

NEAT EVALUATION FOR CAPGEMINI:

Wealth & Asset Management Services

Market Segment: Process Automation Services

Introduction

This is a custom report for Capgemini presenting the findings of the 2024 NelsonHall NEAT vendor evaluation for *Wealth & Asset Management Services* in the *Process Automation Services* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of Capgemini 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 cloud migration, process automation, AI & analytics services, and professional services.

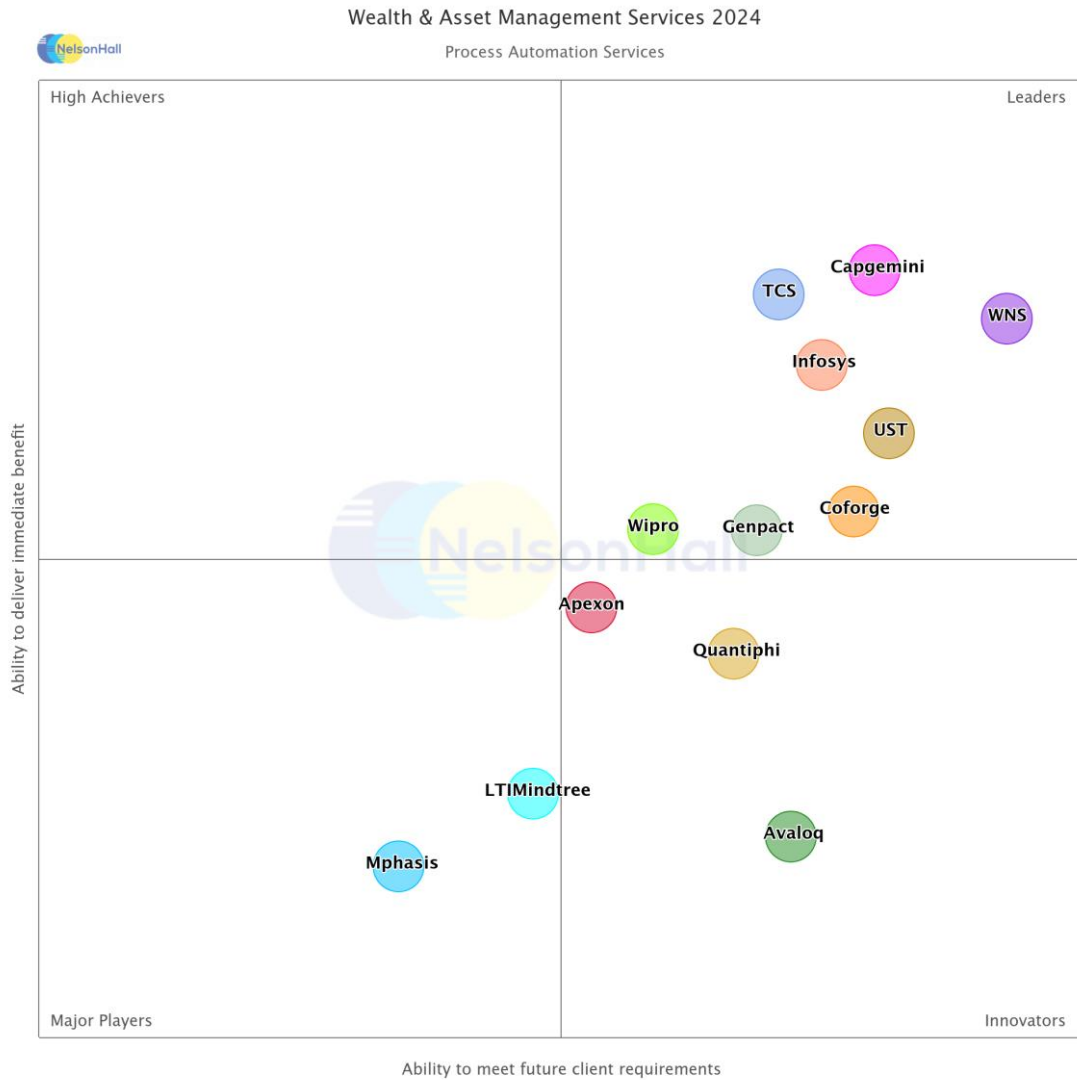
Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Apexon, Avaloq, Capgemini, Coforge, Genpact, Infosys, LTIMindtree, Mphasis, Quantiphi, TCS, UST, Wipro, and WNS.

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



NEAT Evaluation: Wealth & Asset Management Services (Process Automation Services)



NelsonHall has identified Capgemini as a Leader in the *Process Automation Services* market segment, as shown in the NEAT graph. This market segment reflects Capgemini’s ability to meet future client requirements as well as delivering immediate benefits to its wealth & asset management clients with specific capability in process automation.

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 (*Process Automation Services*) [here](#).



Vendor Analysis Summary for Capgemini

Overview

Capgemini has provided services to the W&A industry since 1998, starting with IT services and adding business process services (2010) and working with third-party W&A solution vendors (2015). More recently, Capgemini has expanded its capabilities with acquisitions, including:

- Chappuis Holder & Cie (May 2022): Luxembourg-based consulting firm focused on the financial services industry for data transformation, regulatory compliance, and ESG
- Quorsus (October 2022): a U.K.-based consulting firm focused on capital markets firms for post-trade technologies, operations, regulatory solutions, and market infrastructure
- Financial Crimes Compliance (FCC) division of EXIGER (September 2023): the division provides advisory, analytics, and managed services relating to financial crimes.

Capgemini's wealth and asset management services focus on consulting, implementation, and managed services. It works with its solution vendor partners, especially FinTechs, to develop offerings with advanced functionality to support its W&A clients; and it co-innovates with its clients to customize functionality to their specific business requirements.

Capgemini has 9k FTEs working in W&A services, of which 700 are subject matter experts. W&A services are delivered from a network of centers comprising:

- India: 60%
- Europe: 18%
- North America: 12%
- LATAM: 8%
- Middle East: 2%.

Employees deliver:

- Pre-trade processes: 20% of employees
- Post-trade processes: 55%
- Administration and support: 13%
- Regulatory services: 5%
- ESG services: 7%.

Capgemini's primary targets are banks, capital markets institutions, and insurance companies in Europe, North America, the Middle East, and APAC.



Financials

NelsonHall estimates that Capgemini's 2024 full-year revenues from W&A services for the banking industry will be \$400m, comprising:

- Consulting: 15%
- Design/deploy/IT services: 45%
- Managed services: 35%
- BPS: 5%.

Strengths

- Broad range of API and open banking enablement accelerators
- Large ecosystem of FinTech and solution vendors
- Domain knowledge and thought leadership in wealth and asset management sub-industry
- AI capabilities to support risk management, portfolio construction, market analysis, and transaction management.

Challenges

- Developing more joint offerings with solution vendors targeting insurance companies to enable it to offer a wide range of wealth management services to enhance the value of their insurance-based offerings
- Scaling presence in markets they are already in but where they are not dominant, including in the APAC and the Middle Eastern markets.

Strategic Direction

Capgemini works with all types of financial institutions across all significant markets. It supports its W&A manager clients with two sets of strategic offerings:

Business support:

- Stakeholder experience: supporting enhanced advisory, personalization, and omnichannel experience
- Product innovation: scanning the marketplace for emerging trends in W&A offerings and delivery and then supporting clients in adopting and adapting those findings
- Expanding reach: enabling clients to deliver high-end financial products to mass markets and attract and service mass affluent customers profitably
- Industry cross-selling: providing support for clients partnering with insurance companies to deliver mass wealth offerings, embedding non-financial products across the wealth management value chain, and embedding wealth frameworks to increase product distribution.



Technology support:

- Cloud and data strategy: enabling clients to speed their cloud migration and generate more value from cloud activities
- Platform adoption: enabling clients to implement and make informed decisions on platform solutions. Capgemini has partnerships with Temenos, Azquore, Investcloud, Murex, Simcorp, and Clearwater Analytics
- Emerging technologies: providing clients with best-in-class emerging technology solutions. Areas of focus include GenAI, Defi, and Blockchain.

Capgemini will grow its business over the next several years by expanding and customizing its offerings to more markets and developing more emerging functionality in partnership with solution vendors, then customizing that functionality by co-innovating custom features with clients.

Outlook

Capgemini had a strong year in 2023 as it rapidly grew the business with industry and solution partnerships.

NelsonHall estimates that Capgemini's W&A services revenues will grow 30% per year over the next three years. If it successfully builds AI solutions with Liquid AI for enterprises it should be able to grow its business an additional 3% per year.



Wealth & Asset Management Services Market Summary

Overview

The wealth & asset (W&A) management industry is responding to new business conditions of shorter settlement times, new financial products, new competitors, and higher compliance requirements. At the same time, it must maintain the same data and operations security levels it delivers from on-site delivery centers. AI has moved to the center of what is needed to address a changing environment while using fewer employees. The goal is to reduce time to market for new offerings, increase operational flexibility, reduce TAT, improve accuracy, and meet shortened deadlines.

The industry focus is turning to:

- Faster introductions of new financial products to service new customer demographics
- Digitalization of all processes and documents to reduce the cost of delivery
- Growing presence of independent advisors working with major financial institutions requiring integration into their core platforms
- Changing customer preferences are changing the mix of preferred product offerings.

W&A managers will increasingly move their focus to:

- Deploying AI to support advisors and middle/back-office process execution
- Accelerating move to the cloud and elimination of manual processes
- Support for business model change
- Agile deployment of new functionality with DevOps
- Identification of use cases more likely to be operationalized successfully.

Buy-Side Dynamics

The nature of client demand for W&A management services can be summarized as:

- The highest level of demand has been for re-platforming services to enable large W&A managers to migrate to the cloud and deliver new offerings to a new generation of customers with different priorities and interaction preferences
- Regional and local managers are buying automation and managed services to reduce their financial and labor commitment to operations and focus more resources on customer acquisition and investing
- Asset managers are looking for cloud and AI-cognitive services to enable them to manage delivery in a new ecosystem.

Large W&A managers are looking for the ability to increase agility, re-platform, and move to the cloud to introduce new products, target and onboard new customers, introduce new offerings, and standardize their service delivery.

Regional and local managers seek to enable new product offerings and digitalize operational delivery to help them cost-effectively deliver services to a broader range of customers, allowing customers to shop a more extensive portfolio of offerings.



Asset managers look for better asset analysis, deeper portfolio analysis, digital delivery, and improved understanding of suppliers to standardize across a growing number of silos, manage shorter settlement windows, and enable more employees to build self-service analytics.

Buy-side issues include:

- *Modernizing offerings and customer engagement*: increasing the speed and quality of new product introductions; enabling open banking third-party access with quality control of offerings; meeting the interaction expectations of new client demographics; reducing AHT for processes with deadlines or that impact CSAT
- *AI*: improving the quality and number of sources of data, including synthetic data; processing and analyzing new data types using OCR, ICR, LLM, and voice tools; increasing accessibility to third parties, including advisors, regulators, and customers
- *Modernizing the operations estate*: enhancing orchestration capabilities across multi and hybrid domains; converting platforms to microservices, then identifying and implementing best-of-breed solutions.

Market Size & Growth

NelsonHall estimates the size of technology and operations services in the W&A management services industry will be ~\$8,990m in 2024 and forecasts that it will grow at 5.6% per year from 2024 to 2029.

Technology and operations services start with consulting services, which account for ~8% (\$720m) of client spending and are growing at ~8% per year over the forecast period. IT, design, and delivery services account for ~50% (\$4,495m) of client spending and are growing at ~6% over the forecast period. Finally, managed and BPS services account for ~42% (\$3,775m) of client spending and are growing at ~4.5% over the forecast period.

Challenges

The key challenges faced in the W&A management industry include:

- Data:
 - Supplier and investment data: Scope 3 and risk management regulations require managers to source and analyze data much farther out into their ecosystem than previously
 - Applying ML and GenAI requires large data pools that only exist in markets or consortiums
- Markets:
 - Adapting the processes and delivery of financial products to each market where they are distributed. Each has different regulations, industry norms, and infrastructure
 - Changing process execution as regulations change. The current focus is on shorter settlements, enhanced cybersecurity, and tokenization
- Access to scarce resources:
 - Skilled implementation staff: emerging technologies require evaluation and implementation skills. Combined domain and tech skills are in the shortest supply



- Leading technology: single vendors are not sufficient; FinTech ecosystems are required
- Standardization:
 - Orchestrating consistent execution across hybrid clouds and multiple markets
 - Standardization and coordination of data management across silos, LOBs, and markets
- Environment complexity:
 - Increased M&A is driving the need to simplify internal silos continuously
 - Manual processes are challenging to map and digitalize
 - New functionality from FinTech is immature, requiring a roadmap and agility to remain viable
- Development of client-specific IP:
 - Developing proprietary IP, both alone and in coordination with third parties
 - Working with non-technical workers to develop targeted solutions using low/no code
 - Managing projects within client organizations across markets and LOBs.

Success Factors

Key success factors for vendors of W&A management services include:

- Tools and technology:
 - Ability to source, analyze, and manage unstructured data for both compliance and business purposes from across markets, businesses, and silos
 - Ability to craft offerings from emerging functionality and industry-specific platforms
 - Productized offerings for mid-tier and local W&A managers
 - Vendor ecosystem: ISV ecosystem and ability to monitor changes in technology vendors, data vendors, and compliance requirements
 - Accelerators, API libraries, and solution partner ecosystem
- Operations:
 - Industry process knowledge and the ability to apply FinTech to address industry challenges
 - Delivering speed to market for new products, reducing error rates, and meeting deadlines
 - Standardizing and consolidating process delivery across markets and products
 - Enabling core platform transformation and migration to the cloud.



Outlook

The future direction for technology and operations services in the W&A management industry will include:

- Clients moving towards increased adoption of cloud delivery and embedding AI directly into processes
- Data sourcing and quality will be increasingly important as cognitive solutions increase their functionality
- Beginning to standardize data management across silos and markets
- Accelerating the introduction of new financial product offerings with FinTech, AI, and cloud delivery.



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 future client 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 future client 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 | <ul style="list-style-type: none"> Breadth of application of services to W&A Application of microservices to environments Application of W&A technology to processes Consulting and strategy development W&A services implementation capability Ongoing W&A management Monitoring and observability Application of AI/cognitive technology to W&A processes Ability to offer new process models for W&A with digital technologies Ability to benchmark processes and offer roadmap |
| Delivery Capability | <ul style="list-style-type: none"> Scale of W&A process delivery capability Cognitive delivery capability Delivery capability – North America Delivery capability - Europe Delivery capability – ROW Use of pre-existing technology implementation templates W&A process change management capability Maturity of services delivery model Services governance capability Extent of partnerships in support of W&A services |
| Market Presence | <ul style="list-style-type: none"> Overall presence in W&A processes Overall W&A cloud migration presence Overall W&A AI presence Overall W&A automation presence Presence in managed services processes North American presence Europe presence |
| Benefits Achieved | <ul style="list-style-type: none"> Overall level of benefit achievement Improvement in regulatory compliance Improvement in data sourcing and scrubbing Improvement in reporting Increased accuracy of W&A reporting Improvement in operational performance, reliability, and availability Level of cost savings achieved Perception of ‘value for money’ Increased end-user satisfaction |



Exhibit 2

‘Ability to meet client future requirements’: Assessment criteria

| Assessment Category | Assessment Criteria |
|----------------------------|--|
| Service Innovation Culture | <ul style="list-style-type: none"> Perceived suitability to meet future client needs in W&A Ability to apply W&A services to W&A processes Ability to apply W&A services to investing processes Perceived suitability to develop new business models & processes Service culture Innovation & creativity Ability to apply new technologies Transformation capability |
| Maturity of Roadmap | <ul style="list-style-type: none"> Maturity of roadmap in support of W&A strategy development Maturity of roadmap in W&A deployment Maturity of roadmap in support of process management in W&A Maturity of roadmap in monitoring and observability capability Maturity of roadmap in data management Maturity of roadmap in orchestration technologies Maturity of roadmap in own tools & platforms in support of clients Maturity of roadmap in new systems of reporting |
| Market Momentum | <ul style="list-style-type: none"> Wealth and Asset Management services momentum AI services momentum Cloud services momentum Platform modernization services momentum Automation focused momentum Professional services |

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



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Sales Inquiries

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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