



Topic: Finance and Accounting Outsourcing (FAO) – Service Provider Landscape with PEAK Matrix Assessment 2013

Finance and Accounting Outsourcing (FAO)
Market Report: August 2013 – Preview Deck

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¹ Banking, financial services, and insurance

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Background and methodology of the research

Background of the research

The global multi-process FAO market witnessed a healthy growth of 10% in 2012, showing signs of a mature and stable market. Beyond cost reduction, process improvement, standardization, and scalability/flexibility drove FAO adoption, emphasizing a cost+ value proposition. Moreover, adoption moved beyond the traditional geographies to cover under-penetrated markets as well. With the market maturing, the competition intensity is at an all-time high. As a result, it is becoming difficult to differentiate service providers purely based on delivery capability. Service providers are also making investments across various areas to create innovative FAO solutions and offer differentiated value proposition, in order to stand out in the crowded FAO market.

In this research, we analyse the global FAO service provider landscape in 2012. We focus on

- Position of 20+ service providers on the Everest Group PEAK Matrix for FAO
- 2013 Star Performers
- Key insights on PEAK Matrix dimensions
- Emerging service provider trends
- Implication for buyers and service providers

The scope and methodology of this report include

- Third-party multi-process FAO deals with a minimum of two F&A processes, over US\$1 million in ACV, and a minimum contract term of three years
- Over 800 multi-process FAO deals signed as of 2012
- Coverage across 20+ FAO service providers with multi-process capability including Accenture, Aditya Birla Minacs, Aegis, Capgemini, Cognizant, Datamatics, EXL, Genpact, HCL, HP, IBM, iGATE, Infosys, IQ BackOffice, NCO, Quattro, Serco, Steria, Sutherland Global Services, TCS, Tech Mahindra, Wipro, WNS, Xchanging, and Xerox

This report is based on three key sources of proprietary information

1

- Proprietary database of **800+ multi-process FAO contracts** (updated annually)
- The database tracks the following elements of each multi-process FAO contract:
 - Buyer details including industry, size, and signing region
 - Contract details including Total Cumulative Value (TCV), Annualized Contract Value (ACV), term, start date, service provider FTEs, and pricing structure
 - Scope including buyer geography and functional activities
 - Technology including core F&A technology, service provider-provided tools (if any), ownership, and maintenance
 - Global sourcing including delivery locations and level of offshoring
 - Sourcing process including sole-sourced, competitive, advisor, or non-advisor led

2

- Proprietary database of **operational capability of 20+ FAO service providers** (updated annually)
- The database tracks the following capability elements for each service provider
 - Key Leaders
 - Major FAO clients and recent wins
 - Overall revenue and F&A employees
 - Recent F&A-related developments
 - FAO delivery locations
 - FAO service suite
 - Quality certifications and credit rating
 - F&A-related technology capability

3

Buyer surveys and interactions

- Global survey and one-on-one executive-level interviews to understand how organizations perceive performance of their FAO provider

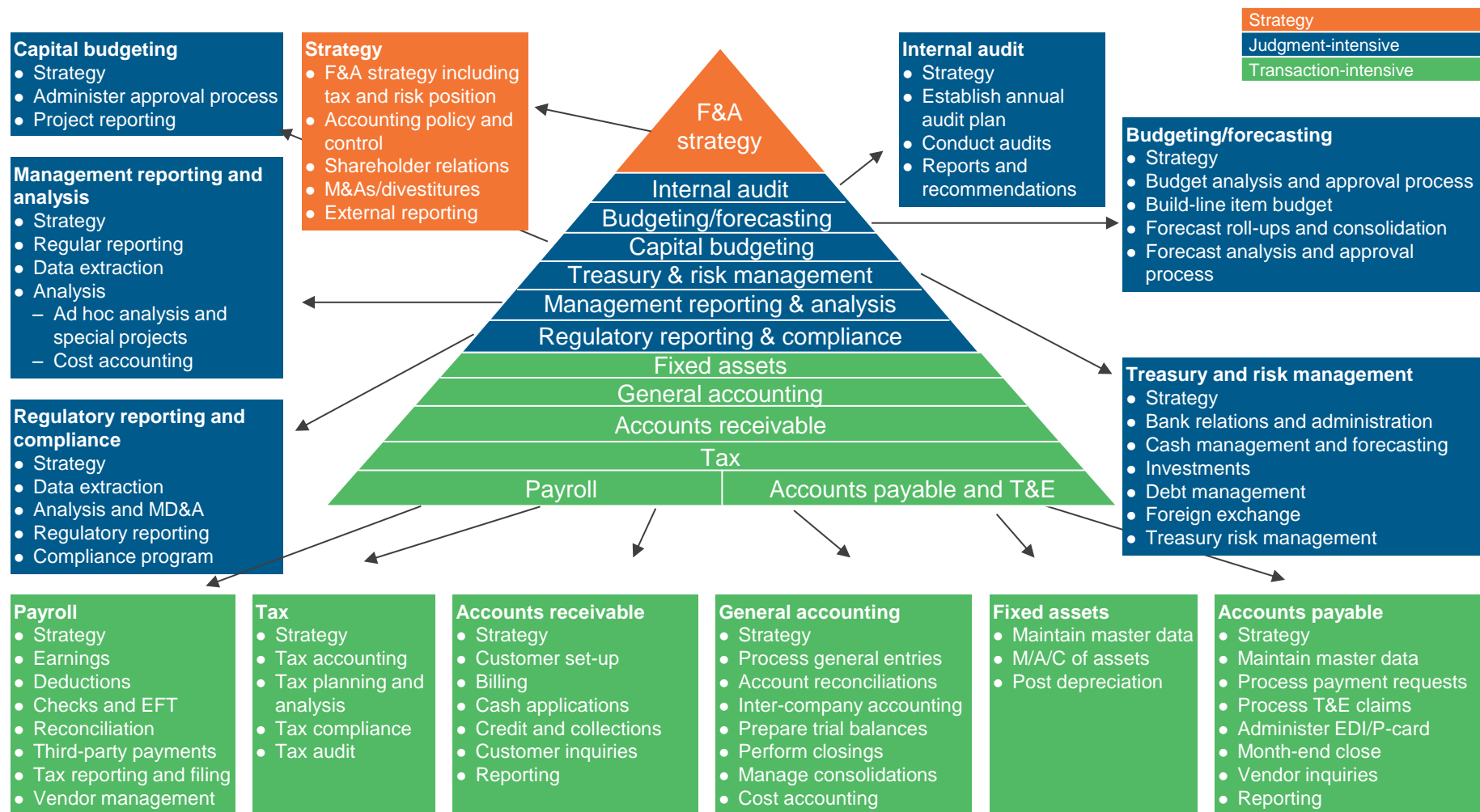
Service providers covered in the analysis



Note: We continuously monitor the market and update the above list to include emerging service providers such as Aegis and Quattro

Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any information we collect that is contract specific will only be presented back to the industry in an aggregated fashion

The scope of FAO services includes both transaction-intensive and judgment-intensive processes



Source: Everest Group (2013)

Overview and abbreviated summary of key messages

This report examines the global FAO service provider landscape and its impact on the FAO market. It focuses on service provider position and growth in the FAO market, changing market dynamics and emerging service provider trends, and assessment of service provider delivery capabilities. It also identifies the key implications of the research findings for buyers and service providers.

Some of the findings in this report are:

Everest Group PEAK Matrix for FAO

- Based on Everest Group's comprehensive evaluation framework, PEAK Matrix, the 20+ established FAO service providers evaluated are segmented into three categories – Leaders, Major Contenders, and Emerging Players
- The competitive intensity in FAO is all-time high – there are now six service providers in the Leaders category and several Major Contenders are further closing the gap with Leaders

2013 FAO Star Performers

- Everest Group identified five service providers as the “2013 FAO Market Star Performers” based on the relative year-on-year movement of each service provider on the PEAK Matrix – Accenture, Genpact, IBM, Infosys and Wipro

Service provider delivery capability assessment

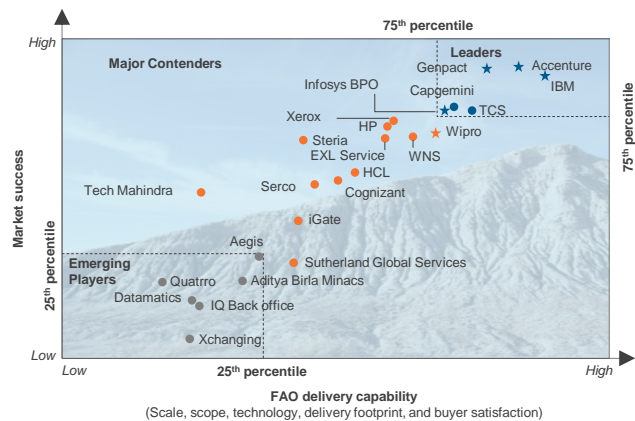
- We assessed the overall FAO capability of service providers by evaluating them along six dimensions – 2012 market success and wins, scale, scope, technology, delivery footprint, and buyer satisfaction levels.
- While the gap between the Leaders and Major Contenders is diminishing across each of the above dimensions, Emerging Players continue to lag behind across most parameters

Emerging service provider trends

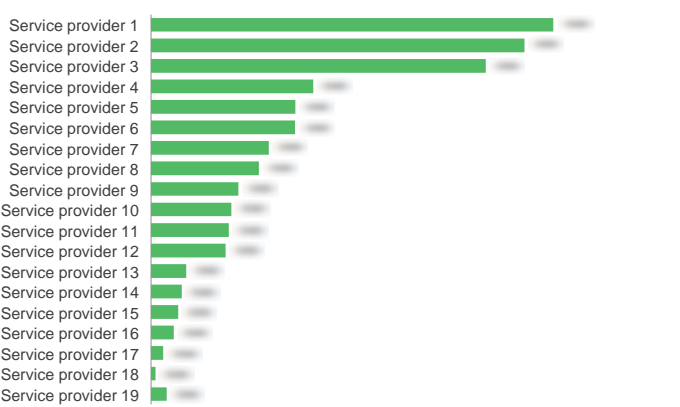
- The competition in the FAO service provider landscape is intensifying. As a result, in 2011-2012, FAO service providers made significant strategic investments across various dimensions to differentiate themselves in the crowded FAO market

This study offers four distinct chapters providing a deep dive into key aspects of FAO service provider landscape; below are four charts to illustrate the depth of the report

Everest Group PEAK Matrix for FAO

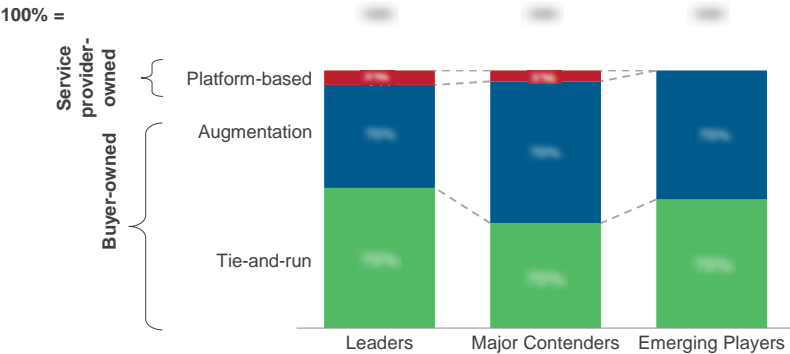


Global FAO service provider market share



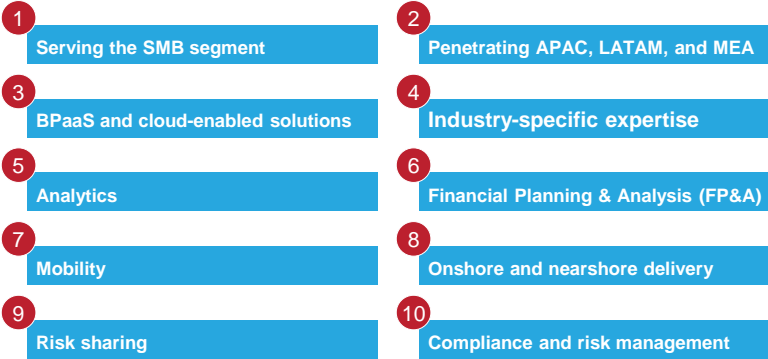
Service provider assessment parameters – Technology

Technology flavors in FAO contracts across service provider groups on PEAK Matrix
Number of contracts



Emerging service provider trends

Top 10 service provider investment themes in FAO



Source: Everest Group (2013)

FAO research calendar

■ Published ■ Current

Topic

Release date

Record-to-Report (R2R) Outsourcing – Moving Beyond General Accounting October-2012

Unlocking Value From End-to-End Process Outsourcing: Focus on Order-to-Cash (O2C) January-2013

Procure-to-Pay (P2P) Outsourcing: Unlocking Value from End-to-End Process Outsourcing February-2013

FAO – Annual Report 2013: Increasing Market Maturity Driving Cost+ Value Proposition May-2013

FAO – Service Provider Landscape with PEAK Matrix Assessment 2013 August-2013

FAO – Service Provider Compendium 2013 Q3-2013

Role of Analytics in FAO Q3-2013

Growth of Horizontal BPO in LATAM Q3-2013

Implications of IFRS Conversion in the United States on FAO Q4-2013

Evaluation of BPaaS Solutions for FAO/PO/HRO Q4-2013

Additional FAO research references

The following documents are recommended for additional insight into the topic covered in this research. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **FAO Annual report 2013** ([EGR-2013-1-R-0865a](#)); 2013. This report assists key stakeholders (buyers, service providers, and technology providers) in understand the changing dynamics of the FAO market. It also helps them identify the trends and outlook for 2013. The report provides comprehensive coverage of the global FAO market including detailed analysis of market size and growth, buyer adoption trends, FAO value proposition and client satisfaction, solution characteristics, and service provider landscape
2. **Industry-specific FAO and Deep Dive into the U.S. Healthcare Providers** ([EGR-2012-1-R-0650](#)); 2012. In this study, we investigate the rising industry-specificity in the FAO market. We focus on understanding the need for industry-specific FAO, service provider investment themes, and industry-specific FAO in the U.S. healthcare provider space
3. **Record-to-Report (R2R) Outsourcing – Moving Beyond General Accounting** ([EGR-2012-1-R-07054](#)); 2012. This report looks at outsourcing of the judgment intensive F&A processes, Financial Planning & Analysis, regulatory reporting and compliance. Record-to-Report, Order-to-Cash, and Procure-to-Pay cover the entire F&A function as three end-to-end processes
4. **Order-to-Cash (O2C) – Creating a Top-line Impact** ([EGR-2013-1-R-0816](#)); 2013. Similar to the R2R report, this report looks at outsourcing a separate end-to-end F&A process called Order-to-Cash, covering mostly the transactional activities within the function on the customer side

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