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Service Delivery Automation (SDA) Market in 2014 – Moving Business Process Services Beyond Labor Arbitrage

Finance & accounting (F&A), Procurement (PO), Human resources (HRO) Market Report: October 2014 – Preview Deck

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Corporate Headquarters
Office: +1-214-451-3000
info@everestgrp.com

European Headquarters
Office: +44-207-129-1318
unitedkingdom@everestgrp.com

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Background and methodology

Background of the research

Outsourced and internal service delivery models for both IT and business processes have gone through a decade of focusing on labor arbitrage to generate cost savings. With increasing demands for additional value from services and the maturation of enabling technologies, the opportunity for lowering costs through automation is rapidly emerging.

In this research, we analyze the market that we broadly refer to as "Service Delivery Automation" (SDA) and with a primary focus on business process services. This SDA report is focused on technologies that are currently the most disruptive in the market – these are robotic technologies and artificial intelligence.

The analysis covers trends, key applications of automation technology, indications of market size and geographic spread, and the broad service provider landscape. We focus on:
- Overview of different types of process automation technologies
- Key definitions to describe the automation landscape
- Market size, value proposition, drivers, and challenges
- Solution characteristics
- Service provider categories and capabilities

The scope and methodology of this report includes:

Uses of SDA in business processes, while excluding IT services (which has a very broad spectrum and will be covered in other Everest Group research). Coverage across all major industries and functional areas.

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Overview and abbreviated summary of key messages
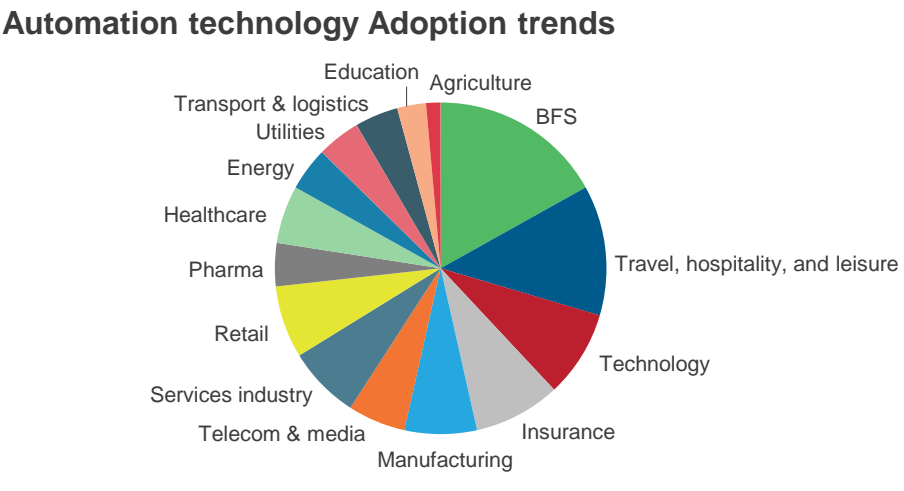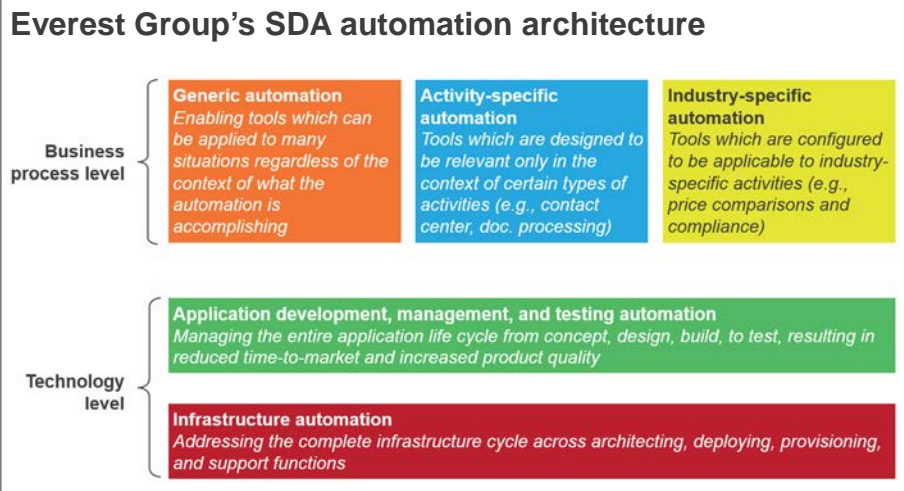
This report assists key stakeholders (buyers, service providers, and technology vendors) with understanding the emerging global market for Service Delivery Automation (SDA). It examines the broad area of business process automation to provide a definitive view of the market and its likely impact on business process services. It focuses on different types of automation technologies, their applications and use cases and approaches to adoption, market growth and changing dynamics, emerging service provider trends, capabilities and strategies. Along with these, the report provides definitions for terminology used in the context of automation and looks at the likely impact of automation on the business process services market.

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

- The market is driven by buyers becoming increasingly focused on higher value, beyond labor arbitrage and basic process efficiency
- BPSDA is an emerging and disruptive trend that is changing offshoring, pricing, and the service provider landscape
- An indicator for growth is third- party automation software vendor revenues and forecasts - Everest Group estimates a conservative growth rate of 32% CAGR, to 2015 for BPSDA
- Dominant sectors and geographies are banking and financial services in United States and United Kingdom
- Buy-side deployments continue to be tactical, driven by specific requirements such as a major backlog of orders generated by system, staffing problems, or by external factors (e.g., a flood leading to peak in insurance claims or a change in regulation/legislation)
- The approach typically involves building a Proof of Concept (POC) or a pilot, and if successful, extending to full rollout
- Some service provider have embraced SDA as a competitive differentiator
- Some are only just starting to increase visibility of their capabilities
- Others are yet to formalize a strategic approach in place of ongoing tactical deployments

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

Everest Group's SDA automation architecture

Business process level

Generic automation	Activity-specific automation	Industry-specific automation
Enabling tools which can be applied to many situations regardless of the context of what the automation is accomplishing	Tools which are designed to be relevant only in the context of certain types of activities (e.g., contact center, doc. processing)	Tools which are configured to be applicable to industry-specific activities (e.g., price comparisons and compliance)

Technology level

Application development, management, and testing automation
Managing the entire application life cycle from concept, design, build, to test, resulting in reduced time-to-market and increased product quality

Infrastructure automation
Addressing the complete infrastructure cycle across architecting, deploying, provisioning, and support functions

Automation technology Adoption trends

Pie chart segments: Education, Agriculture, Transport & logistics, BFS, Utilities, Energy, Travel, hospitality, and leisure, Healthcare, Pharma, Technology, Retail, Services industry, Insurance, Telecom & media, Manufacturing

The business case – impact on FAO

Process scope	FAO deals with process in-scope Percent	Share of FAO FTEs Percent	Portion which can be automated Percent
Accounts payable	X	X	
Accounts receivable	X	X	
General ledger	X	X	
Payroll	X	X	
Tax	X	X	
Financial planning & analysis	X	X	
Regulatory & compliance	X	X	
Internal audit	X	X	

Service provider landscape

BPSDA service provider landscape

Global majors	BPO providers	New wave BPO & BPaaS providers
Service provider 1	Service provider 3	Service provider 5
Service provider 2	Service provider 4	Service provider 6
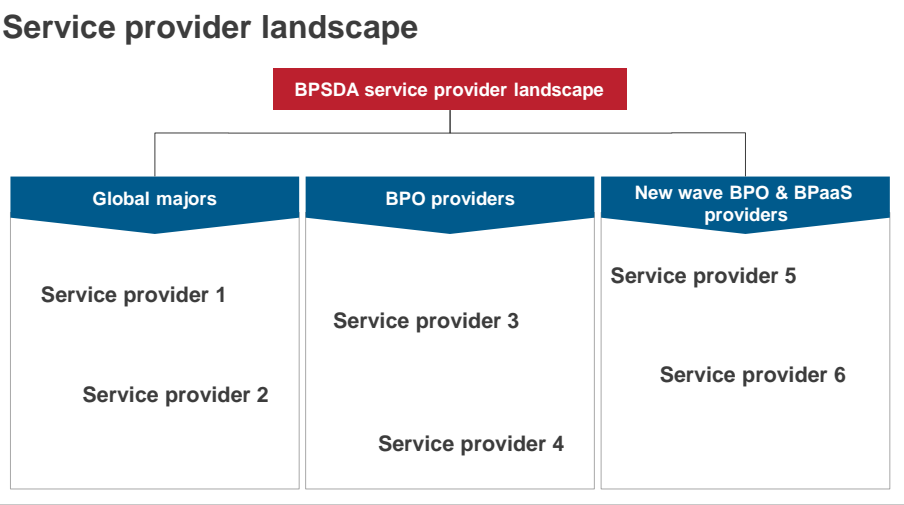
Source: Everest Group (2014)

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Additional Research References

The following documents are recommended for additional insight into 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 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. **Multi-Process Human Resources Outsourcing (MPHRO) – Annual Report 2014: The Times Are Changing** (EGR-2014-3-R-1107); 2014. Provides a comprehensive coverage of the 2013 global MPHRO market and analyzes it across various dimensions such as market overview and key regional trends, buyer adoption and solution trends, and service provider landscape

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

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

Sarah Burnett, Vice president: sarah.burnett@everestgrp.com
Eric Simonson, Managing partner: eric.simonson@everestgrp.com

Website: www.everestgrp.com | Phone: +1-214-451-3000 | Email: info@everestgrp.com

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Dallas (Headquarters)
info@everestgrp.com
+1-214-451-3000

New York
info@everestgrp.com
+1-646-805-4000

Toronto
canada@everestgrp.com
+1-647-557-3475

London
unitedkingdom@everestgrp.com
+44-207-129-1318

Delhi
india@everestgrp.com
+91-124-284-1000

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