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On the Radar: Amdocs' Product & Pricing Catalog takes a customer-centric and agile development approach

Summary

Catalyst

In this digital age, consumer expectations for personalized product and services offerings are rapidly increasing. Traditional banks are well aware of this growing demand but are hampered by legacy core systems that take an account-centric approach and require IT input to create and modify products. Often replacing core systems is seen as the answer, but this is a costly and lengthy exercise that can put the brakes on digital transformation elsewhere. Some banks need solutions that enable them to modernize and take a more customer-centric approach without being constrained by their existing core systems. Amdocs' Product & Pricing Catalog provides banks with a single customer view and enables them to take an agile approach to product creation and modification, without the need to change the core.

Omdia view

Product personalization is a hot topic in a number of sectors, not least financial services. Financial institutions need to be able to customize offerings to suit certain customer groups and take a dynamic approach to product management, including creating bundles and adjusting pricing. The reality is that many traditional banks cannot currently get a full picture of clients across products, making it difficult to achieve these aims. With the rise of open banking, this situation only becomes more complicated as there are more third-party products to add to the mix. Such products offer financial institutions significant scope to create new product packages, but equally, they need systems in place to onboard and manage these products efficiently.

Amdocs Product & Pricing Catalog seeks to free financial institutions from the constraints of their IT systems and help them on their digital transformation journeys with a middleware product that works with the existing core and frontend channel delivery. It provides financial institutions with a centralized customer view across all products, enables business users to take charge of product lifecycle management with a DevSecOps approach, and includes the ability to onboard third-party products. Backed by Amdocs' well-established IT services capabilities, the Product & Pricing solution will appeal to financial institutions that are looking for a full-service provider that can help them break product siloes and leapfrog the capabilities of the legacy core solutions, as they continue on their modernization journey.

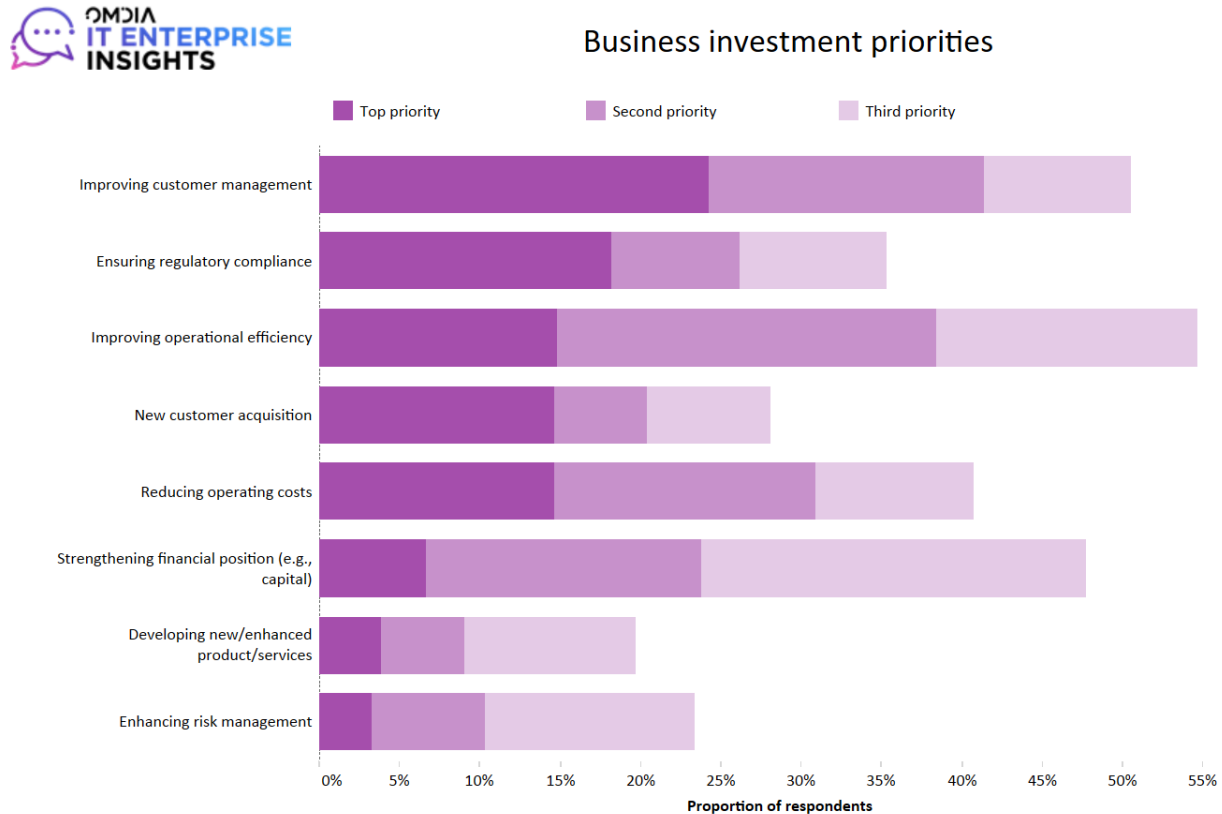
Why put Amdocs on your radar?

Amdocs Product & Pricing Catalog is targeted at large, traditional banking institutions based in the Asia & Oceania, EMEA, and North America regions that are looking to take a more customer-centric approach to serving retail and small and medium business customers, but that are grappling with the constraints of legacy IT systems. It supports banks to modernize without needing to replace the core and enables business users to create and launch new products and pricing bundles in weeks and modify them at speed.

Market context

Retail banks' business strategy continues to be dominated by customer management. As shown in **Figure 1**, data from Omdia's IT Enterprise Insights Survey 2023 shows that 24% of banks cited it as their top business investment priority for 2023.

1. Figure 1: Retail banks are prioritizing improving customer management



Sample size: 467

Question: What are your institution's top strategic priorities driving business investment in 2023?
 Vertical: Retail banking. Primary business line: All. Country: All. Enterprise size: All.

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Source: Omdia IT Enterprise Insights Survey 2023

The challenge facing many banks is that traditionally they have taken an account-centric view of the world and have organized their business around product lines. This is reflected in the widespread prevalence of product siloes that make it difficult to gain a single view from the customer. Furthermore, these product siloes are often underpinned by legacy core banking products which require IT teams' support to create new products and modify existing ones.

In this digital age, this traditional way of working is no longer fit for purpose, particularly in the face of growing competition from fintechs and neobanks, which have put a customer-centric approach at the heart of their propositions. Consumers increasingly expect personalized products and offerings that fit their lifestyles, and these expectations are also filtering through into their business lives, where they expect the same level of digital interaction. As such, there is increasing pressure on banks to improve customer experience in the business banking space as well.

For their part, financial institutions are well aware of the need to take a more dynamic, customer-led approach, which is why there is a significant focus on improving customer management. However, they are hampered by legacy core systems. Omdia's IT Enterprise Insights 2023 Survey, for example, shows that just a quarter of retail banks say they are well-advanced in modernizing their legacy systems. While many banks are undertaking efforts to replace core systems, this is often a lengthy and complicated undertaking that can delay digital transformation efforts elsewhere. As such, there is a demand for solutions that can help modernize customer management processes and effect digital transformation without replacing the core.

Specifically, banks require solutions that provide a single view of the customer and also enable business users to manage the product lifecycle and create product and pricing bundles on the fly. As such, solutions that offer a low-code, no-code, or DevOps approach are increasingly sought after. In addition, the rise of open banking and the increased prevalence of third-party products means that banks also need these same solutions to handle the onboarding and management of external products.

Product overview

Amdocs's new Product & Pricing Catalog supports financial institutions in their digital transformation efforts by enabling them to deliver product and pricing innovations without the need to change their core, thus liberating them from the IT constraints that challenge many traditional providers.

Amdocs Product & Pricing Catalog

Based on a product originally developed for communications service providers (CSPs), the Product & Pricing Catalog is a core-agnostic middleware offering that sits between the backend core systems and frontend channel delivery.

It enables financial institutions to create a central product master and provides a complete overview of the client relationship, thereby helping to break down product siloes and provide a customer-centric view (as opposed to an account-centric view). Achieving this centralized customer view puts banks in a much stronger position to create personalized products and pricing (interest or fee-based) propositions.

The Catalog supports business users in defining these new propositions and managing product lifecycles without relying on IT, as is the case with traditional legacy systems. Its DevSecOps capabilities mean that users can define flexible, reusable, modular templates, policies, and building blocks, providing greater product creation efficiencies. In addition, the customer-centric view provided by the Catalog means that users can create product and pricing bundles across business lines, effectively enabling banks to turn familiar products into fresh, personalized offers for customers. **Figure 2** provides an overview of the Catalog's location.

2. Figure 2: Amdocs Product & Pricing Catalog sits between backend core systems and frontend channels



Source: Amdocs

The high degree of control afforded to business users means that financial institutions can be much more agile and responsive with their product and pricing offers, as exemplified by Amdocs' work with Israel's

Bank Hapoalim. This control also enables business users to rapidly create and deploy customer-centric offers, products, and services, harnessing their vastly improved time-to-market agility.

Financial institutions are also supported with open banking, with the Product & Pricing Catalog enabling them to onboard third-party products and services, which they can bundle with their own products to create new propositions for clients.

Technology and implementation

The Product & Pricing Catalog is a cloud native product built on a microservices infrastructure. Both SaaS and on-premise deployments are supported, and Amdocs has partnerships with AWS, Azure, and Google Cloud. In terms of implementation, the initial set-up takes one month, and the line of business then implements it. The time it takes to complete this stage depends on the number of integrations required, but typical timeframes see all business lines completed within six months.

Amdocs' strong services capabilities mean it can provide a complete end-to-end service to support clients, including consulting, experience design and development, systems integration, and managed services.

Company information

Background

Amdocs was established in 1982 as an automated telephone directories business. Over the subsequent years, it has grown to become a global software and services business targeting the telecommunications and media sectors. It has several software products, with a particular strength in business support services (BSS), operations support services (OSS), and network control and management domains. Most of its contracts include professional services such as application development, deployment and maintenance, systems integration, and managed services. According to Omdia's Telecoms Vendor Services Revenue Tracker, it was the largest provider of IT services to CSPs in 2021, with a 12% market share.

Amdocs became a public company in 1998 and is listed on the NASDAQ exchange. In the years since, it has made a number of acquisitions to further add to its capabilities and scale. Recent examples of its acquisitions include mobile app development company Clearbridge Mobile and cloud consulting firms Sourced Group and DevOpsGroup, which all became part of Amdocs in 2021.

In 2022, Amdocs revealed its plans to launch a new service offering targeting the banking sector, with a focus on digital transformation, cloud migration, and customer and employee experience. This new strategy is built on existing engagements with bank clients, some of which came to it through its acquisitions of Sourced and projekt202 (a US design and development software specialist). The launch of the Product & Pricing Catalog in 2022 marked the start of Amdocs' ambitions to use its established expertise and expand its financial services proposition beyond services and into products.

Current position

Though known as a telecommunications and media provider, Amdocs also has an established financial services customer base. This consists of over 30 banking relationships worldwide, with examples including ABN AMRO, ANZ, Capital One, TD Bank, and Westpac. This provides it with a ready target market for its Product & Pricing Catalog, although it is seeking to acquire new customers. Its targets are global Tier 1 banks, as well as regional providers and national providers, including US super-regional banks. It is also

targeting neobanks, identifying a particular use case in helping them with their pricing strategy and delivering freemium content. As a business, Amdocs is particularly strong in North America and is also active in Asia & Oceania, and EMEA.

Bank Hapolim is a named client using the Product & Pricing Catalog. It aimed to provide customers with personalized products and services and create product bundles delivered at speed. The Product & Pricing Catalog has helped it to achieve these goals, with the DevSecOps approach driving a new agile way of working. Bank Hapolim has reported that thanks to the Catalog, it has launched product offers and bundles in weeks, and business users have been supported in rapidly modifying products as required.

Future plans

Looking to the future, as a relatively new provider of financial services, Amdocs is looking to build its brand name in the sector. It is also focused on expanding its operations in Asia & Oceania and EMEA. It intends to release new products to its portfolio alongside the Product & Pricing Catalog, with the aim of helping financial institutions break down product siloes and better understand the customer.

For the Product & Pricing Catalog itself, Amdocs is looking to build out the client base and reports that financial institutions are responding positively to the personalization capabilities that the solution provides. It is also encountering particular interest from financial institutions for the third-party onboarding capabilities of the solution. At the same time, the ability to create innovative pricing structures, such as subscription models rather than fixed fees, is another sweet spot. From a product development perspective, it has included a number of new services in its roadmap, such as calculating product profitability, thereby providing product teams with better visibility over the performance of different elements of their proposition. This will be further supported by full analytics and data streaming.

Key facts

Table 1: Data sheet: Amdocs

Product/Service name	Amdocs Product & Pricing Catalog	Product classification	Banking middleware
Version number	23.03	Release date	March 2023
Industries covered	Retail banking, SME banking	Geographies covered	Asia & Oceania, EMEA, North America
Relevant company sizes	Tier 1, Tier 2, Tier 3 banks	Licensing options	SaaS (public cloud), on-premise
URL	www.amdocs.com	Routes to market	Direct
Company headquarters	Chesterfield, Missouri, US	Number of employees	31,000

Source: Omdia

Analyst comment

The struggles of traditional financial institutions in this digital age are well documented. Many incumbents are constrained by legacy IT and an account-centric approach that does not fit in an increasingly customer-centric world. As such, there is an undeniable need for solutions that allow banks to have a single view of the customer and enable them to take an agile, business-driven approach to product lifecycle management. The rise of open banking and the proliferation of third-party products only adds to these needs.

A number of technology offerings in the market seek to address these challenges, including many of the modern core banking solutions. However, even with modern technology, replacing core systems is not a light undertaking. It is also costly. In this context, Amdocs' approach of tackling the challenges with a middleware solution is a noteworthy approach. Its proposition of enabling banks to modernize without having to change the core will appeal to many—or at least merit further exploration—as they consider their digital transformation strategies.

Amdocs is, of course, relatively new to the financial services sector. As such, building its brand name will be essential to its success. This will be particularly important outside its core North American market, from which it derives most of its business. However, its proven capabilities as a well-established, full-service provider will help to ensure that it is taken seriously by large Tier 1 global financial institutions. It can also build on the strong reputation that a number of the companies that it has acquired in recent years, such as Sourced, also have in the financial services space.

For Amdocs itself, its move into products and services for the financial services space helps it to diversify its business, which is currently very much focused on the telecommunications sector, and create a more varied client portfolio.

With Amdocs early on in its financial services journey, it will be interesting to monitor its future progress. It has ambitious expansion plans, and its Product & Pricing Catalog is a strong opening gambit for its financial services portfolio. As such, it is certainly one vendor that Omdia believes traditional banks should keep on their radar.

Appendix

On the Radar

On the Radar is a series of research notes about vendors bringing innovative ideas, products, or business models to their markets. On the Radar vendors bear watching for their potential impact on markets as their approach, recent developments, or strategy could prove disruptive and of interest to tech buyers and users.

Further reading

[2023 Trends to Watch: Retail Banking](#) (January 2023)

[Amdocs Service Offering Review: 2022](#) (January 2023)

[IT Enterprise Insights: Retail Banking – 2023](#) (November 2022)

[Telecoms Vendor Services Market Share – 2022 Database](#) (October 2022)

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