Vendor Analysis

Vendor Analysis: Dun & Bradstreet

KYC Data Solutions, 2023

Chartis

About Chartis

Chartis Research is the leading provider of research and analysis on the global market for risk technology. It is part of Infopro Digital, which owns market-leading brands such as Risk and WatersTechnology. Chartis' goal is to support enterprises as they drive business performance through improved risk management, corporate governance and compliance, and to help clients make informed technology and business decisions by providing in-depth analysis and actionable advice on virtually all aspects of risk technology. Areas of expertise include:

- Credit risk.
- Operational risk and governance, risk management and compliance (GRC).
- Market risk.
- Asset and liability management (ALM) and liquidity risk.
- Energy and commodity trading risk.
- Financial crime, including trader surveillance, anti-fraud and anti-money laundering.
- Cyber risk management.
- Insurance risk.
- Regulatory requirements.
- Wealth advisory.
- Asset management.

Chartis focuses on risk and compliance technology, giving it a significant advantage over generic market analysts.

The firm has brought together a leading team of analysts and advisors from the risk management and financial services industries. This team has hands-on experience of developing and implementing risk management systems and programs for Fortune 500 companies and leading consulting firms.

Visit **www.chartis-research.com** for more information.

Table of contents

List of figures and tables

1. Report context

This Vendor Analysis is based on the Chartis quadrant report *KYC Data and Solutions, 2023: Market Update and Vendor Landscape* (published in September 2023). This section summarizes the key theses in that report; subsequent sections take a detailed look at Dun & Bradstreet's quadrant positioning and scoring, and Chartis' underlying opinion and analysis.

Key thesis

Several important developments are driving change and increased complexity in the areas of Know Your Customer (KYC) and anti-money laundering (AML) compliance. The US remains a dominant force in shaping sanctions and regulatory measures, helping to push sanctions deeper into the global supply chain. Complex products and services have further complicated the processes of identifying and managing risks, including those related to money laundering and terrorist financing. To mitigate these risks, companies are prioritizing supply chain due diligence, which increasingly encompasses supplier and customer assessments, transaction monitoring and compliance programs. This is causing financialized corporations to intensify their focus on compliance and customer onboarding to address the risks inherent in the supply chain and complex transactions.

The data landscape has also become more complex. Following **a ruling by the European Court of Justice** (ECJ), efforts in the European Union (EU) to enhance transparency through beneficial ownership records have encountered setbacks. While public access to these records has been restricted, certain entities, including financial institutions and investigative organizations, have retained access. As the corporate data landscape becomes more complex, firms will have to adjust their relevant solutions in response.

The cloud dynamic has also complicated matters. New regulations in the EU (and a general understanding that the cloud is not always a cost-saving 'magic bullet') have led to a slowing in the monotonic growth of cloud solutions. More firms are now looking at hybrid solutions or staying with on-premise deployments.

Among solution vendors, some firms are cautiously exploring the use of generative artificial intelligence (AI) in KYC processes, particularly for generating reports and analyzing negative news. While this technology offers new possibilities, it requires careful implementation and meticulous error-checking.

The RiskTech Quadrant® for KYC data solutions continues to evolve, driven by network effects – larger data vendors are acquiring smaller ones, enriching their offerings. The depth of data and its geographical specificity are expanding to encompass such areas as bribery, corruption, forced labor and regional specifics.

KYC solutions, meanwhile, are becoming more complete, and now emphasize case management, workflow, analytics, screening and due diligence. For category leaders, market presence and growth are now essential.

As the financial landscape continues to evolve, KYC and AML compliance remain critical for financial institutions and vendors alike. To stay competitive, and compliant, it is vital that all firms understand – and adapt to – these trends.

Demand-side takeaways

Several key developments in the US have helped to increase the level of sanctions and financial regulation in the country and elsewhere:

- The Financial Crimes Enforcement Network (FinCEN) published its final ruling on beneficial ownership information (BOI) provisions in September 2022.
- The US Treasury's National Strategy for Combatting Terrorist and Other Illicit Financing was announced in May 2022. This strategy aims to increase transparency and strengthen US AML/combating the financing of terrorism (CFT) regulations by closing loopholes in the country's financial system.
- In February 2023, the White House announced a range of new economic restrictions. These included new export restrictions targeting Russia's defense and energy sectors, and a crackdown on attempts by third parties to evade US sanctions on Russia. The announcement also included a joint initiative with the UK to impose sanctions on Russian cybercriminals.

These new restrictions have helped to drive sanctions – as a tool – deeper into the supply chain.

The problem for financial institutions and vendors is that modern supply chains are complex. The increasing globalization of trade has led to more interconnected supply chains, which now include a growing number of stakeholders across suppliers, manufacturers, distributors and retailers. In addition, the increasing complexity of products and services has made tracing these networks more of a challenge.

This complexity can make it difficult for firms to identify and manage risks associated with money laundering and terrorist financing. Moreover, companies' supply chains may involve transactions with parties in countries that are subject to sanctions, increasing the risk of non-compliance.

To mitigate these risks, firms are increasingly focusing on supply chain due diligence. This includes conducting due diligence on suppliers and customers, monitoring transactions for suspicious activity and implementing compliance programs.

Financialized corporations are the focus – and the customers – for complex KYC solutions

Large corporates have generally had to pay more attention to their compliance and customer onboarding, and are increasingly becoming part of the buyer landscape for KYC solutions. The need to address supply chain risk has brought them more into the sanctions and compliance space – they are involved in complex transactions with multiple parties, making it difficult to identify and manage risks.

For their part, small and medium-sized enterprises may have a more complex ownership structure and a higher concentration of buyers and suppliers. And small enterprises may have fewer personnel and financial resources to carry out due diligence. At the same time, they often have greater flexibility in terms of policymaking and implementation, and may have fewer impacts or suppliers to manage compared with larger enterprises.

Supply-side takeaways

Generative AI: cautious first steps

Some solution vendors have announced their first forays into the use of generative AI within the KYC space. Most are understandably cautious. The predictive nature of most large language models (LLMs) means that they are often likely to come up with 'common' answers to questions (i.e., a probabilistic determination of the most frequent answer) and lack the ability to error-check their own work.

Nevertheless, Chartis has seen some firms move into the space with report-generation capabilities for suspicious activity reports (SARs) (using LLMs to auto-generate reports based on existing data), and in the negative news space (using LLMs to populate negative news reports).

With commercially available LLMs such as GPT-4 dominating much of the discourse, firms are pursuing different options for using these capabilities:

- Using an application programming interface (API) to provide services from an established LLM (such as GPT-4), which can then be attached to a negative-news or report-generation platform.
- Using APIs to provide a choice of LLMs (BLOOM, PaLM or GPT-4, for example), enabling users to select those that they feel are more suited to their purposes.
- Developing their own LLM. While the time and development costs for building an LLM at scale are prohibitive, some vendors have developed (or are in the process of developing) their own LLMs. One benefit of this approach is that these LLMs can be better suited to their target market (adverse media, for example), although they have less flexibility (in terms of queries) than commercial LLMs.

2. Quadrant context

Introducing the Chartis RiskTech Quadrant®

This section of the report contains:

- The Chartis RiskTech Quadrant® for KYC data solutions, 2023.
- An examination of Dun & Bradstreet's positioning and its scores as part of Chartis' analysis.
- A consideration of how the quadrant reflects the broader vendor landscape.

Summary information

What does the Chartis quadrant show?

The RiskTech Quadrant® uses a comprehensive methodology that involves in-depth independent research and a clear scoring system to explain which technology solutions meet an organization's needs. The RiskTech Quadrant® does not simply describe one technology option as the best KYC data solution; rather it has a sophisticated ranking methodology to explain which solutions are best for specific buyers, depending on their implementation strategies.

The RiskTech Quadrant® is a proprietary methodology developed specifically for the risk technology marketplace. It takes into account vendors' product, technology and organizational capabilities. Section 4 of this report sets out the generic methodology and criteria used for the RiskTech Quadrant®.

How are quadrants used by technology buyers?

Chartis' RiskTech and FinTech quadrants provide a view of the vendor landscape in a specific area of risk, financial and/or regulatory technology. We monitor the market to identify the strengths and weaknesses of different solutions and track the post-sales performance of companies selling and implementing these systems. Users and buyers can consult the quadrants as part of their wider research when considering the most appropriate solution for their needs.

Note, however, that Chartis Research does not endorse any vendor, product or service discussed in its research publications and does not advise technology users to select only those vendors with the highest ratings or other designation. Chartis Research's publications consist of the opinions of its research analysts and should not be construed as statements of fact.

How are quadrants used by technology vendors?

Technology vendors can use Chartis' quadrants to achieve several goals:

- Gain an independent analysis and view of the provider landscape in a specific area of risk, financial and/or regulatory technology.
- Assess their capabilities and market positioning against their competitors and other players in the space.
- Enhance their positioning with actual and potential clients and develop their go-to-market strategies.

In addition, Chartis' Vendor Analysis reports, like this one, offer detailed insight into specific vendors and their capabilities, with further analysis of their quadrant positioning and scoring.

Chartis Research RiskTech Quadrant® for KYC data solutions, 2023

Figure 1 illustrates Chartis' view of the KYC data solutions vendor landscape, highlighting Dun & Bradstreet's position.

Quadrant dynamics

General quadrant takeaways

The 'network effect' dynamics of the KYC data solutions quadrant remain intact. Significant network effects are at play, enabling larger data vendors to acquire smaller ones to further enrich their own offerings. This also leads to a relatively strong correlation between market potential and completeness of offering.

The depth of the data being offered continues to expand. Major and minor vendors alike are looking to establish footholds in new areas. These are not always specifically compliance- and/or AML-focused, but bring in information from adjacent areas. This allows financial institutions to create

Figure 1: RiskTech Quadrant® for KYC data solutions, 2023

Source: Chartis Research

more complete pictures of their more complex counterparties or onboarded individuals. **These datasets include bribery and corruption**, forced labor and supply chain datasets.

The geographical specificity of the data on offer has also increased. As ultimate beneficial ownership data has become more difficult to obtain, more firms have been building out data that focuses on specific local factors, whether these relate to regional crime groups, local registry data that cannot be obtained online or integrations with regional identity datasets.

The landscape continues to be dominated by a few major vendors. With ongoing voracious growth in demand from financial institutions in terms of the size and complexity of the data, new entrants and established players will continue to carve out niches and expand this quadrant.

Vendor positioning in context – completeness of offering

Dun & Bradstreet provides sanctions and watchlist screening data via multiple solutions. This data helps its clients identify companies and individual shareholders from more than 500 million company records and hundreds of blacklists/sanctions lists.

Chartis' high rating for Dun & Bradstreet's Risk Analytics and Compliance Intelligence solutions reflect its ability to provide screening data on more than 1 million individuals. Dun and Bradstreet's data, aligned to regulatory requirements and politically exposed person (PEP) definitions, covers more than 240 countries and territories. Its solution also provides access to more than 25 million historical adverse media articles and thousands of up-to-date news sources. These capabilities – leveraged via AI tools – can help to provide crucial information to protect customers against reputational risk and official sanction or enforcement actions.

The company also provides data on corporate structure and entity relationships, including information on directors, shareholders and ultimate beneficial owners (UBOs). This enables users to identify their clients' sources of wealth by collating business-interest information and associated financial data points.

In addition to assigning unique Data Universal Numbering System (D-U-N-S) Numbers to entities, Dun & Bradstreet provides insights on more than 331 million individual shareholders connected to D-U-N-S Numbers. This helps users accurately identify individuals and entities raised in searches and, via entity resolution, assess the relationships they have. The solutions' risk engine and workflow also use D-U-N-S Numbers to generate risk indicators based on customers' configured policy settings.

The extensive data-related capabilities offered by Dun & Bradstreet's solution are reflected in its category leader position in the quadrant. To help its clients identify the entities they do business with in more than 240 jurisdictions, the company's solutions use the following data types and quantities, which are updated daily:

- Business records (more than 500 million).
- Points of match (1.4 billion).
- Shareholders (more than 330 million).

Table 1 shows Chartis' rankings for Dun & Bradstreet's coverage against each of the completeness of offering criteria.

Table 1: Completeness of offering – Dun & Bradstreet (KYC data solutions, 2023)

Completeness of offering criterion	Coverage
Sanctions and watchlist data	High
Negative news and PEPs	High
Traditional ID	Medium
Electronic and digital ID	Medium
Corporate structure	High
Entity relationships	High
Trade-related financial crime risk	High
High-risk business	High

Source: Chartis Research

Vendor positioning in context – market potential

The breadth of capabilities offered by Dun & Bradstreet's Risk Analytics solutions contributed to the vendor's category leader position in the quadrant.

Dun & Bradstreet's high ranking for market penetration reflects its global client base, which includes 90% of Fortune 500 companies. Building on its historically strong foundation in the data marketplace, Dun & Bradstreet has extended its position as one of the market leaders in data provision. Given the organic growth in the KYC data space, the company's strong market potential is based on its significant global presence and consistent growth in active users.

Dun & Bradstreet has displayed robust growth over the past decade, and has established an extensive partnership portfolio with other data and technology providers. These activities have helped to cement its position as a central player in the corporate data ecosystem.

Table 2 shows Chartis' rankings for Dun & Bradstreet's coverage against each of the market potential criteria.

Table 2: Market potential – Dun & Bradstreet (KYC data solutions, 2023)

Market potential criterion	Coverage
Customer satisfaction	High
Market penetration	High
Growth strategy	Medium
Financials	High

Source: Chartis Research

3. Vendor context

Table 3 provides a summary of the vendor and its solutions.

Dun & Bradstreet is a global provider of business decisioning data and analytics. The company's Data Cloud fuels solutions and delivers insights that can help customers boost revenue, lower costs and mitigate risk. Dun & Bradstreet is publicly traded on the New York Stock Exchange (NYSE: DNB).

For financial services and corporate organizations alike, the complexity of the KYC/AML onboarding process continues to grow. Compliance teams are facing an ever-evolving business climate that makes it harder to keep up with shifting regulatory frameworks and potential bad actors.

Some examples include:

- **Dynamic and stressed due diligence processes**. Compliance professionals are under increasing pressure to conduct heightened due diligence with fewer resources and in less time. Manual processes make their tasks very difficult and lengthy to complete.
- **Disparate data from numerous sources**. Gathering the insights needed to conduct effective due diligence and make informed decisions takes a lot of time and requires data from numerous disparate sources. This increases operational costs and decreases efficiency.
- **Effectively mitigating compliance risks before disruption**. Keeping up with material changes in compliance risks on an ongoing basis to mitigate issues quickly and avoid reputational damage and operational disruption.
- **Disorganized documenting and tracking of compliance assessments**. Keeping compliance assessments organized and accessible for increasingly frequent reviews, share reports across teams, and respond to auditors and regulators.

Due to near-constant change in the economic outlook, and as a lingering effect of the COVID-19 pandemic, there is further urgency for businesses to implement an 'always on' approach to maintaining client files without the need for a full manual periodic review. Without this mechanism in place to account for rapid changes in conditions, organizations have encountered numerous issues that involve significant manual work, particularly in offshore countries – and this creates vulnerabilities. As a result, businesses have been unable to take on new customers in some cases due to a lack of resources.

Table 3: Dun & Bradstreet – company information

Company	Dun & Bradstreet
Headquarters	Jacksonville, FL, US
Other offices	49 locations, including Center Valley, Pennsylvania; Florham Park, New Jersey; Austin, Texas; Paddington, England and Dublin, Ireland.
Description	Dun & Bradstreet, a global provider of business decisioning data and analytics has, since 1841, enabled companies of all sizes around the world to improve their business performance. Dun & Bradstreet's Data Cloud fuels solutions and delivers insights that can help customers boost revenue, lower costs and mitigate risk.
Solution	D&B Risk Analytics – Compliance Intelligence is a KYC/Know Your Business (KYB) monitoring and compliance solution driven by Dun & Bradstreet's robust data, screening capabilities and insights. It helps compliance teams streamline their due diligence, simplify their decision-making and increase their defensibility.

Source: Dun & Bradstreet

Traditional KYC vs. continuous KYC monitoring approaches

Traditional KYC approaches apply periodic compliance risk reviews at a routine cadence and are designed to capture risk at the time of review. Risk factors shift more often than this process can keep up with, however, leaving potential risks between periodic reviews. Organizations are looking for ways to address these rapid changes by using data-led approaches and automation, and potentially by implementing a continuous KYC monitoring model.

Continuous KYC monitoring uses automation to perform the process steps in end-to-end periodic KYC review. This approach can highlight a small subset of complex cases that require some degree of human intervention, while clearing the remainder (and constantly updating the risks) without the need for 'eyeballs'.

The advantages of continuous KYC/KYB practices include:

- Proven cost reduction.
- Reduced human intervention.
- Mitigation of human error or bias.
- Improved analyst workload.
- The identification of risk sooner, enabling faster mitigation.

A continuous KYC/KYB monitoring approach requires the alignment of three main elements:

- A solid data-led approach to sourcing the required data attributes.
- A clear policy that covers all situations.
- A workflow layer that can apply rules automatically.

Dun & Bradstreet offers compliance teams a single source of third-party risk insights to help them uncover risks concealed beneath the superficial data. Automated workflows help firms to streamline onboarding and screening processes, cut due diligence time and support continuous monitoring.

How Dun & Bradstreet can help

Onboarding and screening third parties can be a lengthy, tedious process that requires labor-intensive research and data gathering to enable firms to conduct effective identity verification and screening. By getting this right, firms can receive any changes to client data, with automation pushing this feedback through all three elements listed above.

For many businesses, implementing these foundational elements is usually the initial stumbling block. Experience shows, for example, that many businesses encounter issues in aligning their legacy systems, and this can make it difficult to achieve a single source of reliable data.

Furthermore, a solid data approach requires good-quality data resolved to the entity being evaluated, which is often a difficult standard for businesses to reach. Some have trouble managing internal data, while others struggle to integrate the essential external data they need to supplement their own information. Businesses may also encounter challenges when resourcing the handling of alerts.

All of these challenges are common when firms move to a continuous KYC/KYB monitoring approach, but that doesn't mean a business is not ready for this transition. It's natural to have some challenges, but they can be overcome and they shouldn't prevent organizations from benefiting from the improvement offered by continuous KYC/KYB monitoring.

D&B Risk Analytics – Compliance Intelligence is a continuous KYC/KYB monitoring solution that includes risk workflow and automation driven by Dun & Bradstreet's AI-powered data and insights. It can help compliance teams to:

- Verify and enrich data on business partners against the Dun & Bradstreet Data Cloud, with:
  - Core company information.
  - Financial insights.
  - Firmographics.
  - Beneficial ownership and linkage.
  - Public filings.
  - D-U-N-S Number registered verification.
  - ESG rankings.[1]
  - Cyber risk ratings.[1]

[1] D&B ESG Rankings and D&B Cyber Risk Ratings are available as add-on modules within D&B Risk Analytics – Supplier Intelligence at an additional cost.

- Streamline due diligence and reduce the time spent on unnecessary manual outreach, with capabilities to:
  - Leverage the deep risk insights gathered from tens of thousands of globally trusted sources and updated in near-real time for continuous KYC/KYB monitoring.
  - Set configurable alerts that notify an organization's team when material risk arises within its portfolio. This can enable the team to focus on risk-relevant activities rather than spending time searching for risks in the portfolio.
  - Screen entities, beneficial owners, trade styles and directors to better identify compliance risks and bad actors.
  - Automate and configure screening workflows on an individual risk policy basis, helping firms to eliminate manual due diligence processes and save time/effort.
- Reach regulatory and risk-based decisions quicker with intelligent false-positive adjudication and reporting. This includes:
  - Interactive dashboard widgets.
  - Automated compliance reports.
  - PDF download of end-to-end compliance reports for audits.
  - Configurable report templates.
  - Saved report snapshots.

Live Business Identity – a key component of all Dun & Bradstreet solutions

D&B Risk Analytics – Compliance Intelligence leverages Dun & Bradstreet's Live Business Identity, which represents all the information provided for a given entity within the Dun & Bradstreet Data Cloud. Live Business Identity starts with the Dun & Bradstreet D-U-N-S Number, a universal identifier that is assigned once Dun & Bradstreet's patented identity resolution process identifies a company as unique in the Data Cloud.

The D-U-N-S Number can be thought of as a corporate fingerprint. And, like personal identities, which are more than just a fingerprint, Live Business Identity covers additional aspects, such as:

- Business identity resolution.
- Hierarchy and linkage.
- Predictive and prescriptive indicators.

Just as personal identities can change over time, Live Business Identity is continually updated with verified inputs and via D&B's rigorous governance process. Dun & Bradstreet's Live Business Identity can be considered a living, breathing descriptor of businesses around the globe, giving companies comprehensive and continuously updated view of their business relationships. Dun & Bradstreet's solutions – and integrations into existing systems – make those insights actionable.

Robust insights on the companies and people organizations do business with

D&B Risk Analytics – Compliance Intelligence leverages data from the Dun & Bradstreet Data Cloud, providing insight on the people, controllers and companies with whom organizations look to do business. With excellent coverage and depth of data, D&B Compliance Intelligence helps firms:

- **Identify and screen a company's beneficial owners**. Connected to D&B Beneficial Ownership Insights, D&B Compliance Intelligence provides deep insights on:
  - More than 330 million shareholders.
  - More than 1.5 billion relationships and connections between businesses and people.
  - More than 300 million business records in 220 markets.
- **Identify and resolve an individual's role within numerous companies**. Connecting a company to its beneficial owners and controllers is critical for conducting effective due diligence and adhering to required reporting. D&B Compliance Intelligence assists companies in conducting enhanced due diligence with its Network Intelligence insights. These help to identify an individual's role, ownership and control over numerous companies and trade styles. This capability allows companies to gain even deeper insights into the entity with which they are doing business.

Tools and solutions to transform KYC and Know Your Third Party (KY3P) programs

In a volatile, uncertain global landscape where regulations are expanding, thorough due diligence has become steadily more challenging. Compliance professionals need accurate, up-to-date data and efficient processes to be able to mitigate risks proactively.

With the right data and analytical tools, compliance teams can build effective, proactive programs to protect their companies and avoid costly risks.

Comprehensive, actionable data working in tandem with AI-based compliance automation solutions can create powerful defenses for businesses. They also help compliance teams safeguard the company's stability, continuity and reputation — while transforming the function from a cost center into a creator of business value.

Dun & Bradstreet has a variety of solutions in addition to D&B Risk Analytics – Compliance Intelligence to support the needs of firms, including:

- **D&B Data Blocks for third-party risk and compliance**. These enable third-party risk management teams to consume Dun & Bradstreet's data and insights by simply 'stacking' logical, topic-based groupings of Data Blocks together to address supplier and compliance risk use cases across the business. Any specific combination of Data Blocks can be seamlessly delivered via API, flat files or both.

- **D&B Network Intelligence** gives compliance and procurement teams a comprehensive people-centric lens with which to identify individuals that are potentially acting in more than one role within their network of third parties.

- **Ultimate beneficial ownership** delivers comprehensive UBO data to help firms establish sources of wealth and gain visibility into who they are doing business with. This includes data on more than 330 million shareholders supporting 236 million D-U-N-S Number-identified companies worldwide.

- **Supplier Data Services** is a data file delivery process that ensures that companies have the highest-quality data when and where they need it. By matching a company's data to Dun & Bradstreet's 500 million business records, firms can standardize, cleanse and de-duplicate it.

4. Methodology

Overview

Chartis is a research and advisory firm that provides technology and business advice to the global financial services industry. Chartis provides independent market intelligence regarding market dynamics, regulatory trends, technology trends, best practices, competitive landscapes, market sizes, expenditure priorities, and mergers and acquisitions. Chartis' RiskTech Quadrant® and FinTech Quadrant™ reports are written by experienced analysts with hands-on experience of selecting, developing and implementing financial technology solutions for a variety of international companies in a range of industries, including banking, insurance and capital markets. The findings and analyses in our quadrant reports reflect our analysts' considered opinions, along with research into market trends, participants, expenditure patterns and best practices.

Chartis seeks to include RiskTech and FinTech vendors that have a significant presence in a target market. The significance may be due to market penetration (e.g., a large client base) or innovative solutions. Chartis uses detailed vendor evaluation forms and briefing sessions to collect information about each vendor. If a vendor chooses not to respond to a Chartis request for information, Chartis may still include the vendor in the report. Should this happen, Chartis will base its opinion on direct data collated from technology buyers and users, and from publicly available sources.

Chartis' research clients include leading financial services firms and Fortune 500 companies, leading consulting firms and financial technology vendors. The vendors evaluated in our quadrant reports can be Chartis clients or firms with whom Chartis has no relationship.

Chartis evaluates all vendors using consistent and objective criteria, regardless of whether they are Chartis clients. Chartis does not give preference to its own clients and does not request compensation for inclusion in a quadrant report, nor can vendors influence Chartis' opinion.

Briefing process

We conducted face-to-face and/or web-based briefings with each vendor.[1] During these sessions, Chartis experts asked in-depth, challenging questions to establish the real strengths and weaknesses of each vendor. Vendors provided Chartis with:

- A business update – an overview of solution sales and client satisfaction.
- A product update – an overview of relevant solutions and R&D roadmaps.
- A product demonstration – key differentiators of their solution relative to those of their competitors.

In addition to briefings, Chartis used other third-party sources of data, such as conferences, academic and regulatory studies, and publicly available information.

Evaluation criteria

We develop specific evaluation criteria for each piece of quadrant research from a broad range of overarching criteria, outlined below. By using domain-specific criteria relevant to each individual risk, we can ensure transparency in our methodology, and allow readers to fully appreciate the rationale for our analysis. The specific criteria used for KYC data solutions are shown in Table 4.

Completeness of offering

- **Depth of functionality**. The level of sophistication and number of detailed features in the software product (e.g., advanced risk models, detailed and flexible workflow, domain-specific content). Aspects assessed include innovative functionality, practical relevance of features, user-friendliness, flexibility and embedded intellectual property. High scores are given to firms that achieve an appropriate balance between sophistication and user-friendliness. In addition, functionality linking risk to performance is given a positive score.
- **Breadth of functionality**. The spectrum of requirements covered as part of an enterprise risk management system. This varies for each subject area, but special attention is given to functionality covering regulatory requirements, multiple risk classes, multiple asset classes, multiple business lines and multiple user types

[1] *Note that vendors do not always respond to requests for briefings; they may also choose not to participate in the briefings for a particular report.*

Table 4: Evaluation criteria for Chartis' KYC data solutions quadrant, 2023

Completeness of offering	Market potential
• Sanctions and watchlist data	• Customer satisfaction
• Negative news and PEPs	• Market penetration
• Traditional ID	• Growth strategy
• Electronic and digital ID	• Business model
• Corporate structure	• Financials
• Entity relationships	
• Trade-related financial crime risk	
• High-risk business	

Source: Chartis Research

(e.g., risk analyst, business manager, CRO, CFO, compliance officer). Functionality within risk management systems and integration between front-office (customer-facing) and middle/back office (compliance, supervisory and governance) risk management systems are also considered.

- **Data management and technology infrastructure**. The ability of risk management systems to interact with other systems and handle large volumes of data is considered very important. Data quality is often cited as a critical success factor and ease of data access, data integration, data storage and data movement capabilities are all important factors. Particular attention is given to the use of modern data management technologies, architectures and delivery methods relevant to risk management (e.g., in-memory databases, complex event processing, component-based architectures, cloud technology and Software as a Service). Performance, scalability, security and data governance are also important factors.

- **Risk analytics**. The computational power of the core system, the ability to analyze large amounts of complex data in a timely manner (where relevant in real time) and the ability to improve analytical performance are all important factors. Particular attention is given to the difference between 'risk' analytics and standard 'business' analytics. Risk analysis requires such capabilities as non-linear calculations, predictive modeling, simulations, scenario analysis, etc.

- **Reporting and presentation layer**. The ability to present information in a timely manner, the quality and flexibility of reporting tools, and their ease of use, are important for all risk management systems. Particular attention is given to the ability to do ad hoc 'on the fly' queries (e.g., 'what-if' analysis), as well as the range of 'out of the box' risk reports and dashboards.

Market potential

- **Business model**. Includes implementation and support and innovation (product, business model and organizational). Important factors include size and quality of the implementation team, approach to software implementation and post-sales support and training. Particular attention is given to 'rapid' implementation methodologies and 'packaged' services offerings. Also evaluated are new ideas, functionality and technologies to solve specific risk management problems. Speed to market, positioning and translation into incremental revenues are also important success factors in launching new products.

- **Market penetration**. Volume (i.e., number of customers) and value (i.e., average deal size) are considered important. Rates of growth relative to sector growth rates are also evaluated. Also covers brand awareness, reputation and the ability to leverage current market position to expand horizontally (with new offerings) or vertically (into new sectors).

- **Financials**. Revenue growth, profitability, sustainability and financial backing (e.g., the ratio of license to consulting revenues) are considered key to scalability of the business model for risk technology vendors.

- **Customer satisfaction**. Feedback from customers is evaluated, regarding after-sales support and service (e.g., training and ease of implementation), value for money (e.g., price to functionality ratio) and product updates (e.g., speed and process for keeping up-to-date with regulatory changes).

- **Growth strategy**. Recent performance is evaluated, including financial performance, new product releases, quantity and quality of contract wins and market expansion moves. Also considered are the size and quality of the sales force, sales distribution channels, global presence, focus on risk management, messaging and positioning. Finally, business insight and understanding, new thinking, formulation and execution of best practices and intellectual rigor are considered important.

Quadrant construction process

Chartis constructs its quadrants after assigning scores to vendors for each component of the completeness of offering and market potential criteria. By aggregating these values, we produce total scores for each vendor on both axes, which are used to place the vendor on the quadrant.

Definition of quadrant boxes

Chartis' quadrant reports do not simply describe one technology option as the best solution in a particular area. Our ranking methodology is designed to highlight which solutions are best for specific buyers, depending on the technology they need and the implementation strategy they plan to adopt. Vendors that appear in each quadrant have characteristics and strengths that make them especially suited to that category and, by extension, to particular users' needs.

Point solutions

- Point solutions providers focus on a small number of component technology capabilities, meeting a critical need in the risk technology market by solving specific risk management problems with domain-specific software applications and technologies.

- They are often strong engines for innovation, as their deep focus on a relatively narrow area generates thought leadership and intellectual capital.

- By growing their enterprise functionality and utilizing integrated data management, analytics and business intelligence (BI) capabilities, vendors in the point solutions category can expand their completeness of offering, market potential and market share.

Best-of-breed

- Best-of-breed providers have best-in-class point solutions and the ability to capture significant market share in their chosen markets.

- They are often distinguished by a growing client base, superior sales and marketing execution and a clear strategy for sustainable, profitable growth. High performers also have a demonstrable track record of R&D investment, together with specific product or 'go-to-market' capabilities needed to deliver a competitive advantage.

- Because of their focused functionality, best-of-breed solutions will often be packaged together as part of a comprehensive enterprise risk technology architecture, co-existing with other solutions.

Enterprise solutions

- Enterprise solution providers typically offer risk management technology platforms, combining functionally rich risk applications with comprehensive data management, analytics and BI.

- A key differentiator in this category is the openness and flexibility of the technology architecture and a 'toolkit' approach to risk analytics and reporting, which attracts larger clients.

- Enterprise solutions are typically supported with comprehensive infrastructure and service capabilities, and best-in-class technology delivery. They also combine risk management content, data and software to provide an integrated 'one stop shop' for buyers.

Category leaders

- Category leaders combine depth and breadth of functionality, technology and content with the required organizational characteristics to capture significant share in their market.

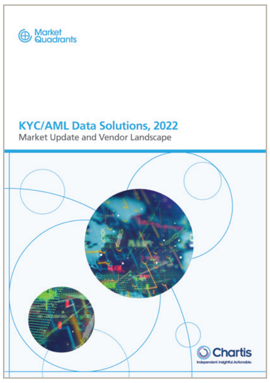
- They demonstrate a clear strategy for sustainable, profitable growth, matched with best-in-class solutions and the range and diversity of offerings, sector coverage and financial strength to absorb demand volatility in specific industry sectors or geographic regions.

- They typically benefit from strong brand awareness, a global reach and strong alliance strategies with leading consulting firms and systems integrators.

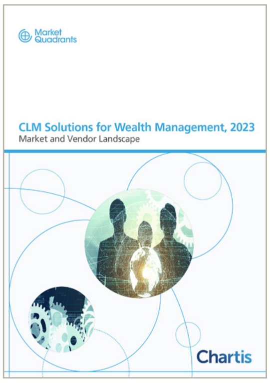
5. Further reading

KYC Data and Solutions, 2023: Market Update and Vendor Landscape

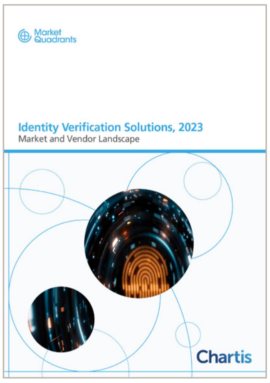
KYC Solutions, 2022: Market Update and Vendor Landscape



KYC/AML Data Solutions, 2022: Market Update and Vendor Landscape



CLM Solutions for Wealth Management, 2023: Market and Vendor Landscape



Identity Verification Solutions, 2023: Market and Vendor Landscape

Payment Risk Solutions 2023: Market and Vendor Landscape

For all these reports, see **www.chartis-research.com**