

QA Vector® Research



## SOFTWARE QUALITY ASSURANCE FOR FINANCIAL SERVICES

An impact analysis of leading consultants and systems integrators by QA Vector Research

*September 2018*

## Software quality in financial services - finding the right advice

Software must be subjected to rigorous and continuous testing. In the financial world, the cost of failure will be more than commercial damage - it is likely to have regulatory, credit rating and market access implications.

But the challenges are not only technical; they are organisational, structural, and strategic; they are complex and multi-faceted. In anything but a startup, the combined platform may well have dependencies on multiple code languages, including 'legacy' COBOL as well as languages such as Python, which are more popular today.

Faced with such complexities, financial institutions frequently seek help, starting with a strategic consulting partner. This partner will support everything from designing the testing and test data management strategies through to providing software solutions to undertake testing and the people to implement this.

We classify this broad church of advisors as consultants and systems integrators.

Overall, we are impressed with the positive regard in which the consultants and integrators are held and the depth of their relationships. Nevertheless, we are struck by a clear divide in the nature of those relationships, where a few firms have established themselves as true strategic partners while others are clearly seen as simply providing implementation resourcing and services. The latter group commands much less loyalty.

This report assesses ten leading consultants and SIs with specific focus on financial services and the impact they have on their customers' software development lifecycle.

Our research was undertaken mainly in the first half of 2018 among about 100 financial institutions, 80% of whom were banks, predominantly in Europe and North America. Half of the people we spoke to are direct decision-makers on the appointment of consultants with the balance being significant influencers in their selection.

Those who kindly shared their time with us gave a much more detailed quantitative and qualitative picture of the relationships that we present in this short overview. Please contact us for greater insight.

In addition, the evaluation presented here is a small part of the wider work of QA Vector® Research looking at financial services' choice of advisors and specialist vendors, as well as business challenges, in addressing software quality assurance.



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## Understanding the landscape

We have a constant dialogue with experienced, key executives playing a fundamental role within QA and testing at global banks, insurance, and payment services firms. Through them, we hear of the unremitting pressure to deliver better product to market faster.

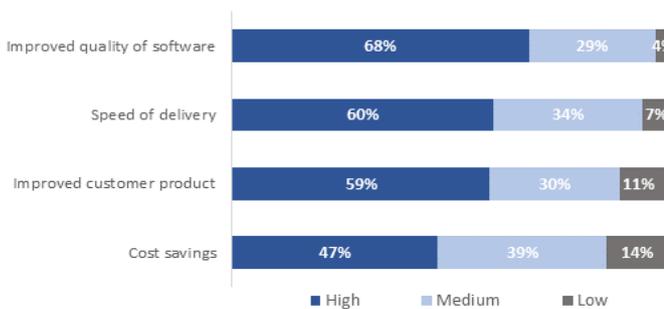
We have come to understand the key to success lies not only in streamlining processes but also in selecting a consultancy and/or systems integrator that understands the business and regulatory requirements. Given the long-term nature of contracts with consultants and/or SIs (*hereafter we will refer to both simply as "consultants"*), it is essential they have a clear understanding of the regulatory framework. For example, digital transformation and app delivery programmes at investment banks are currently being driven in part by the requirements of the Basel Committee’s Fundamental Review of the Trading Book (FRTB), which comes in to force in 2022.

time to market, more bugs in software and higher spend. In summary, these challengers mitigate against the core goal of getting apps to market faster while meeting savings targets that often govern IT budgets.

Many large financial firms use several vendors as they have different internal teams running siloed projects with varying agendas. This leads to numerous inefficiencies. Additionally, there is no clear enterprise-wide strategy for selecting and using specialist vendors.

Although many financial services firms claim to benchmark their QA and testing vendors, it is done in an ad-hoc, hazardous fashion, muddying the water and creating confusion. 27% of firms surveyed say they only hold informal reviews, and almost the same amount use non-standardised internal metrics.

Importance for investment in QA and testing

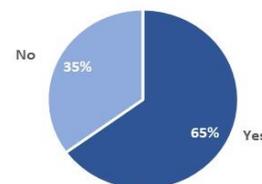


Delivering on this vital priority is often undermined by inefficient internal structural and organisational process.

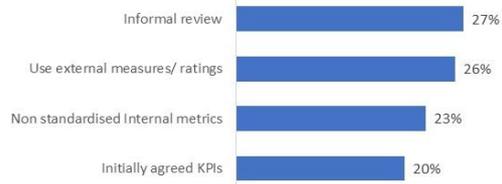
The complexity of IT legacy and infrastructure systems, the multiplicity of legacy coding languages, along with siloed ownership of applications and their testing, are often viewed by specialists as the foremost obstacles.

These issues can be exacerbated by poor data management, which often leads to increased

Benchmark vendors



Benchmarking Tools



To get better, faster and smarter, these firms turn to consultants to coordinate and, sometimes, consolidate the specialist vendors used and formulate a cohesive overall strategy.



Following extensive research with over 100 QA and testing professionals within leading banks, and other financial services firms, ten key consultants came to the fore through a combination of being most frequently mentioned and receiving the highest scores.

These identified consultants help drive the QA and testing agenda, with varying degrees of success. This evaluation looks to unpack the overall impact, strengths, and weaknesses of these consultants and how they perform specifically in the financial services arena.

In order to understand the performance of these consultants, we have designed a QA Vector® Impact quadrant positioning consultants in relation to one another as well as the market standard. The quadrants enable financial firms to select a consultancy based on a range of impact scores and customer satisfaction metrics.

The 10 consultancies emerging as clear leaders in this marketplace are:

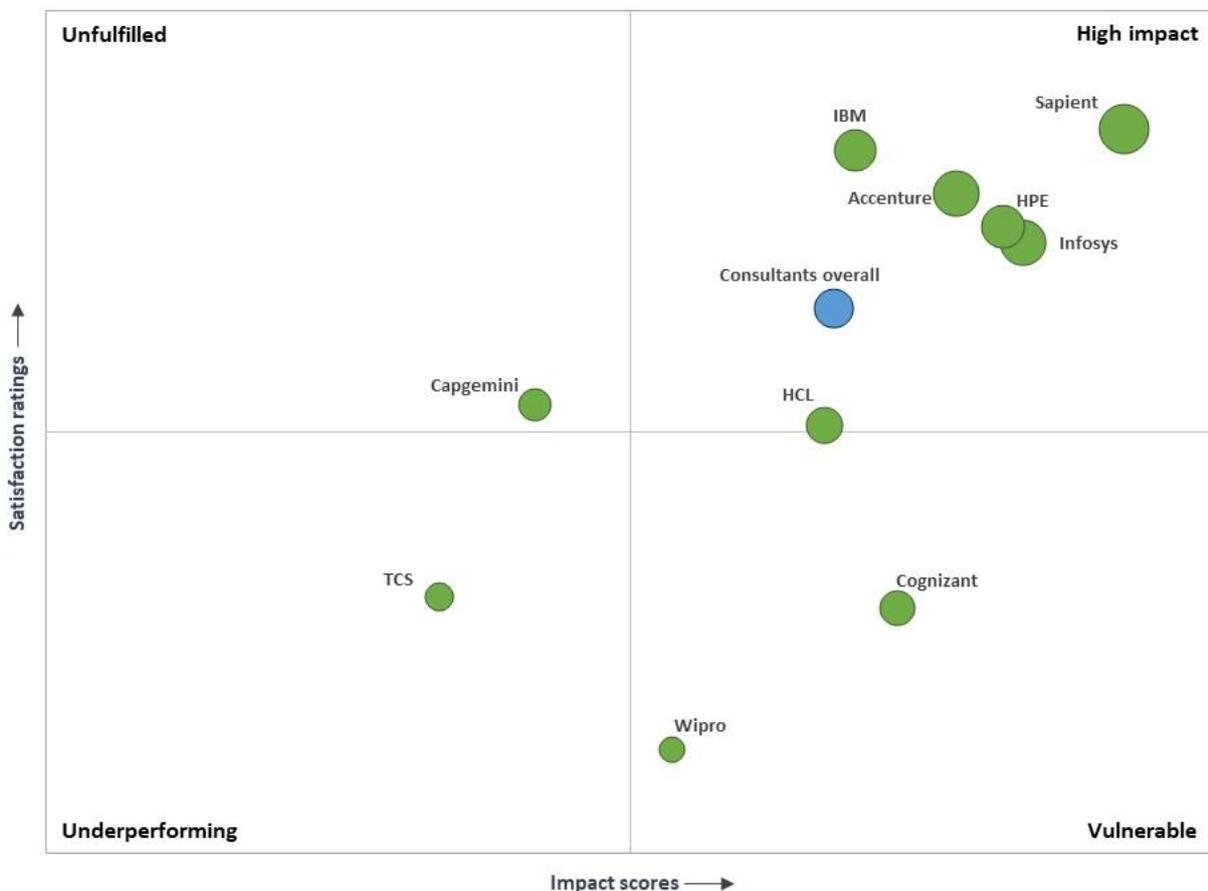
Accenture	IBM
Capgemini	Infosys
Cognizant	Sapient
Hewlett Packard Enterprise (HPE)	Tata Consultancy Services (TCS)
HCL	Wipro

## Introducing the QA Vector® Impact Quadrant

There are several factors that drive the QA Vector® Impact Quadrant:

- Bubble size represents overall impact score – the greater the score, the bigger the bubble.
- The market impact score represented by the blue bubble is the overall average for all consultancies, providing an industry benchmark.
- Consultants are identified in one of four quadrants:
  - ‘High Impact’ consultants are delivering across all metrics. They are quick to onboard, add value to their clients and deliver superior overall customer experience.
  - ‘Unfulfilled’ consultants deliver on the customer satisfaction, a driver of future business sales, but they are not onboarded and adding value quickly enough.
  - ‘Vulnerable’ consultants deliver the required impact with quick onboarding and value contribution, but overall customer satisfaction metrics are weak, putting their position at risk.
  - ‘Underperforming’ consultants deliver neither customer satisfaction nor sufficient impact on their clients’ software testing and delivery process.

Further explanation of the QA Vector® Impact Quadrant methodology is included at the end of this report.



## How do these consultants perform?

### High flyers

Several consultants have a **'High Impact'** on the financial service firms they work with, enriching and deepening their relationships. This is achieved by quickly onboarding their services and adding value whilst delivering superior overall customer service.

Of the top consultants that have a significant impact and deliver an enhanced customer service, *Sapient* leads the pack with a strong ability to connect effectively by addressing customer requirements and having meaningful interactions.

Not far behind is a chasing cluster of consultants made up of *Hewlett Packard Enterprise (HPE)*, *Accenture* and *Infosys*.

Although *IBM* sits within this quadrant, it trails the leading four slightly on overall impact but excels in customer satisfaction. Having this differentiation places *IBM* in a strong position, as improving its current impact whilst maintaining satisfaction will enable it to challenge *Sapient* for the top in future.

*HCL* straddles two quadrants as it creates a noticeable impact but fails to back it up with strong customer satisfaction. In order to compete with top quadrant consultants, *HCL* will need better to engage with customers in order to grow loyalty and satisfaction. This needs to be improved to ensure it does not become a 'vulnerable' partner.

### Several consultants struggle to have an impact on customers

*Capgemini* leaves its customers' needs **'Unfulfilled'** and is, therefore, losing ground to key competitors. Its good customer service is not coupled with creating a meaningful impact on the business. Although high customer satisfaction often leads to re-purchase and/or continued use, this needs to be backed up by the consultant making a meaningful difference to the business - *Capgemini* is delivering a good service but the impact is low.

*Cognizant* and, to a slightly greater extent, *Wipro* are **'Vulnerable'** as although they deliver a positive impact for their end users, it is not coupled with high customer satisfaction. This leads to a diminished customer experience, which may lead customers to start shopping around for a better-balanced consultant.

*Tata Consultancy Services (TCS)* is currently the only consultant that is **'Underperforming'** – failing to deliver a meaningful impact or a solid customer experience. Given its placing, it is under threat and current customers are likely to start investigating using alternative consultants listed to help deliver their QA and testing agendas.

All impact and metric rating scores presented below are out of 10.

## Unpacking the scores: making an impact

### Overall impact

Overall impact	
Sapient	9.0
Infosys	8.4
HPE	8.3

Despite jostling for position in a crowded market, a handful of consultants are differentiating themselves by having a positive impact on their customers’ ability to get better software to market faster.

*Sapient* has the best overall impact on its customer base. It consistently delivers great service and solutions that are easy to embed and quickly deliver value and meet company expectations. Users of this consultancy noted a high level of knowledge and experience in the automation space.

*“[Sapient] are very knowledgeable and have a lot experience in Automation.”*

*Leading UK Bank*

*Infosys* derives strong impact from its ability to bring experience of best practice from other industry verticals to bear on its work with financial services clients, which creates a USP.

*“[Infosys] are getting much better at challenging us to ensure we are doing the right thing. They have such breadth and depth of expertise and they are getting better at looking to other industries to show how banking could benefit.”*

*Leading UK Bank*

Customers were generally pleased that *HPE* offered several options, facilitating its high impact score. Even though *HPE* sold its testing and software development products to *Micro Focus* over two years ago, we note that they remain the consultant of record managing the

*“[HPE] provide very good service, with different options in testing.”*

*Leading Asian Bank*

QA process for many customers, even where they are, in fact, managing a subcontract to their former colleagues.

### Onboarding impact

Onboarding Impact	
Sapient	9.8
HPE	9.2
Cognizant	8.5

This ratio looks at several features of onboarding, ranging from how long it took to onboard a consultant through to how long it took before they met client expectations.

*Sapient* is dominant here as it is easily onboarded and quickly meets client expectations through a variety of processes.

Although *HPE* is 2<sup>nd</sup>, the gap between *HPE* and *Sapient* is clear. This gap is even more pronounced when looking at the drop to Cognizant in 3<sup>rd</sup> position.

*TCS* and *Capgemini* are the lowest rated on this ratio with a score of 4.0 each.

## Acceleration impact

**Acceleration Impact**

Infosys	9.2
Sapient	8.2
Accenture	7.9

This impact ratio unpacks the issue of how quickly a consultancy starts adding value to a business and creates customer satisfaction.

*Infosys* is the runaway leader in this ratio. It demonstrates a great ability to add value quickly and therefore generates a fair amount of satisfaction.

However, several users noted that when they tried to contact the consultant with regard to problems they were experiencing, there was a lag in response.

This may have a bearing on the *Infosys* score moving forward.

*“We found [Infosys] to be very good partners, they’ve been self-starting and delivered quite well, very happy to their responses.”*

*Leading Dutch Bank*

*Accenture* round out the top three with customers praising its proactivity in understanding the issue at hand and creating feasible solutions.

*“The reason why we are happy with [Accenture] is because they are proactive...”*

*Leading French Bank*

## Unpacking the scores: overall customer satisfaction

### Overall satisfaction

**Overall satisfaction**

Sapient	8.2
IBM	8.0
Accenture	7.7

Overall customer satisfaction is a far closer race when compared to the impact ratings. This is predominately driven by customers viewing satisfaction as a hygiene factor rather than a differentiator.

Very little separates *Sapient*, *IBM*, and *Accenture* at the top of the rankings with all garnering robust customer satisfaction scores. Customers of all three consultants said that they would like these providers to play a bigger role in bringing ideas to their organisations.

*“We would like [Accenture] to interact more with our internal teams and be involved in bringing us new ideas.”*

*Leading French Bank*

*“[IBM] should come with solutions, for example why we should do testing in some particular way as we would like to improve the testing.”*

*Leading UK Bank*

There is a need for these consultancies to interact more with the teams they work with in order to form deeper partnerships where ideas come from all parties to improve and drive testing forward.

## Getting to market faster

**Getting to market faster**

Sapient	7.9
Infosys	7.5
HPE	7.4

With companies having a greater focus and drive on getting better software to market faster, this is a key metric that consultants need to be delivering on.

Although the top three consultants are tightly packed, there is a wide spread within this metric with the consultancy rated worst having a score

more than 4 points less than *Sapient*. This gap is often driven by how easy a particular company is to use.

Although *HPE* finds itself pushing toward the top of this metric, it needs to address the notion that it is seen as a consultancy with a fair amount of red tape.

*“The support [from HPE] is usually lacking when there are problems, there are lots of run arounds but when it works it works well.”*

## Customer service

**Customer Service**

Sapient	8.5
Infosys	8.0
HPE	7.7

As a standalone metric, *Sapient* is pushing ahead compared to other consultants with regard to customer service.

*Infosys* appears to have a robust work ethic, which in turn strengthens its customer service and relationships.

*“[Infosys] have a strong work ethic and good expertise.”*

*Leading Swiss Bank*

Most consultancies need to work on deepening their customer service. In financial services firms, this can be achieved by creating a partnership, leading to continued use as they integrate trust, regulatory understanding and deliver a positive and reliable QA and testing outcome.

## Expertise

**Expertise**

IBM	8.7
Sapient	8.6
HPE	7.5

*IBM* and *Sapient* are top of the list as they utilise their knowledge to try to create a strategic partnership that understands their customers’ business needs and requirements.

Furthermore, both these consultants are known for having deep expertise on their respective teams, which gives customers a sense of security. However, *Sapient* is criticised for its quality of documentation, which could influence future ratings.

*“[Sapient] are subservient at times and need to have a better partner mentality.”*

*Leading UK Bank*



## Expectation

Expectation	
Sapient	8.7
IBM	8.2
Infosys	7.3

There is a noticeable gap between the top three within this metric, which is driven by consultants’ pre-sales and sales support.

Several companies noted that consultants are strong in their pre-sales and sales pitches but don’t follow through. This leads to customers feeling let down and ultimately detracts from the overall service experience.

## Recommendation

Recommendation	
Accenture	9.6
Capgemini	9.3
IBM	8.5

This is the only metric where *Sapient* does not feature in the top three. This could potentially be driven by users feeling *Sapient* could be more of a partner and share information in a better way.

*Capgemini* makes it into the top three for the first time. This score is driven by a number of factors such as their ability to deliver, the quality of their documentation and industry knowledge.

*“[Capgemini] has been in the market for a while, knowledge and global but its costs are not flexible.”*

*Leading Spanish Bank*

*“We are satisfied with the quality of [Capgemini] documentation.”*

*Leading Italian Bank*



## Methodology

### What are QA Vector® Impact Evaluations?

We undertake research with managers of QA and testing at financial firms to understand their interactions and experience with third-party suppliers. We gather ratings on a number of metrics, which range from customer service, expertise, expectations, recommendation, through to time to onboard and added value. Through a systematic process, these metrics are combined and weighted to create a unique set of scores.

### What is the QA Vector® Impact Quadrant?

The grid is broken into four quadrants:

Quadrant name (and position)	Quadrant description
High Impact (top right)	Consultants that are connecting with their clients by offering great customer service as well as having a positive impact on the QA agenda of the business.
Vulnerable (bottom right)	Consultants that are having an impact on driving the QA agenda forward but not creating a customer connection through the softer side of customer service/ satisfaction.
Unfulfilled (top left)	Consultants that are providing strong customer service but having a limited impact on driving the QA agenda of the business forward.
Underperforming (bottom left)	Consultants that are not delivering to their customer base either through customer service or driving the QA agenda forward.

## QA Vector® Research - how to work with us

If you are responsible for software development and testing at a financial services firm, please go to [www.qa-financial.com/the-qa-vector-500](http://www.qa-financial.com/the-qa-vector-500). You will find details about specialist consultants, systems integrators and specialist vendors supporting software testing in financial services, news about them, their products and the experiences of their customers in working with them. Become part of our community by adding your own experiences about any third party suppliers with whom you work and attend our events.

If you are a consultant, systems integrator or specialist vendor, QA Vector® Research provides

competitive and impact evaluations as part of a subscription to the QA Vector® 500. You may also enhance your entry with white papers and expert videos to facilitate lead generation.

QA Vector® Research also collaborates with firms to develop original thought leadership papers on challenges facing the financial services software development world, how firms are addressing them, and how they may be addressed.

For more information, please contact Lawrence Bell, Commercial Director ([lawrence.bell@qa-financial.com](mailto:lawrence.bell@qa-financial.com)).