

# IDC MarketScape: North America Digital Banking Customer Experience Platforms 2022 Vendor Assessment

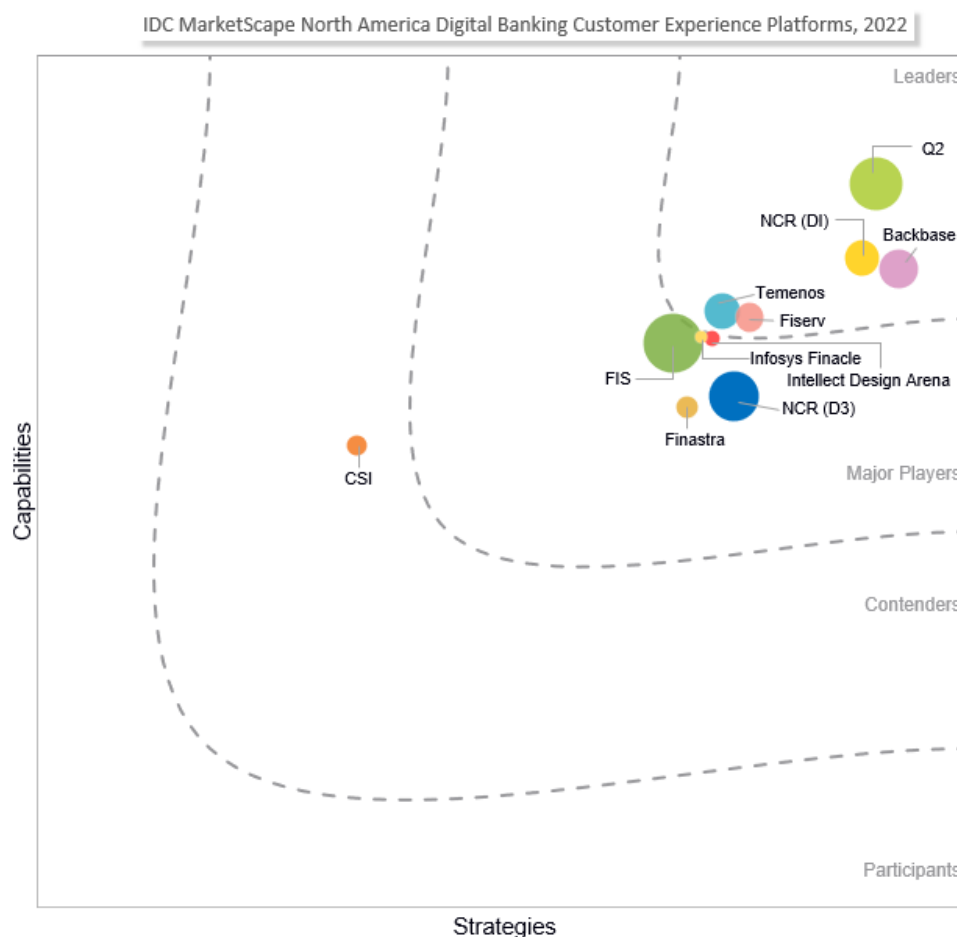
Marc DeCastro

THIS IDC MARKETSCAPE EXCERPT FEATURES Q2

## IDC MARKETSCAPE FIGURE

FIGURE 1

### IDC MarketScape North America Digital Banking Customer Experience Platforms Vendor Assessment



Source: IDC, 2022

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

## IN THIS EXCERPT

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The content for this excerpt was taken directly from IDC MarketScape: North America Digital Banking Customer Experience Platforms 2022 Vendor Assessment (Doc # US48061122). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

## IDC OPINION

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This IDC Financial Insights study presents a 2022 vendor assessment of digital banking customer experience platform solution providers in North America using the IDC MarketScape model. This research quantitatively and qualitatively assesses multiple characteristics that help explain a vendor's success and position in the marketplace relative to the vendors peers.

This IDC MarketScape covers vendors that provide self-service digital banking solution to the North American market. In this study, some of the vendors are in production solutions in North America, while others are actively pursuing banks in the United States and Canada to fully deploy their digital offering. Those vendors that do not have referenceable accounts in North America but are actively marketing and pursuing the market are included in this study.

The technology vendors provided an in-depth assessment of their current capabilities and strategies, and their reference clients were interviewed to assess the vendor's ability to meet the market financial institution's strategic needs and current requirements. For the purpose of this study, IDC defined digital banking customer experience as those solutions offered to the retail customer across the channels of online, mobile, and tablet. Additional self-service components were reviewed, but not required to be highlighted in this study.

Key findings from this research include:

- Use this IDC MarketScape for vendor selection. Financial institutions can use this IDC MarketScape to help develop a short list of vendors from which to solicit information about their product or services. Technology buyers may use this research to evaluate a vendor's proposal and demonstrate the breadth and depth of a provider's capabilities compared with the overall market.
- Digital banking features are becoming more commoditized. When looking at overall features and functionality of online and mobile self-service solutions, there are very few holes in vendor offerings. Any gaps in offerings can be quickly filled through open APIs, partnerships, or agile development strategies that can quickly bring to market new features.
- Differentiation for vendor might be on support, investment into innovation, flexibility on cloud delivery, and growth within the North American market. During the vendor selection process, ask to see road maps and discuss future plans for addressing emerging technology, especially around artificial intelligence (AI), onboarding and marketing extensions, flexibility on platform hosting options, and external ecosystem integration.
- Consumers will begin to demand a more hyper-personalized experience that can deliver across any channel the same experience, which demonstrated empathy and understanding of

the customers financial journey. Doing this will require financial institutions to push their digital banking solutions to their limits and leveraging the numerous opportunities and offerings available from each provider. Our research shows that many financial institutions may lag on rolling out new features and functions or taking advantage of their vendors top-line solutions.

## IDC MARKETScape VENDOR INCLUSION CRITERIA

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The vendor inclusion list for this study was selected to depict the vendors that are most representative of having an active or soon to be active base of North American banks and credit unions and would likely be on most financial institution's short list for digital banking solutions. Vendors were required to offer both an online and a mobile banking solution, whether they were on single or multiple platforms, and the vendor must sell directly to banks and not directly to consumers. For our research, digital banking is defined only as the self-service component, and any enterprise-facing solution to assist customers with their financial needs, whether in a branch or a call center, would be considered a true omni-channel solution. Vendors that also offered those enterprise solutions will be included in an additional IDC MarketScape that combines the customer experience of the digital channel along with the enterprise solution for sales and support.

## ADVICE FOR TECHNOLOGY BUYERS

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Each financial institution will come up with its own requirements when looking to either build, renew, or replace its digital banking solution. Before making the decisions, financial institutions should consider the following questions:

- Where does digital banking fit strategically within our organization? Are we more defensive or aggressive with our self-service solutions?
- Do our customers ask for technology before it is available, or do they wait on us to implement new technology, then ask how to use it?
- When doing due diligence on vendors, focus on the following:
  - **Customer satisfaction.** From references, what has been the experience during the entire buying journey? How much long-term vision is shared by the vendor, and does it align with your overall digital strategy?
  - **Customer service delivery.** How important are things like advisory groups to you? How readily are other customers willing to talk to you about their experiences?
  - **Customer service offering.** When it comes to day-to-day support, what are the options available and what are the references saying about level and quality of support? Can third parties be utilized to provide support in a truly 24 x 7 manner, or have digital assistants to manage routine requests?
  - **Delivery models.** What are my implementation options and ability to use partners, VARs, and systems integrators? How important is having options for cloud vendors that are hosting your digital applications?
  - **Financial considerations.** How important is it to understand the long-term viability of a company or to understand its overall financial health?
  - **Functionality.** Where does the vendor align among its competitors or custom-built solution when it comes to emerging product functionality? Does it matter if the vendor owns the digital asset or if it partners? Is solution in production from another financial institution using your current core provider?

- **Growth.** What is considered to be a healthy growth that does not impact the ability to absorb new clients and can scale as needed? Is vendor growing too quickly and unable to meet promised features and functional upgrades and updates? Is vendor growing too slowly in region?
- **Innovation.** Is vendor providing the appropriate level of automation and artificial intelligence to provide personalized experiences? Is flexibility of embedding third-party fintech solutions into your digital experiences important, and if so, how is the vendor addressing that today?
- **Pricing models.** What options are available from a pricing standpoint and is it competitive?
- **R&D.** What is the vendor reinvesting back into its solutions, and how does this compare with others in the market?

## VENDOR SUMMARY PROFILES

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This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

### Q2

After a thorough evaluation of Q2's strategy and capabilities, IDC has positioned this company in the Leaders category in this 2022 North American IDC MarketScape on digital banking platform solutions.

Q2 is an established fintech of almost 20 years that has focused its solutions on allowing financial institutions to digitally engage with their customers, regardless of core. Q2 became one of the first fintechs to build out a single-platform solution, regardless of channel or device used, something that is commonplace today. Q2 has seen great growth recently, particularly successful among mid-sized institutions in North America, which is currently its only market. Q2 has made acquisitions to augment its solutions in deposit switching as well as commercial-lending solutions. Q2 is a vendor that was most likely to be on a financial institutions list of possible replacement options for their digital banking needs.

Quick facts about Q2 include:

- **Digital banking solution brand:** Q2 Digital Banking Platform
- **Year founded:** 2004
- **Company headquarters:** Austin, Texas, United States
- **Employees:** 2,000
- **2021 IDC FinTech rankings top 100:** Q2 ranked number 51
- **Ownership:** Public

### Strengths

- Q2 is a public company with a proven track record in financial services along with growing revenue and provides stability in vendor selection.
- Q2's Innovation Studio provides financial institutions and fintechs the technology to develop, integrate, and distribute digital banking experiences, including the ability to offer a "bank in a box."
- Q2 exhibits strong growth in customers, particularly in the mid-sized institution segment.

- Q2's focus for now is only on digital banking solutions for North American institutions, allowing Q2 to focus on enhancements most important to this region.

## Challenges

- Q2 is one of a few standalone digital banking platforms that is not owned by an organization with a traditional core banking solution.
- A combination of recent acquisitions and an overly competitive talent environment in Austin, Texas, may create some short-term gaps in meeting deliverables of product road map.
- Q2 has its own dedicated sales team and does not currently use systems integrators or VARs.

## Consider Q2 When

Banks, credit unions, direct banks, and challenger banks should consider Q2 when they are looking to provide a modern digital banking platform solution that can be deployed in any environment and is not part of a traditional core banking offering.

## APPENDIX

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### Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

Each of the 11 vendors evaluated in this IDC MarketScape has the capabilities to support a broad range of functions and services to support banks, credit unions, fintechs, and digital banks with digital self-service account access for their retail banking customers. There is a decent mix of vendors that are purely focused on digital banking, others that have numerous digital and physical solutions, and others that offer a full suite from core banking through digital solutions. All of vendors in this IDC MarketScape can provide a robust solution for digital banking and offer modern solutions for their clients; however, during the process, the importance of choice and delivering enhancements are components that customers want when choosing a digital banking vendor.

### IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and

interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

## Market Definition

This IDC MarketScape is focused on vendors that provide software and platforms to financial institutions to provide their retail banking customers a digital banking self-service experience, including, but not limited to, online banking, mobile banking, native mobile apps, tablet banking, and conversational banking. For this study, IDC is not including omni-channel, which would include in-branch enterprise-facing solutions to assist customers in sales and support but accessed by bank employees or solutions that were aimed at small or mid-sized businesses.

## LEARN MORE

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### Related Research

- *U.S. Banks Closed a Record Number of Retail Branches in 2021* (IDC #lcUS48809522, January 2022)
- *U.S. Survey Results: Financial Virtual Agents and Chatbot Services Provide Efficient Customer Support* (IDC #US43680719, January 2022)
- *Future of Customers and Consumers: Establish Active Learning for Intelligent and Emotional Customer Engagement* (IDC #US47437221, December 2021)
- *IDC's Worldwide Digital Transformation Use Case Taxonomy, 2021: Banking* (IDC #US44302320, November 2021)
- *IDC FutureScape: Worldwide Financial Services and Payments 2022 Predictions* (IDC #US48299721, October 2021)
- *IDC FutureScape: Worldwide Future of Customer and Consumer 2022 Predictions* (IDC #US48297321, October 2021)
- *Digital Banking Solutions Become Dominant Engagement Platform* (IDC #US46524521, June 2021)

## Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of technology vendors participating in the retail digital banking engagement platform industry, primarily providing online and mobile self-service solutions.

"Supporting retail banking customers has completely pivoted to now be digital first, which means digital customer experiences will define the institution's future success," says Marc DeCastro, research director, IDC Financial Insights. "While all vendors in this space provide the necessary tools to provide digital solutions, in order to remain competitive, financial institutions must not only assess their digital strategies to ensure they are offering an exceptional experience. Institutions must also leverage the often underutilized features and functions offered by their digital banking providers to meet customers rapidly growing expectations. Digital can no longer be a check-the-box offering, it must be the foundation for each new prospect and existing customer."

## About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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