



Topic: European Finance and Accounting Outsourcing (FAO) Market in 2014 – Value Realization to Drive Growth in the Post-Recession Era

Finance and Accounting Outsourcing (FAO)
European Market Report: August 2014 – Preview Deck

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Background and methodology of the research

Background of the research

The European FAO market in 2013 continued to grow steadily at 6%. New contracts contributed significantly to the market, outnumbering renewals by more than 2:1. In-line with the global market, the value proposition for FAO in Europe is growing beyond cost reduction, with increasing focus on the F&A function enabling world-class performance. The FAO solution landscape is also evolving to drive this cost+ agenda.

In this study, we analyze the multi-process FAO market in Europe in 2013 and compare the findings with global trends. We focus on

- Market size and buyer adoption
- Value proposition
- Solution characteristics across process scope, technology, industry alignment, global sourcing, and pricing structures
- FAO service provider landscape covering service providers' market shares and areas of investments

The scope of analyses includes:

- Third-party FAO deals
- Coverage of FAO service providers with multi-process capability, including Accenture, Capgemini, Cognizant, EXL, Genpact, HP, IBM Infosys, Serco, Steria, TCS, Wipro, and WNS
- Based on Everest Group's survey and one-on-one executive-level buyer interviews to understand how organizations perceive their FAO engagements.

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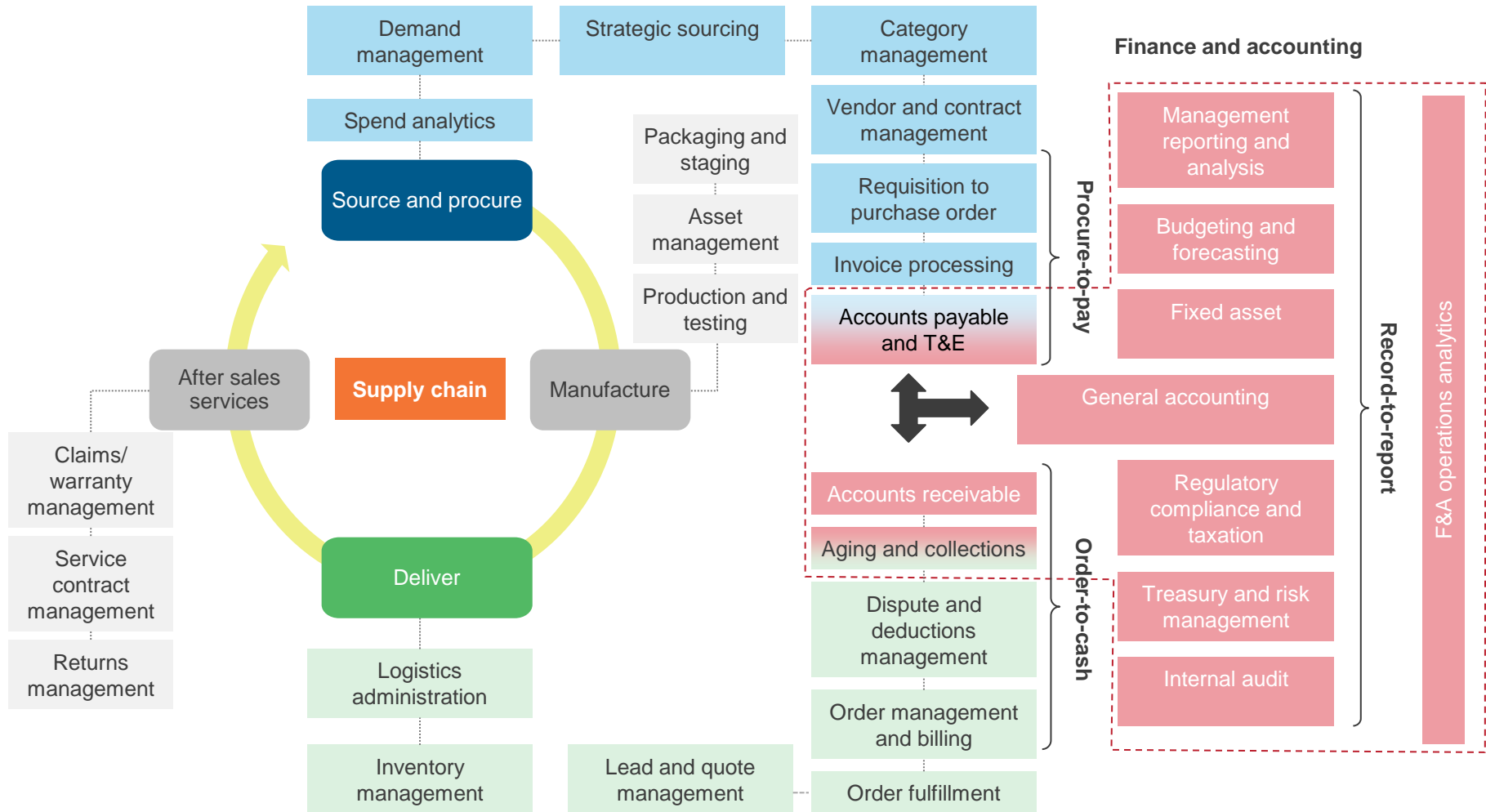
Overview and abbreviated summary of key messages

This report assists key stakeholders (buyers, service providers, and technology vendors) with understanding the changing dynamics of the European FAO market and help them identify the trends and outlook for 2015. The report provides a comprehensive coverage of the FAO market in Europe, including detailed analysis on market size and growth, buyer adoption trends, FAO value proposition, solution characteristics, and service provider landscape

Some of the findings in this report, among others, are:

- The European multi-process FAO market continued to grow at a steady 6% to reach US\$1.6 billion in ACV
- FAO adoption in Continental Europe bounced back, after a lull in 2009-2010
- The share of Continental Europe (Europe excluding the United Kingdom) in terms of deals signed in Europe was 62%
- FAO value proposition is moving beyond labor arbitrage to drive business and/or strategic impact. The FAO solution landscape is also evolving to support the transformational agenda
- Deals with global scope increased by 8% in Europe. These included 27% of existing contracts and 46% in new contracts signed in 2013
- Interest in robotic automation is growing to derive more cost savings, efficiency, accuracy, scalability, and compliance
- Adoption of analytics is moving beyond theory to successful high-impact examples
- Service providers are leveraging European locations to achieve balance in delivery
- Key European regions leveraged for delivery include the United Kingdom, Poland, Czech Republic, Romania and Italy
- Advanced pricing models are leveraged in combination with FTE-based pricing to create an incentive structure that can motivate the service providers. Circa 39% of deals had a transaction based pricing component combined with FTE
- Indian-heritage service providers are maintaining and increasing their share of ACV in Europe

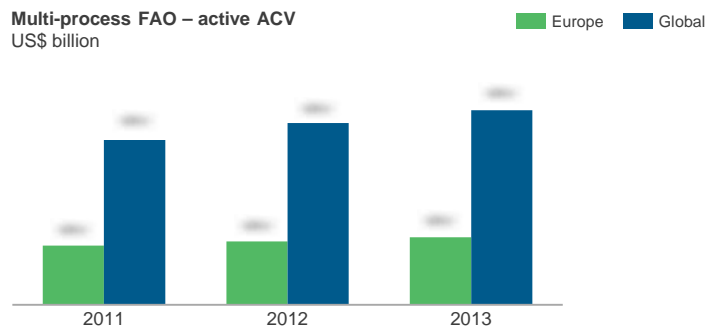
Everest Group's research is guided by a framework that distinguishes multi-process FAO from single process finance and accounting (F&A) transactional services



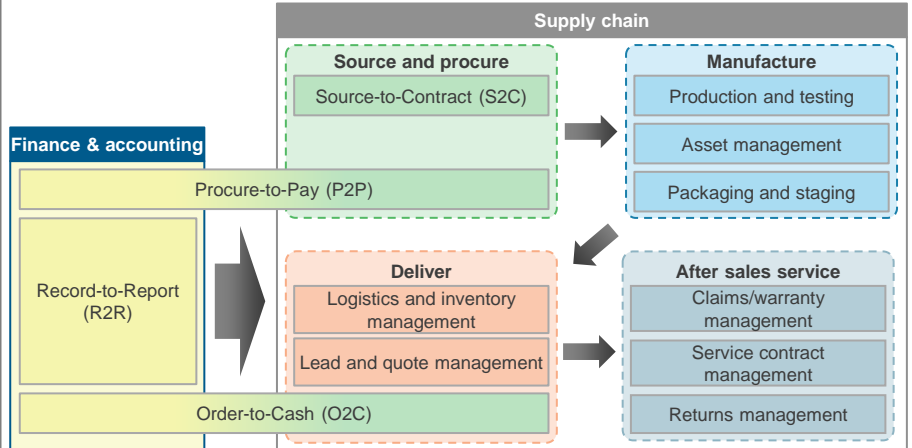
Note: Everest Group's analyses include multi-process FAO contracts signed in Europe with a minimum of two F&A processes, over US\$1 million in Annualized Contract Value (ACV), and a minimum contract term of three years

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

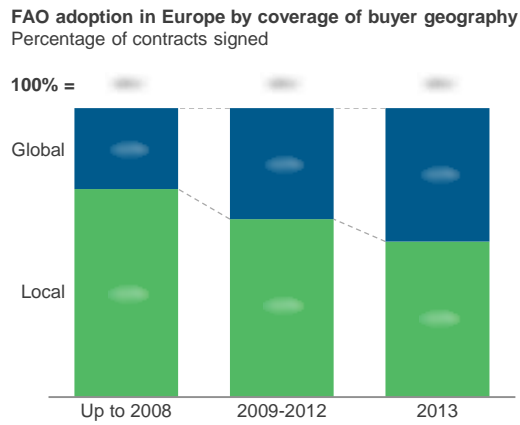
FAO market growth



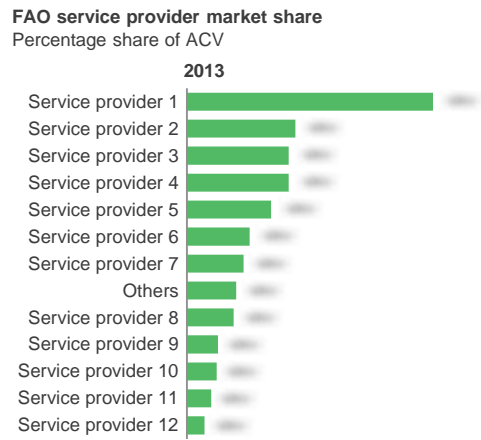
Adoption trends



Solution trends



Service provider landscape



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	Q3-2014
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** May 2014 ([EGR-2014-1-R-1108](#)). This report assists key stakeholders (buyers, service providers, and technology vendors) understand the changing dynamics of the FAO market and help them identify the trends and outlook for 2014
2. **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
3. **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

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