



Topic: Finance and Accounting Outsourcing (FAO) – Service Provider Landscape with PEAK Matrix™ Assessment 2014

Finance and Accounting Outsourcing (FAO)
Market Report: August 2014 – 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 grew at 8% in 2013 to reach US\$4.6 billion in size. This growth was marked by a significant increase in contract terminations and new contract signings, signalling an increase in buyers switching their service providers. Increasing competitive intensity among service providers and rising agility of the buyers to satisfy their transformational agenda is pushing service providers to innovate. Thus, providers are investing in unique FAO solutions to deliver differentiated value proposition. On the other hand, as buyers increasingly seek to achieve objectives beyond simple cost reduction and efficiency, they need to evaluate service providers more holistically.

In this research, we analyze the global FAO service provider landscape in 2013. We focus on:

- The position of 25 service providers on the Everest Group PEAK Matrix for FAO
- 2014 Star Performers
- Key insights on PEAK Matrix dimensions
- Emerging service provider trends

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 900 multi-process FAO deals signed as of 2013
- Coverage across 25 FAO service providers with multi-process capability including Accenture, Aegis, Capgemini, Cognizant, Datamatics, Dell, EXL, Genpact, HCL, HP, IBM, IGATE, Infosys, IQ BackOffice, Minacs, NIIT Technologies, Quattro, Serco, 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 **900+ 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 25+ 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 surveys and one-on-one executive-level interviews to understand how organizations perceive the performance of their FAO provider. The surveys/interviews focused on different aspects of an outsourcing relationship, including:
 - Contract details (including process scope, contract signing year, and duration)
 - Overall performance of the service provider including key strengths and improvement areas
 - Key objective of outsourcing F&A
 - Detailed assessment of service provider performance across different elements, such as:
 - ♦ Performance against key FAO metrics
 - ♦ Performance in F&A processes
 - ♦ Performance during the implementation and transition phases
 - ♦ Governance and relationship management

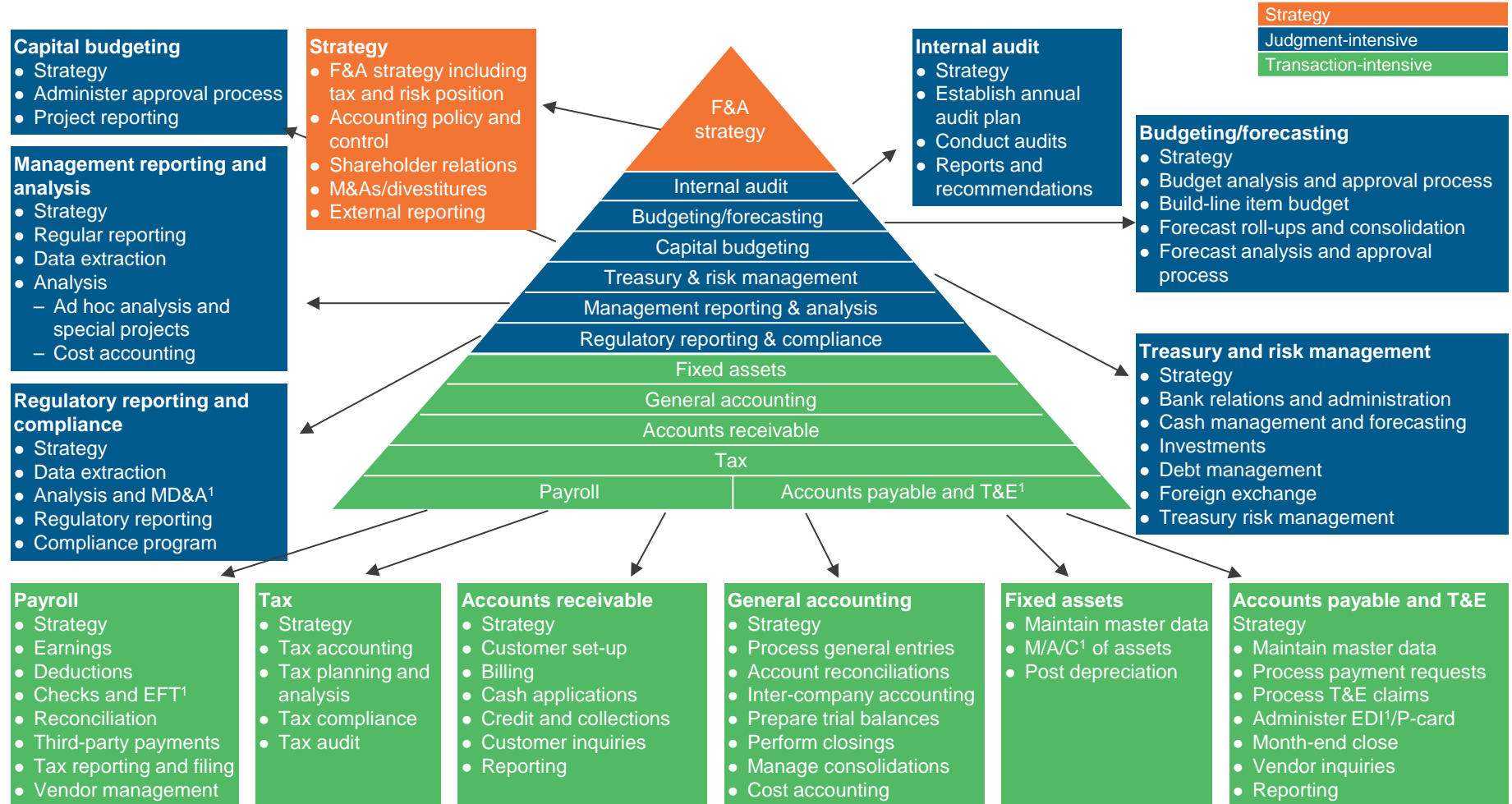
Service providers covered in the analysis



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

Traditionally, FAO has been primarily limited to a function-focused definition

Functional definition of FAO



¹ Defined in appendix

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.

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 25 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 seven service providers in the Leaders category and several Major Contenders are closing the gap with Leaders

2014 FAO Star Performers

- Everest Group identified four service providers as the “2014 FAO Market Star Performers” based on the relative year-on-year movement of each service provider on the PEAK Matrix – Accenture, Genpact, TCS, and Wipro

Service provider delivery capability assessment

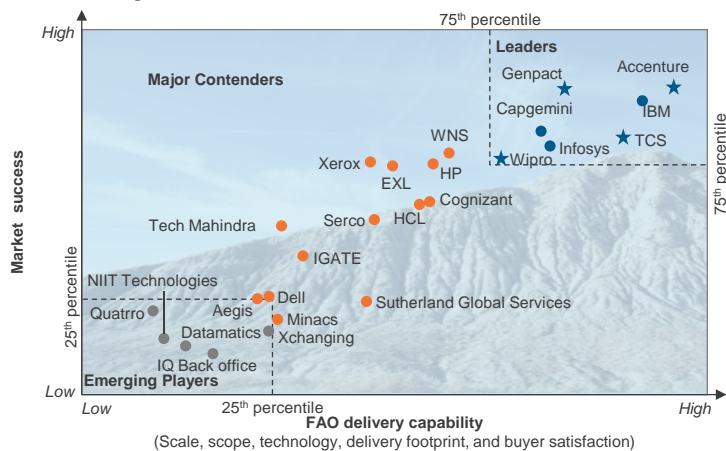
- We assessed the overall FAO capability of service providers by evaluating them along six dimensions – 2013 market success and wins, scale, scope, technology, delivery footprint, and buyer satisfaction levels
- While the gap between the Leaders and Major Contenders is diminishing across each of the above dimensions, Emerging Players are gradually building scale

Emerging service provider trends

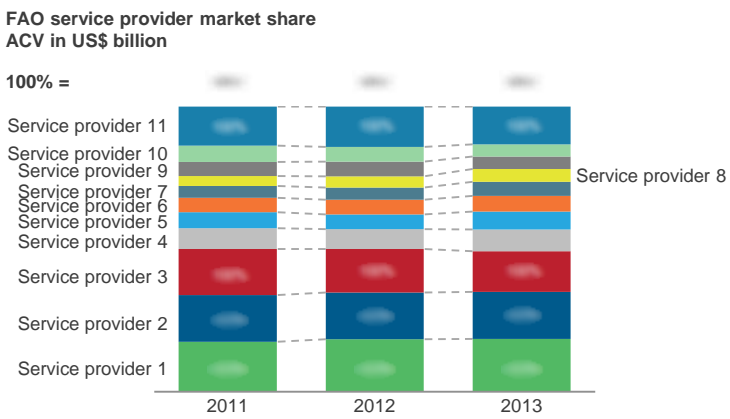
- Rising competitive intensity and evolving buyer demand are inducing service providers to invest in industry-specific solutions, analytics, and robotic automation

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

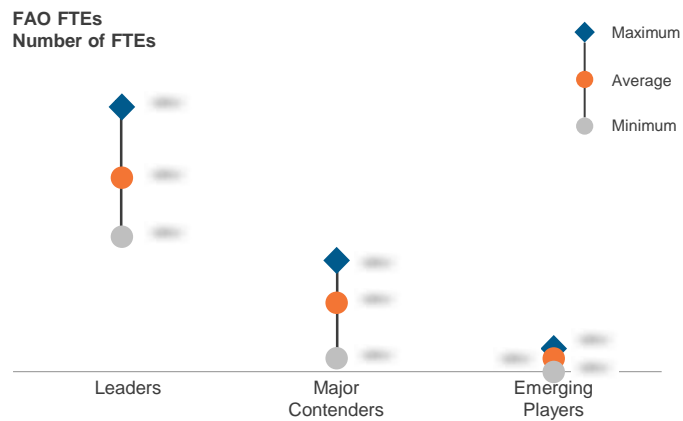
Everest Group PEAK Matrix for FAO



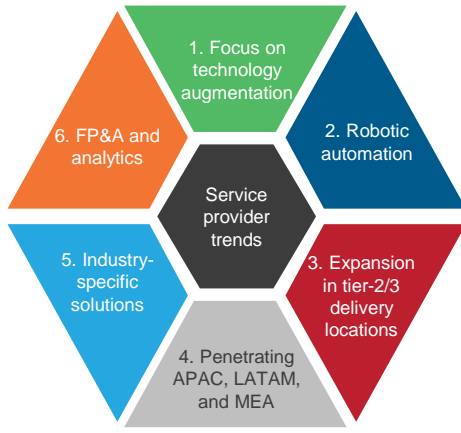
Global FAO service provider market share



Service provider assessment parameters – scale



Emerging service provider trends



Source: Everest Group (2014)

FAO research calendar

Topic	Release date
FAO – Service Provider Compendium 2013	October-2013
Global Location Insights: Sun Is Rising in the "Middle" East	October-2013
Analytics Business Process Services (BPS) – Deciphering the Analytics Code.....	November-2013
Growth of horizontal BPO in LATAM	February-2014
Finance and Accounting Outsourcing (FAO) – Annual Report 2014	May-2014
European Finance and Accounting Outsourcing (FAO) Market in 2014 – The Post Recession Era	August-2014
FAO – Service Provider Landscape with PEAK Matrix™ Assessment 2014	August-2014
FAO – Service Provider Compendium 2014	Q3-2014
Procure-to-Pay (P2P) – Service Provider Landscape with PEAK Matrix Assessment 2014	Q3-2014
Evaluation of BPaaS solutions for FAO/PO/HRO	Q3-2014
The convergence of FAO, PO, and SCM functions	Q4-2014
Record-to-Report (R2R) – Service Provider Landscape with PEAK Matrix Assessment 2014	Q4-2014
Order-to-Cash (O2C) – Service Provider Landscape with PEAK Matrix Assessment 2014	Q4-2014

Additional FAO research references

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

1. **Finance and Accounting Outsourcing (FAO) - Annual Report 2014: Transformational Agenda to Combat Reducing Stickiness** ([EGR-2014-1-R-1108](#)); 2014. This research includes comprehensive coverage of the FAO market including market size and trends, buyer adoption, solution characteristics, and service provider landscape
2. **Growth of BPO in Latin America across F&A, HR, and Procurement** ([EGR-2014-3-R-1050](#)); 2014. This report examines the Latin American BPO market across F&A, HR, and procurement and focuses on the growth, contractual activity, and adoption trends in the market. It also provides insights into the value proposition and solution characteristics of Latin America-focused contracts
3. **Analytics Business Process Services (BPS) – Deciphering the Analytics Code** ([EGR-2013-10-R-1002](#)); 2013. This report provides a comprehensive understanding of an analytics solution with a focus on the business process services aspect. It analyzes the analytics business process services market across various dimensions such as market size, current and expected market growth, value proposition and key business drivers, challenges in adoption, buyer adoption trends, solution characteristics, and service provider landscape.

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