Everest Group PEAK Matrix™ for Risk & Regulatory Compliance in BFS Application Service Providers

Focus on Mphasis
November, 2017
Introduction and scope

Everest Group recently released its report titled “Service Provider Landscape with PEAK Matrix™ Assessment 2017 for Risk & Regulatory Compliance Application Services in BFS: Sustainable Competitive Advantage Through Digital Risk & Compliance Efforts.” This report analyzes the changing dynamics of the risk & regulatory application services landscape and assesses service providers across several key dimensions.

As a part of this report, Everest Group classified 21 service providers on the Everest Group PEAK Matrix for Risk & Regulatory Compliance in BFS into Leaders, Major Contenders, and Aspirants. The PEAK Matrix™ is a framework that provides an objective, data-driven, and comparative assessment of service providers based on their absolute market success and delivery capability.

Based on the analysis, Mphasis emerged as a Major Contender. This document focuses on Mphasis’ risk & regulatory compliance application services experience and capabilities in BFS and includes:

- Overview of the risk & regulatory compliance in BFS application service provider landscape
- Everest Group’s assessment of Mphasis’ delivery capability and market success on the PEAK Matrix
- Detailed risk & regulatory compliance application services in BFS profile for Mphasis

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.
As this is the inaugural PEAK Matrix™ assessment focusing on risk & regulatory compliance application services in BFS, Star Performer analysis has not been done in 2017.

Excelian: Luxoft Financial Services

Note: Assessment for Accenture, IBM, and Unisys excludes service provider inputs, and is based on Everest Group’s proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group’s interactions with banking buyers.

Source: Everest Group (2017)
Mphasis | Risk & regulatory compliance AO in BFS
Application services overview

Strengths
- Leverages “NextAngles™” platform for automating manual processes, activity tracking, and auditing, and reporting
- Invested in Cognitive Hub focused on risk and compliance within BFS
- Evolving but balanced portfolio of solutions/tools/accelerators catering to different elements within the risk and regulatory compliance value chain
- Increasingly uses ML, AI, and big data analytics in its offerings
- Holistic value proposition covering risk, compliance, KYC, and financial crime

Areas of improvement
- Pockets of expertise within risk and regulatory compliance and hence needs to enhance credibility across the value stack elements
- Needs to enhance domain expertise and regulatory consulting skills to help clients with model creation, assessing regulatory impacts, and risk architecture
- Needs to diversify its client base to avoid concentration risk from select large clients
- Scope to expand implementation capability across leading COTS products

Scope coverage

<table>
<thead>
<tr>
<th>Scope coverage</th>
<th>Offered</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk management</td>
<td>Yes</td>
<td>Solutions and offerings focused on risk tracking, automation, architecture, ADM, testing, and product implementation</td>
</tr>
<tr>
<td>Regulatory compliance</td>
<td>Yes</td>
<td>Proprietary solutions for real-time regulatory compliance tracking and reporting</td>
</tr>
<tr>
<td>KYC and AML</td>
<td>Yes</td>
<td>Leverages its NextAngles platform for performing AML checks, KYC processes, and alerts/notification generation</td>
</tr>
<tr>
<td>Financial crime</td>
<td>Yes</td>
<td>Leverages in-house solution portfolio as well as alliance network for delivering services for fraud detection and surveillance</td>
</tr>
<tr>
<td>Cybersecurity</td>
<td>Yes</td>
<td>Solutions/tools to analyze data logs and test vulnerabilities in applications</td>
</tr>
<tr>
<td>Data &amp; analytics</td>
<td>Yes</td>
<td>Predictive analytics solutions leveraging ML for alerts, notifications, event prediction, and assessment</td>
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</table>

Adoption by key geographies

<table>
<thead>
<tr>
<th>Geographies</th>
<th>North America</th>
<th>EMEA</th>
<th>Latin America</th>
<th>APAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue contribution</td>
<td>□ (&gt;50%)</td>
<td>□ (10-50%)</td>
<td>□ (&lt;10%)</td>
<td></td>
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</tbody>
</table>

Adoption by AO services scope

<table>
<thead>
<tr>
<th>Services scope</th>
<th>Consulting</th>
<th>ADM</th>
<th>Testing</th>
<th>SI/PI</th>
</tr>
</thead>
<tbody>
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<td>Revenue contribution</td>
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</tr>
</tbody>
</table>

Source: Everest Group (2017)
## Mphasis | Risk & regulatory compliance AO in BFS

### Key offerings

<table>
<thead>
<tr>
<th>Coverage area</th>
<th>Solution</th>
<th>Details</th>
</tr>
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</table>
| Risk management & regulatory compliance           | Regulatory Engagement Management (REM) | - Single dashboard to track in real-time, the state of all regulatory engagements between a BFS firm and its regulators; tracks engagements within a team with full visibility of deliverables and work-in-progress items; identifies problem and priority areas  
  - The accelerator allows Mphasis to build a REM implementation in a bespoke manner by speeding up the requirements and concept design  
|                                                   | Mphasis Compliance Risk Tracking (CRT) | - Solution to help in real-time tracking to facilitate immediate recognition of compliance risk and overall compliance levels of the bank, hence allowing prompt fixing of the problem areas  
| KYC, AML, financial crime, and surveillance       | NextAngles for Trade-based AML     | - Provides flexible user experience for defining FAS 157 rules and adherence to regulatory requirements  
|                                                   | NextAngles for KYC                  | - This platform provides proactive response to the external news events (positive/negative) related to a client and uses the same to recalculate the risk score and recommend the overall impact of the news on the bank / financial institution  
|                                                   | NextAngles for Alert Investigation  | - This platform helps reduce the time and cost of the AML Alert Investigation process by a significant percentage. Use of ML and rule-based inferencing is built to prioritize alerts and project false positive probability  
|                                                   | EvaluArc                           | - A framework for evaluating an organization’s AML risk and compliance. The solution helps to assess the AML implementation parameters set out for monitoring of suspicious transactions, track/identify abnormal trends, and subsequently take the necessary follow-up steps to adhere to the regulatory guidance on prevention and action for such suspicious activity, thus ensuring tighter controls  
| Cybersecurity                                     | SherLog                            | - Large volume log analyzer assesses the security events and threats in the infrastructure landscape and provides a comprehensive security profile  
| Data and analytics                                 | Mphasis InfraGraf (2016)           | - A ML and graph theory-based algorithms built into the platform identifies and predicts stand-alone as well as chain of events and incidents, which could be related to system warnings, failures, outages, performance, availability and suboptimal performances  
|                                                   | DigiOps (2016)                     | - An autonomous solution that includes self-managing predictive analytics and diagnostic tools, to deliver management for top organizations in BFSI and energy & utilities industries  

Source: Everest Group (2017)
## Key investments (alliances/partnerships/M&As)

<table>
<thead>
<tr>
<th>Investment name</th>
<th>Investment type</th>
<th>Details</th>
</tr>
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<tbody>
<tr>
<td>DXC Technologies</td>
<td>Partnership (2017)</td>
<td>To accelerate application transformation and modernization solutions for enterprise clients</td>
</tr>
<tr>
<td>Collibra &amp; Get Manta</td>
<td>Partnership (2016)</td>
<td>Implement and offer data governance and data lineage solutions for managing banking compliances</td>
</tr>
<tr>
<td>Arago</td>
<td>Partnership (2016)</td>
<td>To provide next-generation automation solutions</td>
</tr>
<tr>
<td>NICE Actimize</td>
<td>Partnership (2015)</td>
<td>Implementation partnership for AML, compliance, and risk management solutions from Actimize</td>
</tr>
<tr>
<td>UiPath</td>
<td>Partnership</td>
<td>Partnered to deliver RPA solutions to the banking and finance industry</td>
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## Recent activities

<table>
<thead>
<tr>
<th>Developments/announcements</th>
<th>Details</th>
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<tbody>
<tr>
<td>NextAngles (2016)</td>
<td>Venture to reimagine financial regulatory compliance and redefining the paradigm for business success. The aim is to develop a joint solution for alert investigation, KYC UBO analysis and KYC data extraction</td>
</tr>
<tr>
<td>Mphasis Next Labs</td>
<td>An initiative to research and innovate on emergent and future ideas and industry-relevant solutions</td>
</tr>
<tr>
<td>Cognitive Hub for Risk and Compliance (CHRC) (2016)</td>
<td>Opened an industry first risk and compliance center for financial services sector in Hyderabad, India</td>
</tr>
<tr>
<td>Center of Excellence (2016)</td>
<td>Opened a COE for blockchain-based solutions at its headquarters in Bangalore, India</td>
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Appendix
Everest Group PEAK Matrix™ is a proprietary framework for assessment of a service provider's capability

Everest Group PEAK Matrix for risk & regulatory compliance application services in BFS

Everest Group’s PEAK Matrix is a composite index of a range of distinct metrics related to a service provider's scale, scope, technology/domain expertise & innovation, delivery footprint, buyer satisfaction, and resultant market success in the context of a given outsourcing function.
Dimensions of service providers’ capability and market success underlying the PEAK Matrix™ for risk & regulatory compliance in BFS AO services

Measures success, which is captured through risk & regulatory compliance in BFS revenue in CY 2016, yearly revenue growth, and number of large, active AO deals.

**Market success**
- **Leaders**
- **Major Contenders**
- **Aspirants**

**Delivery capability**

**Scale**
- Total company revenue
- Contribution of banking-specific AO revenue to the total company revenue

**Scope**
- LoBs served
- AO subfunctions served
- Geographies served

**Domain expertise & innovation**
- Innovation / IP / proprietary solutions
- M&A, alliances, and other investments

**Delivery footprint**
- Delivery mix
- Number of delivery centers and regions covered

**Buyer satisfaction**
- Buyer perception score
FAQs (page 1 of 2)

Does the PEAK Matrix™ assessment incorporate any subjective criteria?

Everest Group’s PEAK Matrix™ assessment adopts an objective and fact-based approach (leveraging service provider RFI s 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 briefings.

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

No. PEAK Matrix™ highlights and positions only the best-in-class service providers in a particular functional/vertical services area. 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”?

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 for their specific requirements. It also helps providers showcase their strengths in specific areas.

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

- Participation incentives for buyers include a summary of key findings from the PEAK Matrix™ assessment.
- Participation incentives for providers include adequate representation and recognition of their capabilities/success in the market place, and a copy of their own “profile” that is published by Everest Group as part of the “compendium of PEAK Matrix™ providers” profiles.
FAQs (page 2 of 2)

What is the process for a service provider to leverage their PEAK Matrix™ positioning status?

Providers can use their PEAK positioning rating in multiple ways including:

- Issue a press release declaring their positioning/rating
- Customized PEAK profile for circulation (with clients, prospects, etc.)
- Quotes from Everest Group analysts could be disseminated to the media
- Leverage PEAK branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)

The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with the designated POC at Everest Group.
About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance 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.

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