by partners, NTT DATA provides full life-cycle services: business requirement analysis, design, build, release, and application management. NTT DATA provides application development services for solutions for a dominating 9,000+ ATMs in Japan. NTT DATA also has offerings in multiple risk and regulatory environments and payments areas. NTT DATA leverages its two Financial Services Delivery Centers in the United States to address clients' regulatory, legacy technology, and data management challenges in a properly secured and quality-controlled environment.

Strengths

- In IDC Financial Insights' opinion, NTT DATA has an impressive approach to soliciting and incorporating customer feedback, which is tightly integrated with the firm's client retention strategy and approach to improve SI delivery consistency in financial services. As a result, NTT DATA is rated highly in several areas, including its focus on service portfolio and cost management practices.
- NTT DATA has developed process flows and data models for multiple segments including consumer, wholesale, wealth management, and capital markets.
- NTT DATA fared above the peer group in its investments in innovation and R&D, including productivity.

Challenges

- IDC Financial Insights believes that NTT DATA would benefit from an extended partnership network that would open more opportunities in datacenter transformation engagements.
- The NTT DATA brand is not as well known outside of Japan; however, the company has been investing in marketing and messaging to improve awareness.

- NTT is lagging behind its peers in fully developed DX capabilities in cloud offering and some innovation accelerator technologies, such as mobile and next-gen security, although investment is in progress.

Virtusa

Virtusa is positioned as a Major Player in the IDC MarketScape on worldwide banking transformation systems integration.

Virtusa acquired a majority interest in Polaris Consulting & Services in early 2016, creating VirtusaPolaris and then reverting to the Virtusa brand in 2017, combining the strength of software engineering, domain expertise, and solving critical core business issues for clients into one organization. Virtusa uses a combination of business consulting and innovative technology capabilities and domain and industry knowledge to accelerate business outcomes for its clients. Banking and financial services are its largest and fastest-growing vertical focus.

Virtusa has solid disciplines across the gamut of banking and payments. Virtusa's end-to-end infrastructure management services include consulting, transformational, and managed services. The company's infrastructure practice focuses on providing business-ready enterprise services that link outcomes to business needs based on the three tenets of Glass House (transparency across operations), Scale Out (monitoring and service enablement), and Rising Tide (knowledge integration for autonomies). Virtusa customer engagement helps banks elevate customer expectations and eventually build customer trust, loyalty, and satisfaction. Virtusa has governance, regulation, and compliance expertise across compliance, fraud, vendor-enterprise-operational-IT risks, and internal audits. Virtusa payments incorporates technology advances, regulatory requirements, and security/authentication. Virtusa has dozens of ongoing engagements with leading financial institutions across the globe and operates a school of financial technology, which is an academy that helps develop the skills of the firm's employees and consultants. Virtusa has built a knowledge repository for case studies that can be leveraged across projects.

Strengths

- Virtusa has an innovation lab that leverages advanced technologies such as AI, analytics, big data, machine learning, and blockchain – as well as investments in infrastructure aligned to the needs of its millennial workforce.
- Virtusa is rated highly in the area of innovation and R&D, focusing on 3rd Platform technologies and bringing those to bear during its engagements with financial institutions.
- Virtusa has cultivated distribution and delivery partnerships to bolster geographic reach and depth while maintaining a strong internal sales and support team with industry expertise.

Challenges

- Virtusa was unable to provide the full number of requested references for this research, resulting in limited opportunity for IDC to evaluate customer perception of Virtusa's SI capabilities and value proposition.
- Virtusa did not effectively articulate its growth strategy through analysis of its functionality and road map with regard to datacenter transformation.
- Virtusa's pricing models and options are not aligned with the company's focus on cost management. There is room here to improve Virtusa's opportunities through such an alignment.

Wipro

Wipro is positioned as a Major Player in the IDC MarketScape on worldwide banking transformation systems integration.

Wipro is a global IT, consulting, and outsourcing company with more than 170,000 employees worldwide. Wipro is moving from the traditional waterfall model of development to the Agile methodology. The company provides a dedicated Agile center of excellence that ensures quality to its delivery systems across customer engagements. Wipro is investing in forward-looking technology-driven innovation. Its Technovation labs worldwide are focused on next-generation automation, cognitive intelligence, IoT, and robotics. Wipro has capabilities in application development and testing and integration. Systems integration is a major portion of its services portfolio from consulting, ideation, and incubation to pilots and implementation.

Wipro has strong partnerships with leading product vendors and consulting companies and has executed more than 125 projects for financial institutions worldwide at the time of this research. Wipro has launched its domain competency framework to institutionalize knowledge sharing between teams. Wipro provides tuition reimbursement for staff training, and R&D spending as a percentage of revenue is at the higher end of the spectrum.

Strengths

- Wipro has made noticeable investment in DX, including the 3rd Platform and innovation accelerators, and is ahead of the curve in having a full range of DX competencies already in place. In addition to DX investment, Wipro has impressive plans and frameworks in place to invest in and further develop its SI offerings specific to customer engagement in banking.
- IDC Financial Insights believes Wipro is committed to customer satisfaction with a solid mechanism to solicit and incorporate customer feedback to ensure a positive customer value as well as continuous improvement.
- Wipro has made multiple acquisitions to add industry-specific skills to its offerings and has been more acquisitive than many of its peers surveyed.

Challenges

- Wipro was unable to provide the requested references for this research, resulting in limited opportunity for IDC to evaluate customer perception of Wipro's SI capabilities and value proposition.
- In IDC Financial Insights' opinion, there is room for Wipro to improve its pricing model with greater flexibility and transparency with a focus on value-based outcomes.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed. The size of the bubble on the chart is not an indication of capabilities, strengths, or weaknesses.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Banking transformation to achieve connected banking has become increasingly important as banking institutions look to leverage DX technologies to create opportunities to better compete in a crowded marketplace of fintech providers and traditional institutions from both within and outside the home market.

This IDC MarketScape includes analysis of four primary banking areas:

- **Omni-channel engagement:** This is defined as the ability of the institution to create a pervasive environment where customers can focus on their financial needs without the need to be aware of individual channels of communication and transactions. Arguably, most of the connected banking work today is happening in the digital channels, but there continues to be a focus on the physical assets as well.
- **Datacenter transformation:** Above and beyond the need to maximize efficiencies through virtualization and convergence, financial institutions are transforming their datacenter infrastructures to accomplish a number of goals, including rightsourcing, migration of Agile development and "release when ready" methodologies, and core modernization.
- **Risk and compliance:** Financial institutions are continually looking for ways to lower the cost of their compliance and regulatory programs, improve their transaction monitoring capability, and reduce the risk of regulatory penalties while preserving a good user experience.
- **Payments:** Payments is the application of digital transformation principles to money movement services and businesses within financial institutions. Primary goals of payments transformation are to remove silos between lines of business and reuse common processes to control costs, make integrating new channels and lines of business more efficient, and make integrating new networks more efficient.

This IDC MarketScape focuses on the systems integrators that support the institution's efforts to accomplish these goals in the connected banking framework.

Strategies and Capabilities Criteria

A firm's contribution (elements) to client success and the relevance of the engagement issue combined with IDC Financial Insights' opinion about the impact those elements have on the selection of firms provide a unique weighting of these elements for use in evaluating a firm's overall strategy and capability. Overall, a firm's strategy and capability are measured by which firms address market opportunity and realize market success (see Tables 1 and 2).

TABLE 1

Key Strategy Measures for Success: Worldwide Banking Transformation Systems Integration Services

Strategies Criteria	Subcriteria Definitions	Subcriteria Weight (%)
Functionality or offering road map	Excellence is measured by investment in digital transformation, 3rd Platform technologies, and innovation accelerators, specific to the banking systems integration practice.	9.50
Delivery model	Excellence is measured by the strength of the banking SI workforce and by plans to utilize more efficient tools and methodologies.	10.00
Cost management strategy	Excellence is measured by cost management tools and methodologies built and leveraged to proactively manage and justify SI client expenditures.	10.00
Portfolio strategy	Excellence is measured by road map plans to ensure continued development of offerings across the life cycle of DX services in banking.	5.50
Other offering strategy	Excellence is measured by articulation of short- and long-term strategies to improve banking SI capabilities and offerings.	5.00
Pricing model	Excellence is measured by the breadth of pricing models offered to align with the financial and budget needs of client institutions.	4.50
Sales/distribution strategy	Excellence is demonstrated by banking- and DX-specific sales strategies and plans to improve sales performance.	7.50
Marketing strategy	Excellence is demonstrated by marketing investment specific to banking.	9.00
Customer service strategy	Excellence is demonstrated by plans to improve client retention, increase delivery consistency, and facilitate customer feedback.	9.00

TABLE 1**Key Strategy Measures for Success: Worldwide Banking Transformation Systems Integration Services**

Strategies Criteria	Subcriteria Definitions	Subcriteria Weight (%)
Growth strategy	Excellence is measured by strategic plans for both organic and inorganic growth that is aligned with both banking and DX trends in the next one to three years.	12.00
Innovation/R&D pace and productivity	Excellence is defined by strategic plans and investment to continue superiority in resources and offerings.	4.50
Financial/funding model	Excellence is measured by financial performance and new banking DX client acquisition for SI engagements for the past three years.	7.50
Employee strategy	Excellence is measured by SI resource experience in banking and DX and organizational structure with prominent banking focus.	6.00
Total		100.00

Source: IDC Financial Insights, 2018

TABLE 2

**Key Capabilities Measures for Success: Worldwide Banking Transformation
Systems Integration Services**

Capabilities Criteria	Subcriteria Definitions	Subcriteria Weight (%)
Functionality/offering delivered	Excellence is measured by the breadth and strength of banking DX SI offerings as well as an assessment of the SI provider's ability to leverage people, processes, and technology.	16.00
Delivery model appropriateness and execution	Excellence is measured by the SI's ability to leverage automated (nonlabor based) in SI delivery.	10.50
Cost competitiveness	Excellence is demonstrated by reference assessment of the SI's ability to deliver an appropriate and sustainable return on investment.	8.00
Portfolio benefits delivered	Excellence is demonstrated by reference assessment of the SI's ability to provide a full spectrum of DX services specific to banking.	7.00
Pricing model options and alignment	Excellence is demonstrated by evolving pricing models to best fit the strategic and financial needs of banking clients.	8.00
Sales/distribution — structure, capabilities	Excellence is demonstrated by the effectiveness and strategic plans of the sales team, directly and/or with partners.	8.00
Marketing	Excellence is measured by reference assessment of the SI's ability to communicate the value of its services, resources, methodologies and tools, with demonstrated banking knowledge.	8.00
Customer service	Excellence is measured by reference assessment of the SI's ability to resolve problems and issues and to incorporate client feedback to improve offerings in DX and banking SI.	13.00
Growth strategy execution	Excellence is measured by the SI firm's ability to develop referenceable clients that believe the SI will represent the institution's best interests.	8.00
Innovation/R&D pace and productivity	Excellence is demonstrated by reinvestment in people, processes, and technology to improve banking DX services.	6.50
Financial/funding management	Excellence is measured by reference assessment of the SI's project human resources and how well the SI provider manages staff turnover for the engagement duration.	7.00
Total		100.00

Source: IDC Financial Insights, 2018

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Related Research

- *IDC MarketScape: Worldwide Payment System Implementation Services 2018 Vendor Assessment* (IDC #US43550917, February 2018)
- *IDC MarketScape: Worldwide Banking Risk and Compliance IT Implementation Services 2017 Vendor Assessment* (IDC #US42714917, December 2017)
- *IDC MaturityScape Benchmark: Digital Transformation in Banking Worldwide, 2017* (IDC #US43312417, December 2017)
- *IDC FutureScape: Worldwide Financial Services 2018 Predictions* (IDC #US41796017, October 2017)
- *IDC Market Glance: Connected Banking, 3Q17* (IDC #US43025917, September 2017)
- *IDC's Worldwide Digital Transformation Use Case Taxonomy, 2017: Banking Update* (IDC #US43026317, September 2017)
- *IDC MarketScape: Worldwide Bank Datacenter Transformation System Implementation Services 2017 Vendor Assessment* (IDC #US41074316, June 2017)
- *IDC MarketScape: Worldwide Retail Banking Omni-Channel Engagement IT Implementation Services 2017 Vendor Assessment* (IDC #US40831016, March 2017)

Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of vendors in the worldwide banking transformation systems integration services market. This IDC MarketScape is an evaluation based on a comprehensive framework and a set of parameters that assesses providers relative to one another and to those factors expected to be most conducive to success in this market over both the short term and the long term.

"Many financial institutions are taking an enterprise look at how to best leverage DX technologies and the connected banking ecosystem to improve operating efficiencies, modernize legacy systems, enhance the customer experience, and improve risk and compliance disciplines," states Karen Massey, research manager for IDC Financial Insights' Banking practice. "The magnitude and importance of these strategies and initiatives mandate that the institution find the systems integration partner that best meets its unique needs."

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