NEAT EVALUATION FOR QUANTIPHI:

Wealth & Asset Management Services

Market Segments: Overall, Support for New Digital Banking Models

Introduction

This is a custom report for Quantiphi presenting the findings of the NelsonHall NEAT vendor evaluation for *Wealth & Asset Management Services* in the *Overall* and *Support for New Digital Banking Models* market segments. It contains the NEAT graphs of vendor performance, a summary vendor analysis of Quantiphi for wealth & asset management services, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering wealth & asset management services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall, and with specific capability in hosting/BPS, professional services, and supporting new digital banking models.

Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Atos, Avaloq, CACEIS, Capgemini, Coforge, DXC Technology, Fidelity Information Services, Genpact, Infosys, Mindtree, Mphasis, Quantiphi, TCS, and Virtusa.

Further explanation of the NEAT methodology is included at the end of the report.

NEAT Evaluation: Wealth & Asset Management Services (Overall)

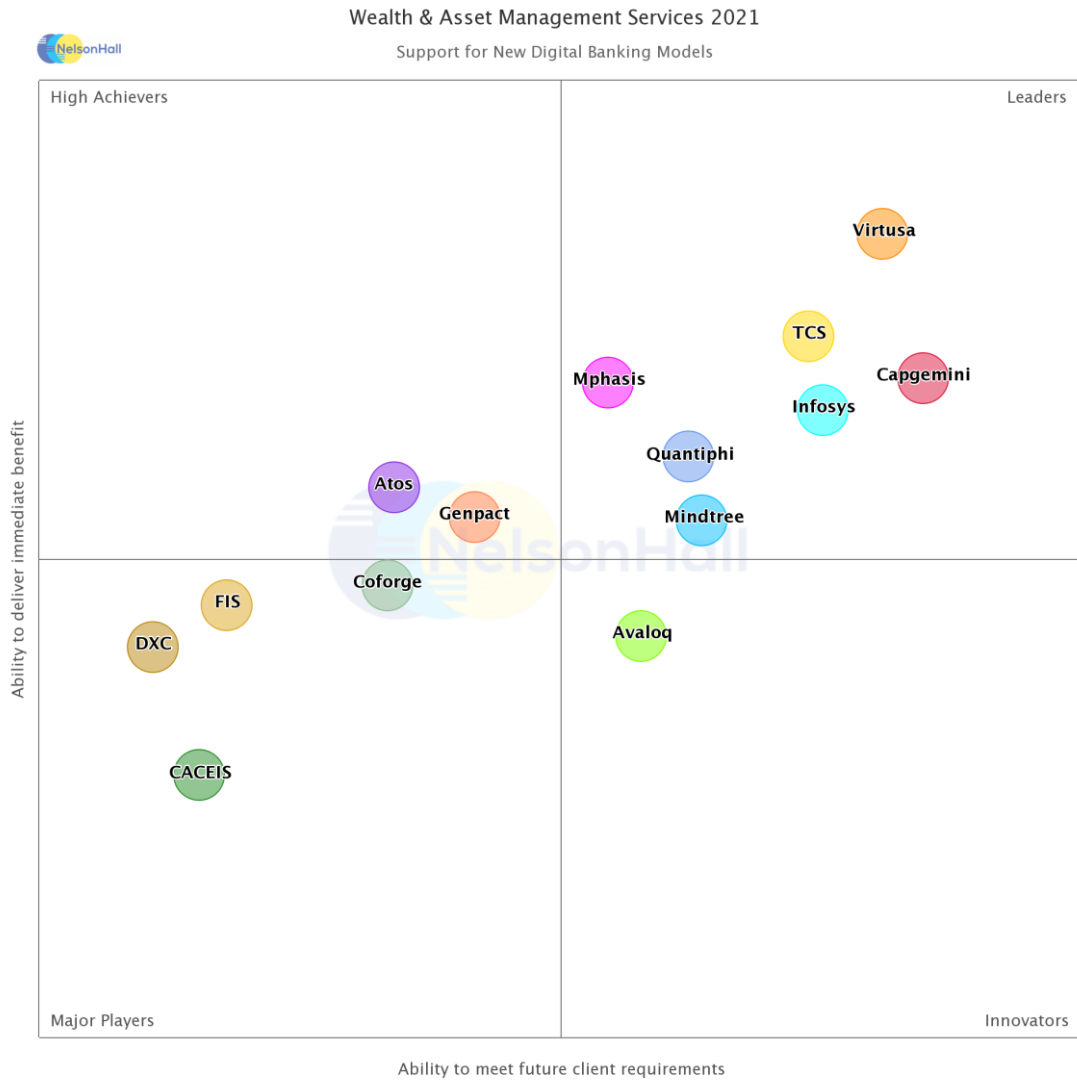Wealth & Asset Management Services 2021
Overall
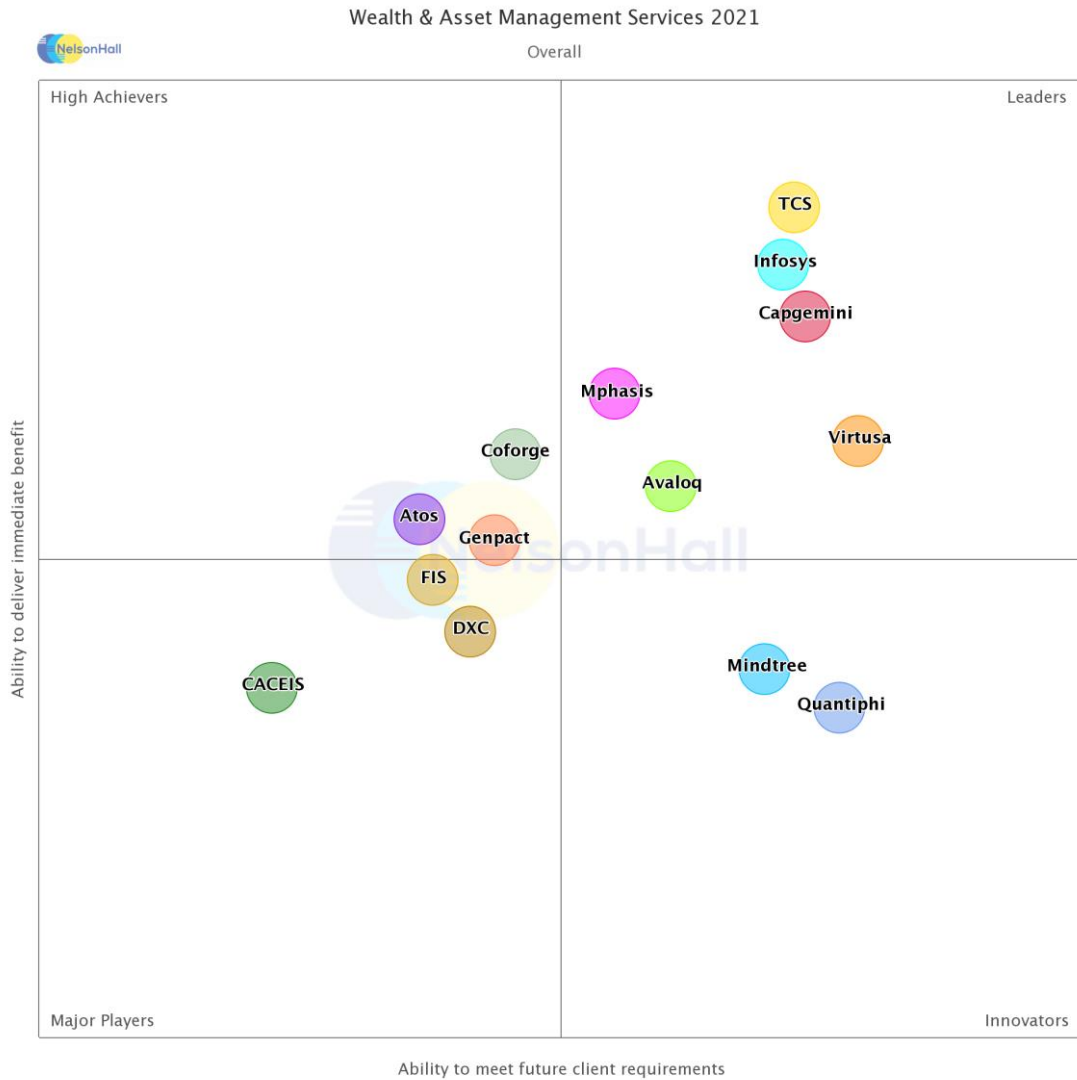
NelsonHall has identified Quantiphi as an Innovator in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects Quantiphi's overall ability to meet future client requirements as well as delivering immediate benefits to its wealth & asset management clients.

Innovators are vendors that exhibit a high capability relative to their peers to meet client future requirements but have scope to enhance their ability to deliver immediate benefit.

Buy-side organizations can access the *Wealth & Asset Management Services* NEAT tool (*Overall*) here.

NEAT Evaluation: Wealth & Asset Management Services (Support for New Digital Banking Models)

Wealth & Asset Management Services 2021
Support for New Digital Banking Models

NelsonHall has identified Quantiphi as a Leader in the *Support for New Digital Banking Models* market segment, as shown in the NEAT graph. This market segment reflects Quantiphi's ability to meet future client requirements as well as delivering immediate benefits to its wealth & asset management clients with specific capability in supporting the development of new digital banking models.

Leaders are vendors that exhibit both a high ability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet client future requirements.

Buy-side organizations can access the *Wealth & Asset Management Services* NEAT tool (*Support for New Digital Banking Models*) here.

Vendor Analysis Summary for Quantiphi

Overview

Quantiphi was founded by financial services industry executives and consultants to provide data and AI services, and it has provided services to the W&A industry since its inception. Its AI and ML solutions are delivered using cloud infrastructure, both on-premise and off-premise.

In the past year, the COVID pandemic has accelerated the growth of Quantiphi's W&A practice due to clients wanting to advance their operating platforms' migration to cloud delivery. The company has seen a rapid increase in the number of W&A clients, as well as the expansion of its U.K. W&A client base.

Clients in the W&A industry buy three key offerings (in order of demand):

- Trade analysis (65% of engagements)

- Robo-advisor (25%)

- Audit and infrastructure delivery (10%).

All these offerings ingest unstructured data and apply domain AI to analyze, understand, and predict outcomes. Clients often buy document AI and conversational AI services bundles together. Computer vision engagements are beginning to be used for trade analysis and supervision of securities traders.

Quantiphi's W&A services are focused on integration and implementation services, which it delivers within three key operational areas:

- Wealth management: predictions and financial reporting

- Financial statement production: streamlining data intake

- End-of-day closing trade analysis and settlements.

Quantiphi has 75 FTEs working in W&A services out of 1.5k FTEs overall. Staff are located onshore (15%) and offshore (85%). W&A management services are delivered from centers in India (Mumbai, Bangalore, and Trivandrum), U.S (client onsite or from the Boston delivery center) and Canada (client onsite or from the Toronto delivery center). The company's primary targets are the W&A units of global and regional institutions based in the U.S. and India.

Financials

NelsonHall estimates that Quantiphi's 2021 full-year revenue from wealth and asset management services will be $3.5m.

Strengths

- Strong capabilities in customer onboarding and due diligence

- Experience in voice and video data processing services

- Strong capabilities in unstructured data processing services

- Strong domain expertise drawn from its long-term experience with financial institutions.

Challenges

- Needs to productize more capabilities into offerings to expand the suitability of its offerings for a wider range of use cases within clients

- Scaling engagements with existing clients while aggressively adding new employees.

Strategic Direction

Quantiphi sells to a wide range of W&A management clients in North America and India, and has focused its offerings on processing unstructured data for trade analysis and robo-advisory services. It is looking to grow its business by:

- Increasing wallet share with its existing client base from cross-selling and delivering its offerings (robo-advisory, trade analysis, and end-of-day settlements)

- Gaining new logos in the middle market, primarily from sales of new productized offerings

- Entering the U.K. market with upsells of its W&A services to its existing tier-one financial services clients.

Outlook

Quantiphi has a strongly growing W&A services business, with a focused set of services around trade analysis and robo-advisory services. It should have a strong year as it upsells services to existing clients and adds new logos. It should also be able to expand its W&A services business into the U.K.

NelsonHall estimates that Quantiphi's intelligent automation revenues in banking will grow by 20% per year over the next three years, based on its existing client base and intelligent automation capabilities. If it successfully productizes its set of offerings, it should be able to grow its business an additional 3% per year.

Wealth & Asset Management Services Market Summary

Overview

W&A management services is an evolving business, with tier 1 managers looking for single-process customized services and migration to the cloud.

Smaller managers require productized services. All managers are increasing their data management and process discovery buying.

In the future, clients will continue to focus on data management and migrate to a hybrid multi-cloud. Operational delivery will become agile to support reducing time-to-market and support volume fluctuations.

Buy-Side Dynamics

The primary client profile is:

- *Current*: Tier 1 managers are primary adopters (~60%); regional/local and alternative asset managers are starting to scale their demand (30%). Services vendors make up the rest of the market

- *Future*: Wealth and asset management vendors are expanding their presence with regional/local managers by entering new markets and productizing offerings. They are also expanding their presence with alternative asset managers. Vendors support tier 1 managers and services vendors with cloud migration, new functionality, and compliance.

Buy-side drivers include:

- *Variabilize cost*: need to scale processing to match volatile external market conditions

- *Human support*: moving to highly distributed operations requires AI and automation for consistency

- *Change the business model*: requires operational agility, efficiency, and accuracy

- *Expand the customer base*: new target customers are younger and less wealthy and looking for digitally delivered services.

The W&A industry is adapting to new business conditions where they need to move to hybrid multi-cloud while maintaining the same high data security and compliance standards they delivered from centralized delivery centers. Data management has moved to the center of what is needed to address the mass affluent and younger generation investors. Operations need to be able to scale up/down with a very low cost of delivery.

Market Size & Growth

NelsonHall estimates the size of the wealth and asset management services market will be ~$6,400m in 2021, and that it will grow at 12.0% per year in the period 2021 to 2026.

The wealth and asset management services market starts with consulting services, which account for ~8% ($510m) of client spend and is growing at ~8.0% per year over the forecast period. Design and deploy services account for ~32% ($2,050m) of client spend and are growing at ~12.0% over the forecast period. Finally, hosting, SaaS, BPS, and managed services

account for ~60% ($3,840m) of client spend and are growing at ~12.5% over the forecast period.

Challenges

The key challenges faced in wealth and asset management services include:

Data management and analysis:

- Need for clear lines of responsibility: data lake environments (internal/external/cloud), with heterogeneous data types, require rethinking in terms of what data can be touched by third parties

- Effective use of AI requires large databases from which to derive insights. Most institutions cannot generate large data sets for meaningful analysis

- ML and AI techniques typically develop insights based on past market behaviors, which can lead to issues of fairness and equity. AI insights must be vetted for equity issues.

Cloud migration:

- Managing operations from the cloud: moving to hybrid operations (internal/external/cloud) where control is attenuated and solution architectures heterogeneous is difficult. Orchestration of heterogeneous evolving environments remains an ongoing challenge

- Developing cloud-native solutions, migrating legacy software, requires new employee skills, especially in DevOps techniques. Training developers and implementing emerging best practices requires continuous improvement

- Cloud vendors use proprietary sets of technologies for native deployments, requiring multiple skill sets for employees and multiple toolkits for hybrid deployments.

Creating an effective strategy:

- Open banking requires opening the legacy platforms with many APIs

- New business models: New business models require previously untried digital processes

- New inputs to process: unstructured data from new channels, analyzed using new methods, creates the risk that the outputs will be imperfect in a regulated industry

- Process discovery to expand automation activities has been slow to show results. Identifying effective use cases remains challenging.

Access to emerging technologies:

- Talent and capital to support new projects are scarce. Third-party vendors investing in projects have become increasingly common. Also, DevOps and other techniques to shorten implementation times and boost paybacks help the business case

- Mid-tier and startup W&A managers, do not have in-house access to resources to assess or monitor the emerging technologies and vendor capabilities. These firms look to productized offerings and best practices from third-party vendors to support their new initiatives

- Domain expertise requires relevant cross-training of LOB/technology. Those resources are rare and tend to prefer a non-financial services employer.

Success Factors

W&A management success factors for banks include:

Strategy:

- Change the business model, with a focus on reducing time-to-market for new product introductions for products targeting a broader market (e.g., mass affluent)

- Build an ecosystem of vendors with: (1) knowledge of client's business issues, (2) complementary skills to build and deliver IA services, and (3) ability to work within client operational practices

- Change the operational model: W&A managers need to shift from operational leverage (scale economies) and to leveraging flexibility (ability to cost effectively switch out workloads). This requires increased process discovery to identify processes for automation. Ability to bring data to processes for new products will be a key to success.

Execution:

- Preferred vendors should have the widest pool of Fintech solution providers supporting them

- Redefine what is delivered by internal and cloud to maximise agility, speed new automation and AI implementation

- Standardize across markets and projects. Build COEs and libraries of successful use cases

- Transform application development to a DevOps model to speed innovation cycle and migrate to cloud delivery.

Key success factors for W&A management vendors include:

- *Sales support*: ability to enhance sales efforts by using design thinking to build omnichannel services. Ability to complement client consumer contact representatives

- *Operations*: industry process knowledge and ability to re-engineer the widest range of sub-processes to produce global improvements in overall efficiency

- *Time to market*: deliver speed to market for new products, reduce error rates, and meet deadlines

- *Standardization*: standardize and consolidate process delivery across markets and products

- *Cost*: cost reductions of 20% to 70% with the improved matching of costs to revenues

- *Reengineer processes*: reengineering delivery across the widest range of sub-processes

- *Vendor ecosystem*: ISV ecosystem and ability to monitor changes in technology vendors, data vendors, and compliance requirements

- *Data management*: Ability to source, analyze, and manage unstructured data for both compliance and business purposes

- *Frameworks*: to guide transformation and transparency to stakeholders.

NEAT Methodology for Wealth & Asset Management Services

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet client future requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet client future requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders**: vendors that exhibit both a high ability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet client future requirements

- **High Achievers**: vendors that exhibit a high ability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet client future requirements

- **Innovators**: vendors that exhibit a high capability relative to their peers to meet client future requirements but have scope to enhance their ability to deliver immediate benefit

- **Major Players**: other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.

Exhibit 1

'Ability to deliver immediate benefit': Assessment criteria

Assessment Category	Assessment Criteria
Offerings	IA Consulting and advisory services
	IA design and deploy services
	IA management and BPS services
	Breadth of application of W&A services to financial institutions
	Application of W&A services to industry processes
	Application of W&A services to compliance
	Application of digital technologies to W&A
	Application of AI/cognitive technology to W&A
	Ability to offer new process models with W&A services
	Ability to benchmark processes and offer a roadmap
	W&A services implementation capability
	Ongoing technology management
	Combined technology/people-based exception handling capability
	Advanced analytics reporting ability
Delivery Capability	Scale of W&A delivery capability
	Cognitive delivery capability
	Delivery capability – U.S.
	Delivery capability – U.K.
	Delivery capability – Continental Europe
	Delivery capability – Rest of EMEA
	Delivery capability – APAC
	Use of pre-existing W&A technology implementation templates
	W&A process change management capability
	Maturity of W&A services delivery model
	W&A services governance capability
	Design thinking capability
Client Presence	Overall W&A management presence
	Overall W&A management consulting presence
	Overall W&A management design and deploy presence
	Overall W&A management BPS presence
	North America presence
	U.K. presence
	Continental Europe presence
	Rest of World presence

Continued…

Benefits Achieved	Level of cost savings achieved
	Increased use of self-serve
	Improvement in provisioning times
	Process error reduction
	Process cycle time reduction
	Improved CSAT
	Improved speed of new product roll-out
	Perception of "value for money"

Exhibit 2

'Ability to meet client future requirements': Assessment criteria

Assessment Category	Assessment Criteria
Service Innovation Culture	Perceived suitability to meet future client W&A management needs
	Perceived suitability to develop new banking business models & processes
	Ability to apply automation to W&A management processes
	Ability to introduce new digital business models
	Service culture
	Innovation & creativity
Level of Investments	Level of investment in W&A management
	Level of investment in cognitive/AI
	Level of investment in digital technologies in support of W&A
	Level of investment in own tools & platforms in support of W&A management
	Level of investment in new systems of engagement for W&A management sector
Market Momentum	W&A services market momentum

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.

Sales Enquiries

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NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:

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