Procure-to-Pay (P2P) Outsourcing – Service Provider Landscape with PEAK Matrix™ Assessment 2014

Procure-to-Pay Outsourcing (P2P outsourcing)
Market Report: October 2014 – Preview Deck

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- Benchmarking | Pricing, delivery model, skill portfolio
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- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

1   Banking, financial services, and insurance

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Background and methodology of the research

Background of the research
Today, buyer organizations are increasingly focusing on a transformational approach to optimize their finance and procurement functions. Convergence of finance and procurement functions provides one such opportunity by unlocking value in the two key areas, working capital management and procurement compliance. As a result, the emphasis on an end-to-end process driven approach is emerging as opposed to the existing piecemeal and functional approach.

Service providers are also leveraging this scenario as an opportunity to augment their Finance & Accounting (F&A) and procurement offerings and provide an integrated solution to their clients to differentiate themselves.

In this research, we analyze the global Procure-to-Pay (P2P) outsourcing service provider landscape in 2013. We focus on:
- Market overview and buyer adoption trends
- Position of 30 service providers on the Everest Group PEAK Matrix for P2P outsourcing
- Key insights on PEAK Matrix dimensions
- P2P solution characteristics

The scope and methodology of this report include:
- Over 1,300 active Finance & Accounting Outsourcing (FAO) and Procurement Outsourcing (PO) contracts with elements of P2P in scope
- Coverage across 30 P2P outsourcing service providers: Accenture (includes Procurian Inc.), Xerox, Minacs, Aegis, Aquanima, Capgemini, Cognizant, Corbus, Datamatics, Dell, EXL, Genpact, GEP, HCL, HP, IBM, IGATE, Infosys, IQ BackOffice, NIIT Technologies, Optimum Procurement, Proxima, Quatrro, Serco, Sutherland Global Services, TCS, Tech Mahindra, Wipro, WNS, and Xchanging

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This report is based on three key sources of proprietary information

1
- Proprietary database of **2,100+ P2P outsourcing contracts** (updated annually)
- The database tracks the following elements of each P2P outsourcing 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, managed spend, and pricing structure
  - Scope including buyer geography and functional activities
  - Technology including core P2P 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 30+ P2P outsourcing service providers** (updated annually)
- The database tracks the following capability elements for each service provider
  - Key leaders
  - Major P2P outsourcing clients and recent wins
  - Overall revenue and P2P employees
  - Recent P2P-related developments
  - P2P outsourcing delivery locations
  - P2P outsourcing service suite
  - P2P-related technology capability
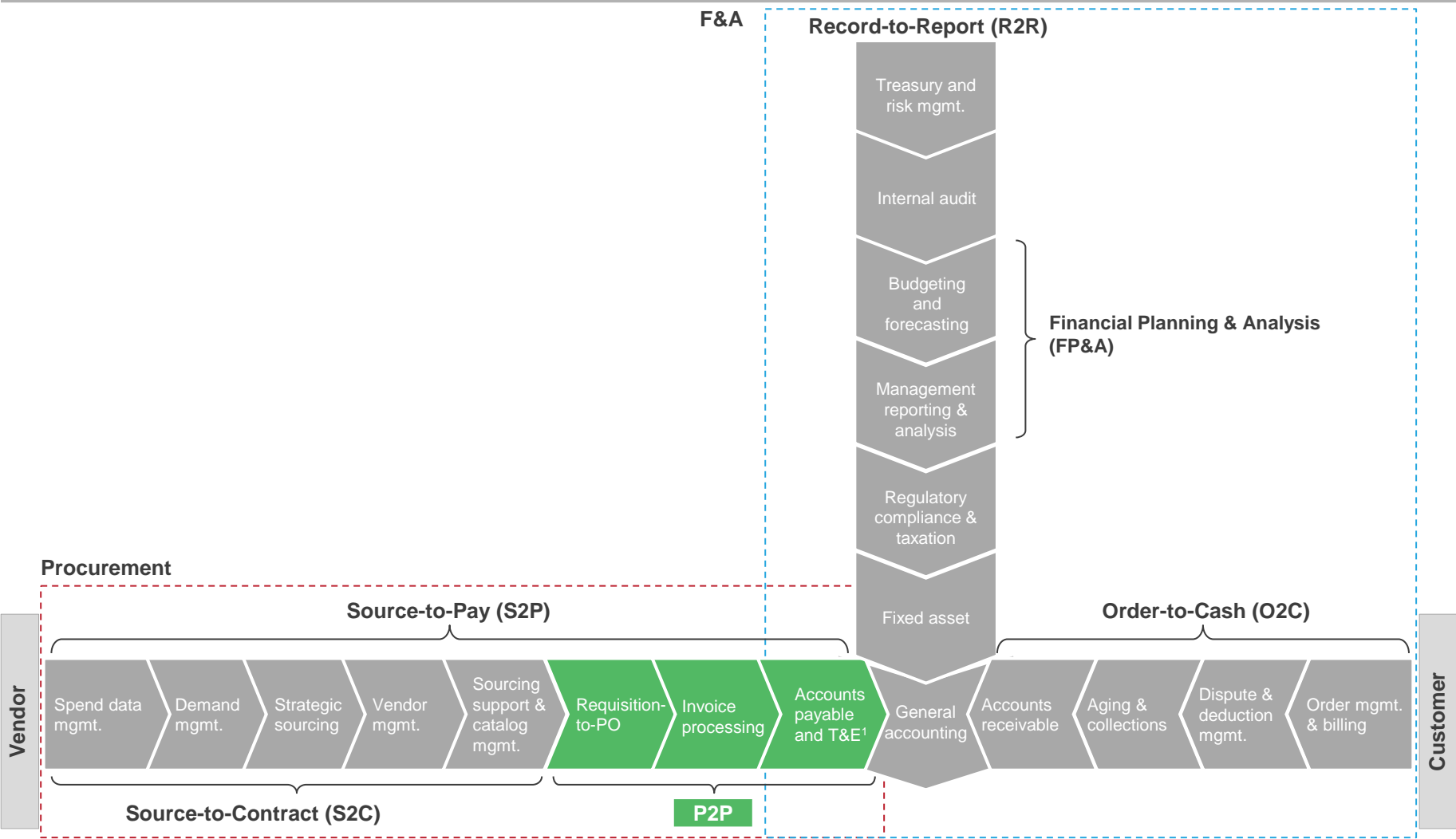
3
Buyer surveys and interactions
- Global surveys and one-on-one executive-level interviews to understand how organizations perceive the performance of their P2P outsourcing provider

Service providers covered in the analysis

accenture — High performance. Delivered. | ADITYA BIRLA minacs | AEGIS — Experience. We make it easy.

aquanima | Capgemini — CONSULTING. TECHNOLOGY. OUTSOURCING | Cognizant

CORBUS — A Soin International Company | DATAMATICS — Next-Generation Solutions | Dell

EXL | GENPACT | gep — saving is believing

HCL | hp | IBM

IGATE — Speed. Agility. Imagination | Infosys | IQ.BackOffice

NIIT technologies | Optimum procurement | Proxima — See the change

Quattro — Beyond the existing | serco | SUTHERLAND GLOBAL SERVICES

TATA CONSULTANCY SERVICES | Tech Mahindra | WIPRO — Applying Thought

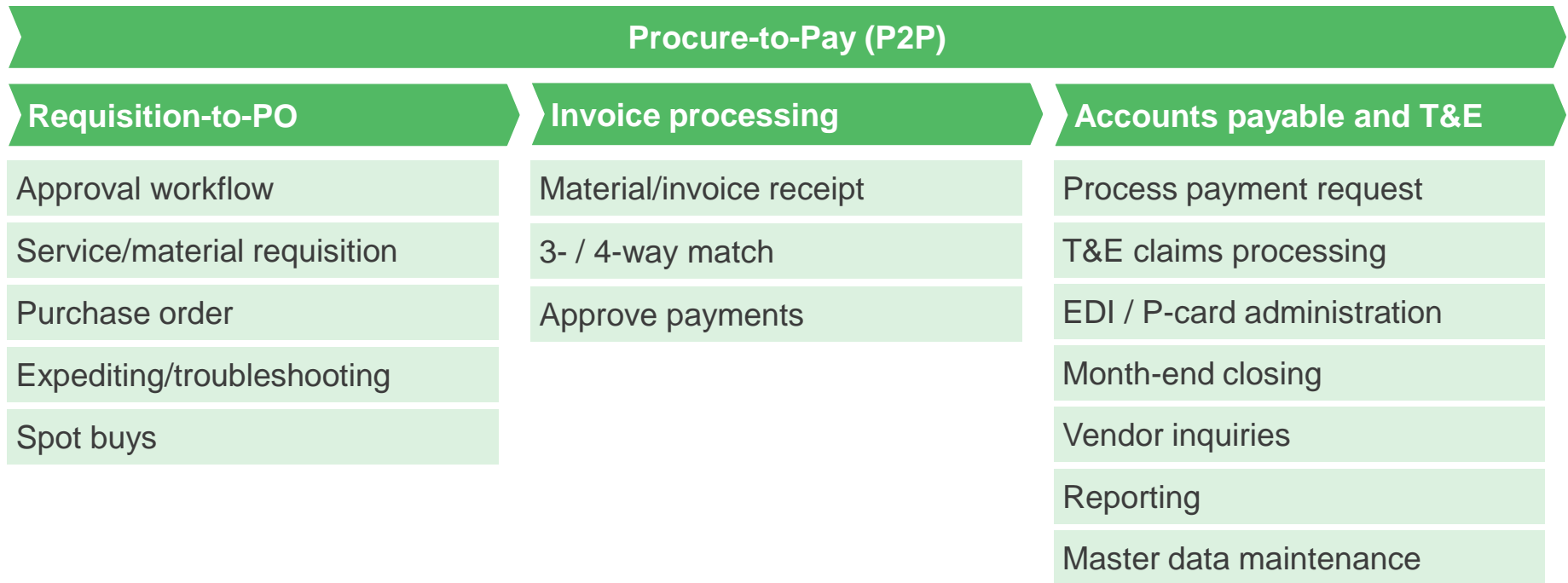WNS — Extending Your Enterprise | Xchanging — Inspiring Innovation | xerox

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

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Everest Group's view of integrated procurement and F&A value chain

F&A

Record-to-Report (R2R)

- Treasury and risk mgmt.
- Internal audit
- Budgeting and forecasting
- Management reporting & analysis

Financial Planning & Analysis (FP&A)

- Regulatory compliance & taxation
- Fixed asset

Procurement

Source-to-Pay (S2P)

Order-to-Cash (O2C)

Vendor

| Spend data mgmt. | Demand mgmt. | Strategic sourcing | Vendor mgmt. | Sourcing support & catalog mgmt. | Requisition-to-PO | Invoice processing | Accounts payable and T&E[1] | General accounting | Accounts receivable | Aging & collections | Dispute & deduction mgmt. | Order mgmt. & billing |

Customer

Source-to-Contract (S2C)

P2P

1. Travel & expenses

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Everest Group's view of detailed P2P value chain

Procure-to-Pay (P2P)

Requisition-to-PO

- Approval workflow
- Service/material requisition
- Purchase order
- Expediting/troubleshooting
- Spot buys

Invoice processing

- Material/invoice receipt
- 3- / 4-way match
- Approve payments

Accounts payable and T&E

- Process payment request
- T&E claims processing
- EDI / P-card administration
- Month-end closing
- Vendor inquiries
- Reporting
- Master data maintenance

- Everest Group's analyses include FAO and PO contracts with in-scope P2P processes
- Everest Group's analyses include all P2P outsourcing contracts signed as of 2013. The current sample set for the report includes 2,100+ P2P outsourcing contracts of which 1,300+ are active

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Overview and abbreviated summary of key messages

This report examines the multiple aspects of the P2P outsourcing market. It focuses is on service provider position and growth, changing market dynamics & emerging service provider trends, and assessment of service provider delivery capabilities. Along with these, the report encompasses analysis of P2P outsourcing market at an aggregate level and key solution characteristics

Some findings of the report:

Market overview and adoption trends

- The P2P outsourcing has been growing at a steady rate
- Growth in 2013 was driven by new contracts. However, share of renewals in contractual activity is rising
- Industries mature in P2P adoption dominate the market. However, other industries are exhibiting promising growth as well
- Western countries dominated the P2P outsourcing adoption

P2P outsourcing service provider landscape

- In 2013, the top six service providers accounted for 70% of the global P2P outsourcing active contracts
- The competition in the market is intensifying due to capacity augmentation of lower rung providers
- The market leadership varies by industry and geography

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Overview and abbreviated summary of key messages

2014 P2P PEAK Matrix

- Leaders – Accenture, Genpact, IBM, TCS, Infosys, Capgemini, Wipro, and HP
- Major Contenders – WNS, Xerox, EXL, Cognizant, Serco, GEP, Xchanging, HCL, Minacs, IQ BackOffice, IGATE, Datamatics, Aegis, and Corbus
- Emerging Players – Tech Mahindra, Proxima, NIIT Technologies, Optimum Procurement, Sutherland Global Services, Aqaunima, Quatrro, and Dell

Key insights on PEAK Matrix dimensions

- We assess the overall PO capability of service providers by evaluating them along six dimensions – market success, scale, scope, technology, delivery footprint, and buyer satisfaction levels
- Leaders outperform other players across nearly all the metrics assessed. However, the gap with Major Contenders was reducing

P2P solution characteristics overview

- Bulk of outsourcing delivery is done from offshore and nearshore location
- Penetration of technology in the form of augmentation- and platform-based solutions continued to grow
- Technology and focus on end-to-end service delivery is leading to alternate contract pricing methodologies

The study offers service provider positions on the Everest Group PEAK Matrix™ for P2P, landscape, and assessment of delivery capability
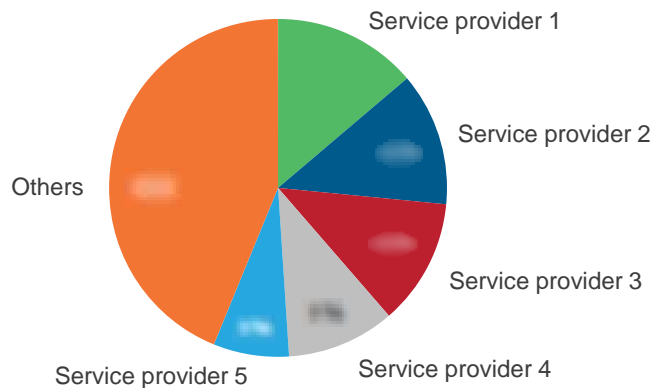
Everest Group PEAK Matrix for P2P

- Leaders
- Major Contenders
- Emerging Players
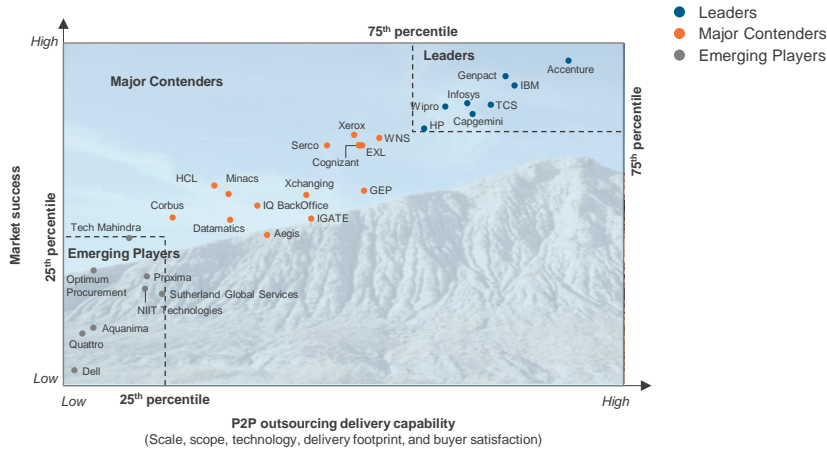
Size of P2P outsourcing market

Size of P2P outsourcing market
Total active ACV (US$ million)
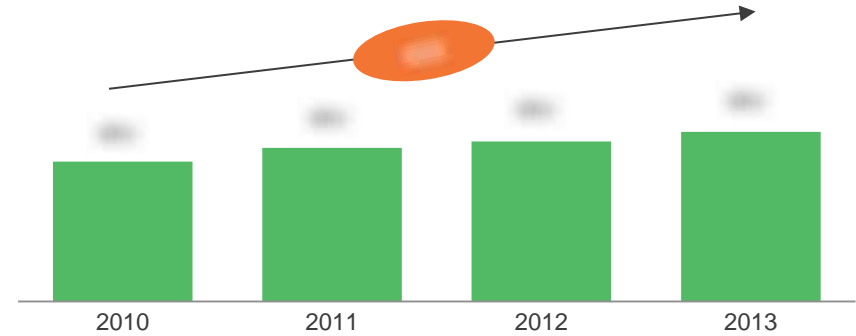
Landscape by industry & geography

- Service provider 1
- Service provider 2
- Service provider 3
- Service provider 4
- Service provider 5
- Others

Share of size-based buyer categories

100% =

- Large-sized buyers
- Medium-sized buyers
- Small-sized buyers
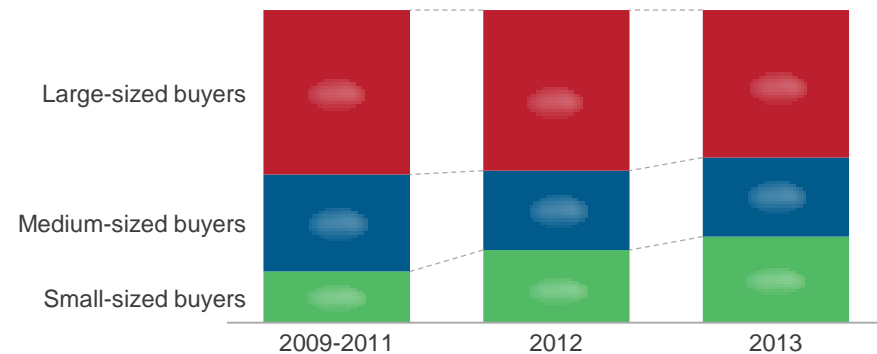
Source: Everest Group (2014)

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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
Procure-to-Pay (P2P) Outsourcing – Service Provider Landscape with PEAK Matrix™ Assessment 2014	October-2014
FAO – Service Provider Compendium 2014	Q4-2014
Evaluation of BPaaS solutions for FAO/PO/HRO	Q4-2014
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

PO research calendar

| | Published | Current |

Topic	Release date
Growth of Horizontal BPO in Latin America across FA, HR, and Procurement	February 2014
Betting on Tail Spend to Save Coin	March 2014
Business Case for Procurement and HR Collaboration	April 2014
Procurement Outsourcing (PO) – Annual Report 2014: Expanding New Horizons	June 2014
Procurement Outsourcing (PO) – Service Provider Landscape with PEAK Matrix^{TM} Assessment 2014	September 2014
Procure-to-Pay (P2P) Outsourcing – Service Provider Landscape with PEAK Matrix^{TM} Assessment 2014	October-2014
PO – Service Provider Profile Compendium 2014	Q4-2014
Evaluation of BPaaS Solutions for FAO/PO	Q4-2014
SCM BPO – Service Provider Landscape with PEAK Matrix Assessment 2014	Q4-2014
PO Service Provider Landscape for Europe with PEAK Matrix Assessment	Q4-2014
SCM BPO Market Report	Q1-2015
SCM BPO – Service Provider Profile Compendium	Q1-2015
PO – Annual Report 2015	Q2-2015

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Additional P2P outsourcing 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. **P2P outsourcing Annual report 2014** (EGR-2014-1-R-1123); 2014. This report assists key stakeholders (buyers, service providers, and technology providers) in understand the changing dynamics of the P2P outsourcing market. It also helps them identify the trends and outlook for 2014. The report provides comprehensive coverage of the global P2P outsourcing market including detailed analysis of market size and growth, buyer adoption trends, P2P outsourcing value proposition and client satisfaction, solution characteristics, and service provider landscape

2. **FAO outsourcing Annual report 2014** (EGR-2014-1-R-1108); 2014. This report assists key stakeholders (buyers, service providers, and technology providers) in understand the changing dynamics of the FAO outsourcing market. It also helps them identify the trends and outlook for 2013. The report provides comprehensive coverage of the global FAO outsourcing market including detailed analysis of market size and growth, buyer adoption trends, FAO outsourcing value proposition and client satisfaction, solution characteristics, and service provider landscape

3. **FAO – Service Provider Landscape with PEAK Matrix™ Assessment** (EGR-2014-1-R-1204a); 2014. This report examines the dynamics of global FAO service provider landscape and its impact on the FAO market. We focus on the position of the 20+ FAO service providers on the Everest Group PEAK Matrix for FAO and 2014 FAO Star Performers. Additionally, it provides details of the various area in which service providers are investing to stand out in the crowded FAO market

4. **PO – Service Provider Landscape with PEAK Matrix™ Assessment** (EGR-2014-1-R-1215); 2014. This report provides a comprehensive analysis of the PO service provider landscape along multiple dimensions and assesses service providers to position them on the Everest Group PEAK Matrix. Each of the 20+ PO service providers analysed are segmented into Leaders, Major Contenders, Emerging Players, and Star Perfromers

For more information on this and other research published by the Everest Group, please contact us:

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