Everest Group PEAK Matrix

Overview Document
June 2015

Everest Group

PE▲K™
MATRIX

Background: The global services market evolved significantly over the years and so did the complexity related to comparison and evaluation of various service providers. While new service providers continue to enter the market, established service providers are trying to increase their market share and build new capabilities through various organic and inorganic routes. In such a dynamic landscape, it is important for buyers to have a fact-based understanding of the service providers' delivery capabilities and their ability to translate that into market success
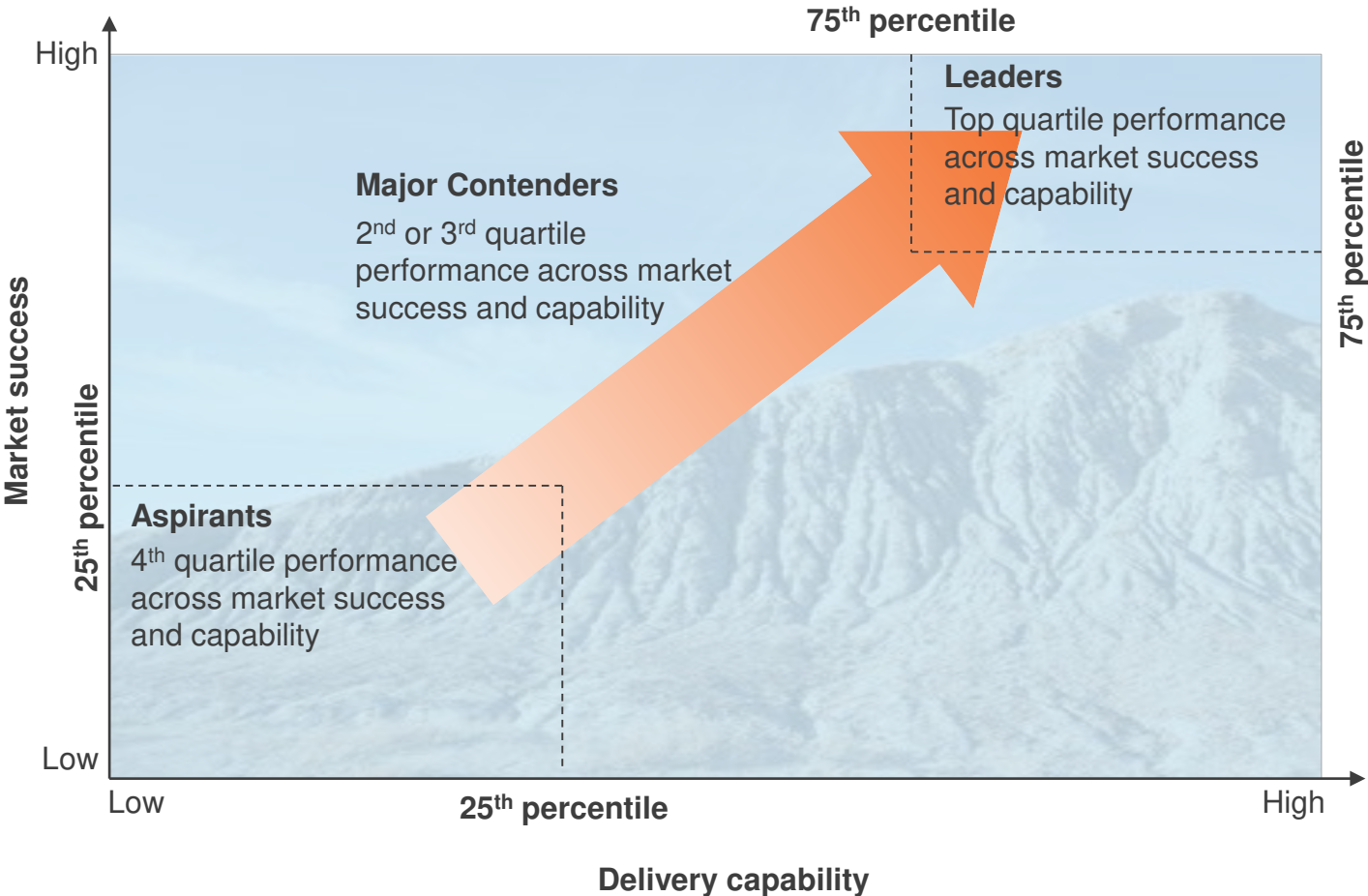
Introduction to Everest Group's Performance | Experience | Ability | Knowledge (PEAK) Matrix:

- Everest Group's PEAK Matrix provides an objective, data-driven comparative assessment of service providers based on their overall delivery capability and market success across different outsourcing markets

- While the overarching PEAK Matrix framework remains consistent for different outsourcing market, given the nuances of the various markets (for example, ITO vs. BPO), few evaluation dimensions vary

- This document explains the PEAK Matrix concept, the overall framework, and the underlying methodology
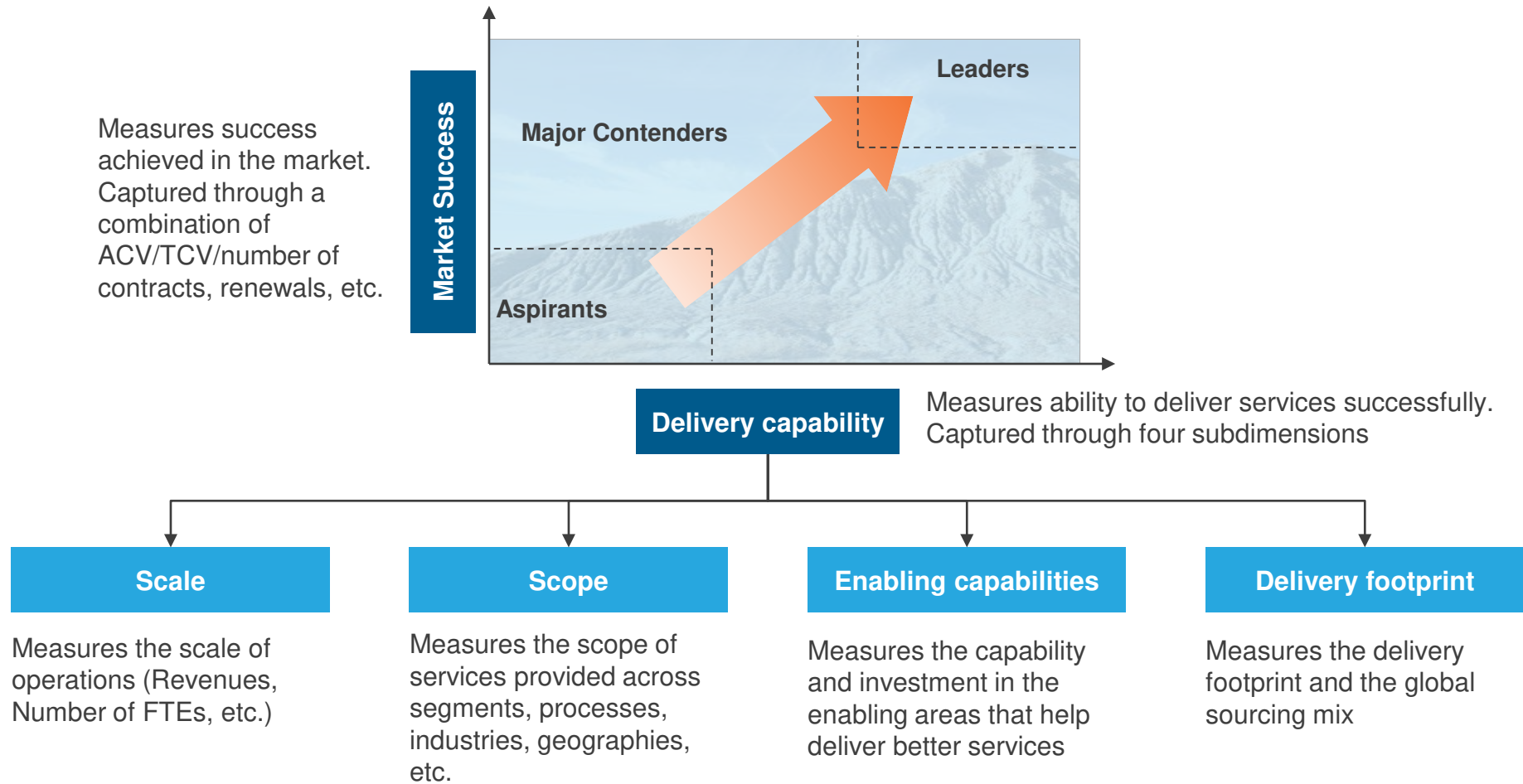
Note: Buyers can use PEAK Matrix to identify and evaluate different service providers in a particular market segment. This helps them understand the service providers' relative strengths and gaps along the key delivery dimensions. However, it is also important to note that while the PEAK Matrix is a 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 to meet their specific requirements

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix classifies service providers into Leaders, Major Contenders, and Aspirants

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix

75th percentile

High

Leaders
Top quartile performance across market success and capability

75th percentile

Major Contenders
2nd or 3rd quartile performance across market success and capability

Market success

25th percentile

Aspirants
4th quartile performance across market success and capability

Low

Low

25th percentile

High

Delivery capability

Service providers are positioned on the PEAK Matrix based on evaluation across two key dimensions

Measures success achieved in the market. Captured through a combination of ACV/TCV/number of contracts, renewals, etc.

Market Success

Leaders

Major Contenders

Aspirants

Delivery capability

Measures ability to deliver services successfully. Captured through four subdimensions

Scale	Scope	Enabling capabilities	Delivery footprint
Measures the scale of operations (Revenues, Number of FTEs, etc.)	Measures the scope of services provided across segments, processes, industries, geographies, etc.	Measures the capability and investment in the enabling areas that help deliver better services	Measures the delivery footprint and the global sourcing mix

Subdimensions vary across different outsourcing markets to account for market-specific nuances

Potential variations to "enabling capabilities" subdimensions across service lines
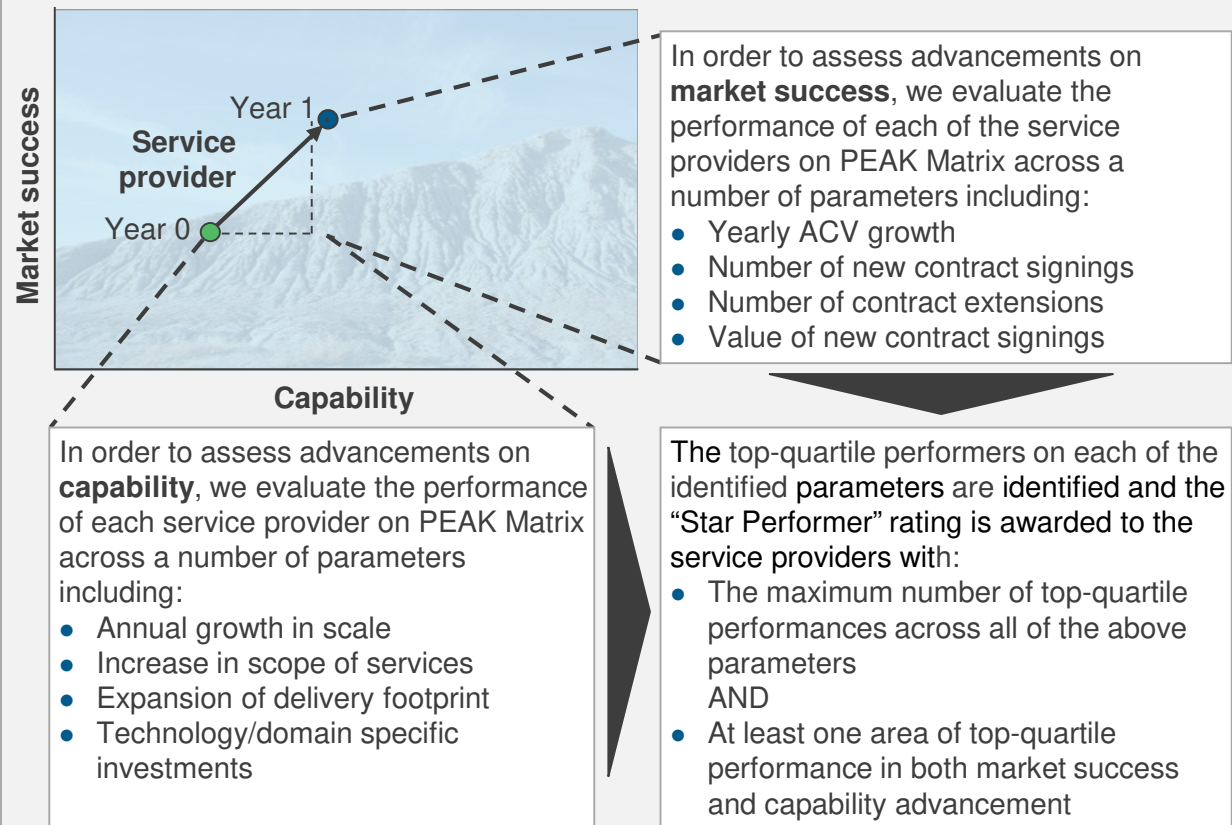
EXAMPLE

Enabling capabilities

BPO

IT AO

Technology capability

- Measures providers' capability to leverage technology to provide BPO services
- Currently this dimension is utilized for following BPO areas – FAO, HRO, PO, RPO, and BAO

Domain investments

- Measures providers' domain expertise and investments to provide IT Application Outsourcing (IT AO) services
- Currently this dimension is utilized for following IT AO areas – banking, insurance, and capital markets

The weighting of subdimensions also vary across different markets in-line with their importance to deliver services successfully in a particular space

Additionally, Everest Group designates the "Star Performers" title to providers that demonstrate the strongest forward movement over time on the PEAK Matrix

Methodology

Everest Group selects Market Star Performers based on the relative year-on-year movement of each service provider, on the PEAK Matrix

In order to assess advancements on **market success**, we evaluate the performance of each of the service providers on PEAK Matrix across a number of parameters including:

- Yearly ACV growth
- Number of new contract signings
- Number of contract extensions
- Value of new contract signings

In order to assess advancements on **capability**, we evaluate the performance of each service provider on PEAK Matrix across a number of parameters including:

- Annual growth in scale
- Increase in scope of services
- Expansion of delivery footprint
- Technology/domain specific investments

The top-quartile performers on each of the identified parameters are identified and the "Star Performer" rating is awarded to the service providers with:

- The maximum number of top-quartile performances across all of the above parameters
  AND
- At least one area of top-quartile performance in both market success and capability advancement

Market Star Performers

The "Star Performers" designation relates to year-on-year performance for a given service provider and does not reflect the overall market leadership positions. Those identified as the Star Performers may include "Leaders", "Major Contenders", or "Aspirants"

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Everest Group adopts a fact-based, data driven approach for the PEAK Matrix and "Star Performers" evaluation

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PEAK MATRIX™

1 Service provider RFI

Annual RFI with service providers to collect following data
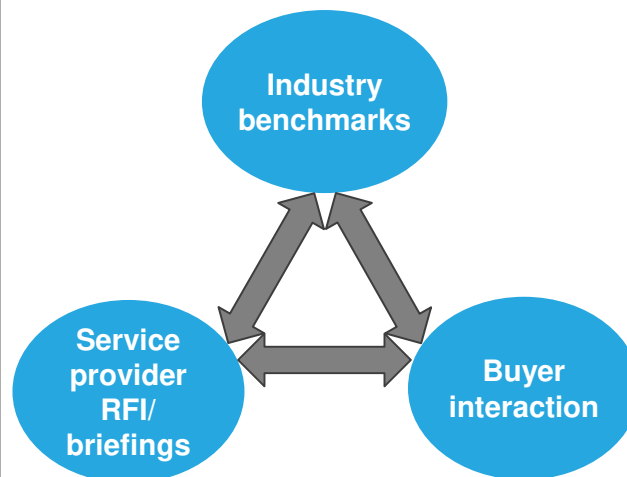
- **Deal-level information**
  - Buyer detail, including industry, size, and signing region
  - Contract details, including TCV, ACV, term, start date, and pricing structure
  - Scope, including coverage of buyer geography, and process
  - Enabling capabilities leveraged
  - Global sourcing, including delivery locations and level of offshoring
- **Operational capability**
  - Key leaders
  - Major clients and recent wins
  - Revenues – Overall and service line
  - Recent acquisition/investments
  - Revenue-split by geography, industry, and client size
  - Delivery locations
  - Service suite
  - Enabling capabilities

2 Data validation/triangulation

Industry benchmarks

Service provider RFI/ briefings

Buyer interaction

3 Evaluation framework

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- **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 RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information). In addition, these results are validated / fine-tuned based on our market experience, buyer interaction, and provider 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

- **Does PEAK Matrix assessment incorporate "customer satisfaction" as an evaluation criteria/metric?**
  – Everest Group does not have "customer satisfaction" as a separate metric in its PEAK evaluation framework. This is primarily because it is challenging to obtain interviews with a meaningful number of reference buyers for each service provider. Also, "customer satisfaction" is a highly subjective and opinion driven metric and there is no foolproof methodology to normalize this input. That said, we validate our PEAK results through buyer interaction and capture some consistent "spikes" or "lags" in performance through metrics such as "renewal rate", etc.

- **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

- **What is the process for a service provider to leverage their PEAK Matrix positioning, or "Star Performer" status ?**
  - Providers can use their PEAK positioning or "star performer" 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**

Everest Group's **Performance | Experience | Ability | Knowledge (PEAK) Matrix**™ provides an objective, data-driven comparative assessment of third-party outsourcing service providers specific to a market segment.

Everest Group's PEAK Matrix assessments are included in Everest Group research reports that are part of our subscription services.

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From **insight** to *action*.

At a glance

- With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of the next generation of global services

- Through its practical consulting, original research, and industry resource services, Everest Group helps clients maximize value from delivery strategies, talent and sourcing models, technologies, and management approaches

- Established in 1991, Everest Group serves users of global services, providers of services, country organizations, and private equity firms in six continents across all industry categories

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