



Finance and Accounting Outsourcing (FAO) – Service Provider Landscape with PEAK Matrix™ Assessment 2016

Finance and Accounting Outsourcing (FAO)
Market Report: June 2016 – Preview Deck

Our research offerings for global services

▶ Market Vista™

Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

▶ BFSI¹ Information Technology

▶ PricePoint™

▶ BFSI¹ Business Process

▶ Finance & Accounting

▶ Healthcare & Life Sciences

▶ Procurement

▶ Application & Digital

▶ Human Resources

▶ Cloud & Infrastructure

▶ Recruitment & Talent Acquisition

▶ Global Sourcing

▶ Contact Center

▶ Locations Insider™

▶ Service Optimization Technologies

▶ Transaction Intelligence

Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

Subscription information

- The full report is included in the following subscription(s)
 - **Finance & Accounting Outsourcing (FAO)**
- In addition to published research, a subscription may include analyst inquiry, data cuts, and other services
- **If you want to learn whether your organization has a subscription agreement or request information on pricing and subscription options, please contact us**



Corporate Headquarters

Office: +1-214-451-3000

info@everestgrp.com



European Headquarters

Office: +44-207-129-1318

unitedkingdom@everestgrp.com

¹ Banking, financial services, and insurance

Table of contents (page 1 of 2)

Topic	Page no.
Background and methodology	5
Executive summary	12
• Summary of key messages	13
Section I: 2016 FAO PEAK Matrix and Star Performers	14
• Summary	15
• PEAK Matrix for FAO	19
• Service provider capability assessment	20
• 2016 FAO Star Performers	24
Section II: Everest Group's analysis of service providers	27
• Accenture	28
• Aegis	29
• Arvato	30
• Capgemini	31
• Cognizant	32
• Datamatics	33
• Dell	34
• EGS	35
• EXL	36
• Genpact	37
• HCL	38
• Hexaware	39

Table of contents (page 1 of 2)

Topic	Page no.
Section II: Everest Group’s analysis of service providers (continued)	
• HPE	40
• IBM	41
• Infosys	42
• IQ BackOffice	43
• Minacs	44
• Quattro	45
• Serco	46
• Sutherland Global Services	47
• TCS	48
• TMF Group	49
• Wipro	50
• WNS	51
• Xchanging	52
• Xerox	53
Appendix	54
• Glossary of key terms	55
• FAO research calendar	57
• References	58

Background and methodology of the research

Background of the research

The global multi-process FAO market witnessed good traction in 2015 with over 100 new contracts signed. Transactional Finance & Accounting (F&A) activities, such as Procure-to-Pay (P2P), witnessed increased commoditization, especially with the implementation of Robotic Process Automation (RPA). The increasing demand for more judgment-intensive processes, such as Financial Planning & Analysis (FP&A), has led service providers to reorient their capabilities. The competition in the market is getting intense and service providers are creating a differentiation in this market through various strategies, such as vertical-specific go-to-market offerings as well as advanced analytics, and proposing more transformative solutions instead of vanilla lift & shift.

In this research, we analyze the global FAO service provider landscape in 2015. We focus on:

- The position of 26 service providers on the Everest Group PEAK Matrix for FAO
- FAO Star Performers for 2016
- Strengths and areas of improvement for each service provider

The scope and methodology of this report includes:

- 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 1,000 multi-process FAO deals signed as of 2015
- Coverage across 26 FAO service providers with multi-process capability including Accenture, Aegis, Arvato, Capgemini, Cognizant, Datamatics, Dell, EGS, EXL, Genpact, HCL, Hexaware, HPE, IBM, Infosys, IQ BackOffice, Minacs, Quattrro, Serco, Sutherland Global Services, TCS, TMF Group, Wipro, WNS, Xchanging, and Xerox

This report is based on three key sources of proprietary information

1

- Proprietary database of **1,000+ active 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 and tools provided by the service providers (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 sourcing

2

- Proprietary database of the **operational capability of 26+ FAO service providers** (updated annually)
- The database tracks the following capability elements for each service provider:
 - Key leaders
 - Major FAO clients and their 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 technological capabilities

3

Buyer surveys and interactions

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

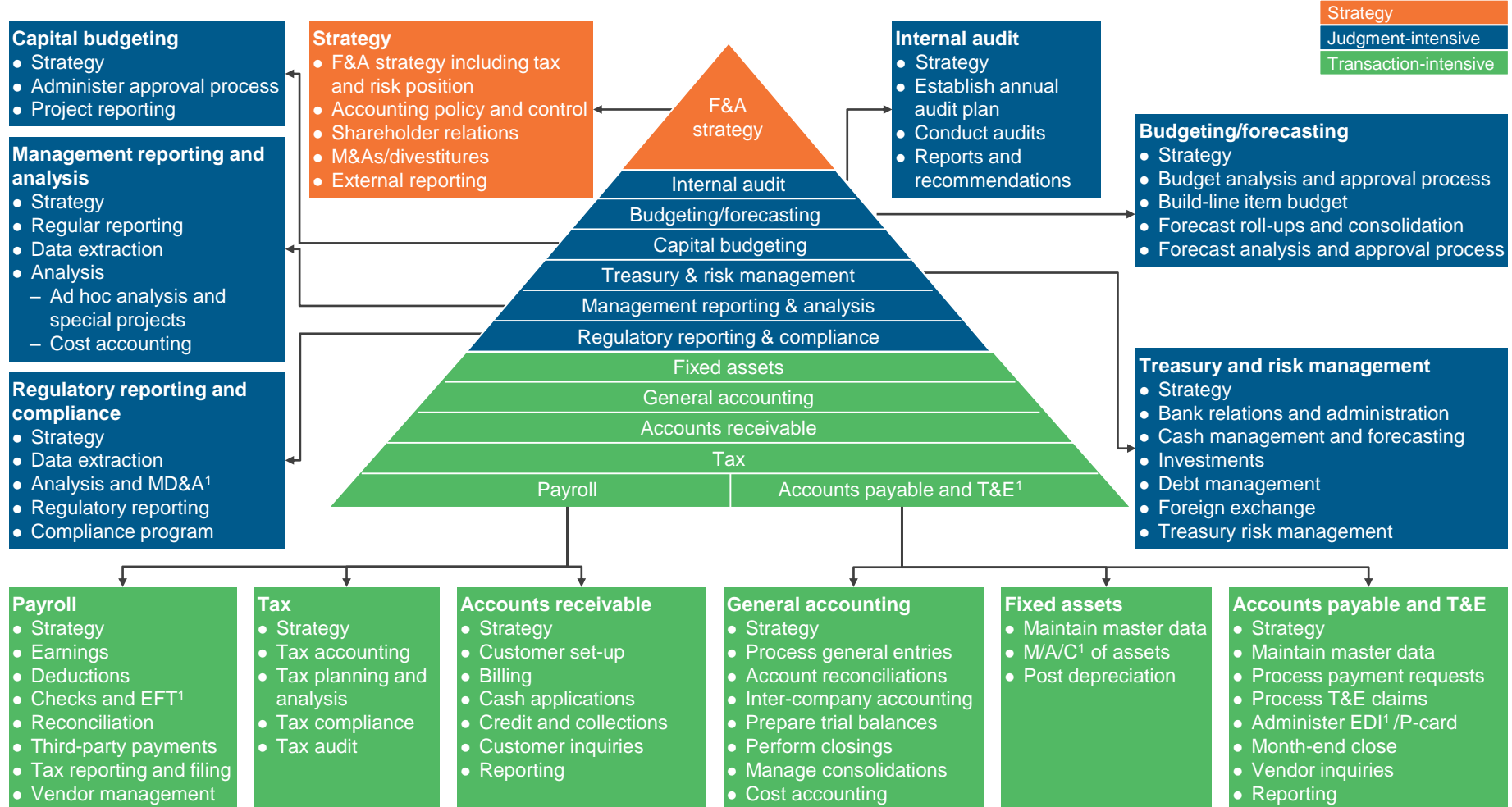
Service providers covered in the analysis



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

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

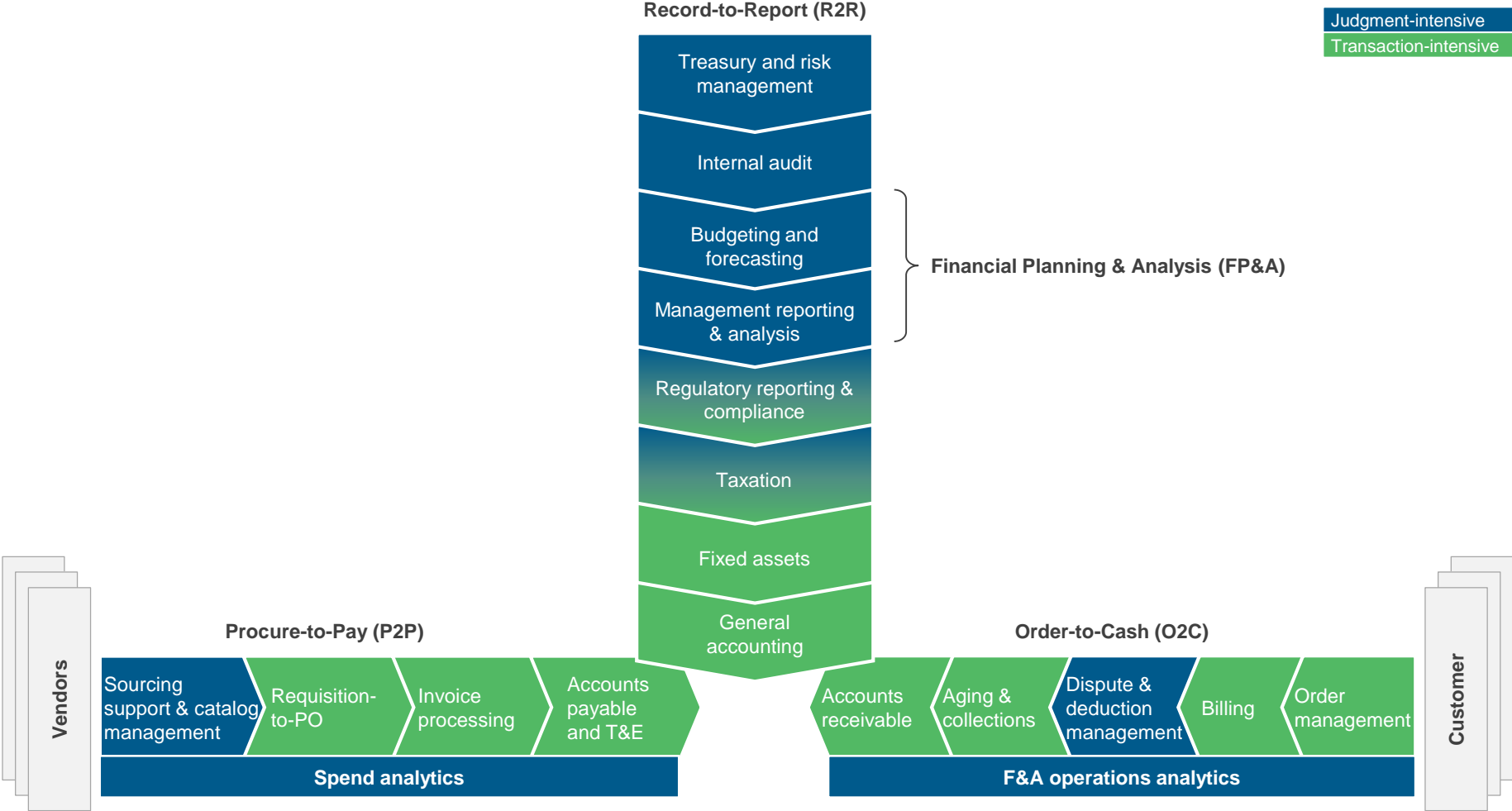
Functional definition of FAO



¹ Defined in Appendix

However, an end-to-end process-driven approach is emerging, which focuses on consistency, delivery, and enterprise-wide integration

End-to-end process-driven definition of F&A



Overview and abbreviated summary of key messages

This report examines the dynamics of the global FAO service provider landscape and its impact on the FAO market. Based on the comprehensive Everest Group PEAK Matrix, each of the 26 FAO service providers are segmented into Leaders, Major Contenders, and Aspirants. The report also provides key insights on service provider position & growth in the market, changing market dynamics, and assessment of service provider delivery capabilities. It will assist key stakeholders (service providers, buyers, and technology vendors) understand the current state of the FAO service provider landscape

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

2016 PO PEAK Matrix and Star Performers

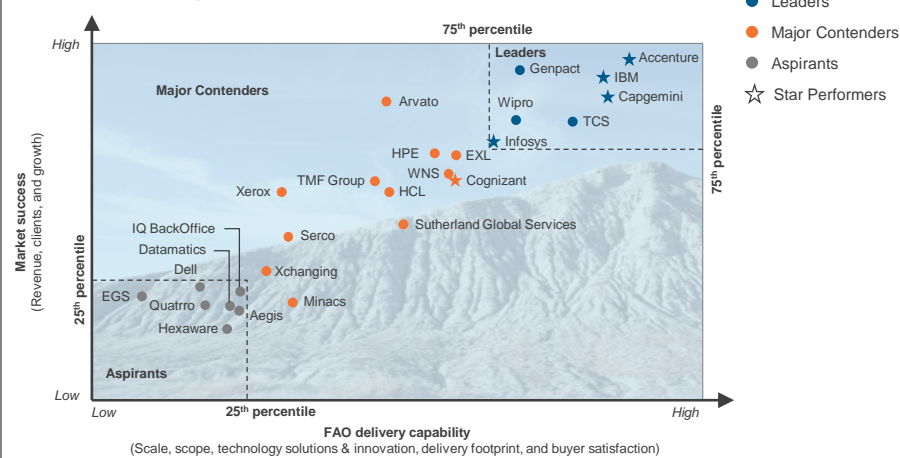
- Everest Group classified 26 FAO service providers on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix into the three categories of Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework to assess the absolute market success and overall capability of service providers:
 - Leaders: Accenture, Capgemini, Genpact, IBM, Infosys, TCS, and Wipro
 - Major Contenders: Arvato, Cognizant, EXL, HCL, HPE, Minacs, Serco, Sutherland Global Services, TMF Group, WNS, Xchanging, and Xerox
 - Aspirants: Aegis, Datamatics, Dell, EGS, IQ BackOffice, Hexaware, and Quattro
- Based on the relative YOY movement of each service provider, Everest Group identified five service providers as the “2016 FAO Market Star Performers”: They are Accenture, Capgemini, Cognizant, Infosys, and IBM

Everest Group analysis on service providers

- We assessed the overall FAO capability of service providers by evaluating them along six dimensions – market success, scale, scope, technology & innovation, delivery footprint, and buyer satisfaction levels

This study offers two 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



FAO star performers

2016 FAO Market Star Performers	Distinguishing features of market success in 2015	Distinguishing features of capability enhancements in 2015
Service provider 1	<ul style="list-style-type: none"> Expanded into new markets/regions Improved client retention and growth Investment in R&D 	<ul style="list-style-type: none"> Investment in technology and innovation Improved client satisfaction and retention Enhanced operational efficiency
Service provider 2	<ul style="list-style-type: none"> Expanded into new markets/regions Improved client retention and growth Investment in R&D 	<ul style="list-style-type: none"> Investment in technology and innovation Improved client satisfaction and retention Enhanced operational efficiency
Service provider 3	<ul style="list-style-type: none"> Expanded into new markets/regions Improved client retention and growth Investment in R&D 	<ul style="list-style-type: none"> Investment in technology and innovation Improved client satisfaction and retention Enhanced operational efficiency

Service provider analysis

● High ● Medium-high ● Medium ● Low

Service provider	Functionality						Market success
	Scale	Scope	Technology & innovation	Delivery footprint	Buyer satisfaction	Overall	
Provider XXX	●	●	●	●	●	●	●

Strengths

- Strong client retention and growth
- Investment in technology and innovation
- Enhanced operational efficiency
- Improved client satisfaction and retention

Areas of improvement

- Investment in technology and innovation
- Improved client satisfaction and retention
- Enhanced operational efficiency

Capability assessment

Measure of capability: ● Best-in-class ● Very high ● High ● Medium high ● Medium ● Medium low ● Low ● Not mature

Service provider	Delivery capability						Market success
	Scale	Scope	Technology and innovation	Delivery footprint	Buyer satisfaction	Overall	
Service provider 1	●	●	●	●	●	●	●
Service provider 2	●	●	●	●	●	●	●
Service provider 3	●	●	●	●	●	●	●
Service provider 4	●	●	●	●	●	●	●
Service provider 5	●	●	●	●	●	●	●

Source: Everest Group (2016)

FAO research calendar

■ Published ■ Current

Topic	Release date
Finance and Accounting Outsourcing (FAO) – Service Provider Profile Compendium 2015	December 2015
Dual-pronged Technology Investments Emerging as the Key to Success in FAO	January 2016
Clever Machines at Your Service	February 2016
Pulling the Right Levers in a Hyper-Competitive FAO Market	March 2016
Analytics BPS – Analytics Goes Mainstream – Scope Expands Beyond Traditional Clients and Offerings	March 2016
Webinar Deck: Service Delivery and Demand Dynamics in Latin America	March 2016
Heralding a New Era of Transformative Business Process Services through Technology	April 2016
FAO – Service Provider Landscape with PEAK Matrix™ Assessment 2016	June 2016
Outsourcing Judgment-oriented processes - the new horizon?	Q3 2016
Finance and Accounting Outsourcing (FAO) Annual Report 2016	Q3 2016
Technology in BPS - Service Provider Compendium 2016	Q3 2016
Technology in Business Process Services (BPS) – Service Provider Landscape	Q3 2016
FAO – Service Provider Compendium 2016	Q3 2016
SDA in Business Process Services (BPS) – Service Provider Landscape	Q4 2016
SDA in BPS - Service Provider Profile Compendium 2016	Q4 2016

Additional FAO 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. Analytics Business Process Services (BPS) – Service Provider Landscape with PEAK Matrix™ Assessment 2016** ([EGR-2016-10-R-1751](#)); 2016 This report provides insights into the global analytics business process services (BPS) market and examines the service provider landscape and its impact on the market. It focuses on service provider position & growth in the market, changing market dynamics & emerging service provider trends, and assessment of service provider delivery capabilities.
- 2. Pulling the Right Levers in a Hyper-Competitive FAO Market** ([EGR-2016-1-R-1718](#)); 2016. In this report we identify the major reasons for dissatisfaction among the clients and the steps that the service providers can take to increase buyer stickiness.
- 3. Finance and Accounting Outsourcing (FAO) Annual Report 2015 – Generating Value through Innovation** ([EGR-2015-1-R-1475](#)); 2015. This report is meant to provide FAO buyers, service providers, and third-party enablers (technology vendors, investment firms, etc.) a detailed view of the current state of affairs of the market. It provides insights into market growth & activity, adoption trends, key changes in the contract characteristics (in terms of technology, analytics, global sourcing, process scope, geographic scope, and pricing). It also sheds light on the landscape in terms investment trends

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

Rajesh Ranjan, Partner:
Megan Weis, Vice President
Dhananjai Gaur, Senior Analyst
Vishwas Saxena, Senior Analyst
Vatsal Gupta, Analyst

rajesh.ranjan@everestgrp.com
megan.Weis@everestgrp.com
dhananjai.Gaur@everestgrp.com
vishwas.Saxena@everestgrp.com
vatsal.Gupta@everestgrp.com

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



About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empowers clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com and research.everestgrp.com.

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

Stay connected

Websites

www.everestgrp.com
research.everestgrp.com



Twitter

@EverestGroup



Blog

www.sherpasinblueshirts.com

SHERPAS
IN BLUE SHIRTS