

Finance and Accounting Outsourcing (FAO) – Service Provider Landscape with PEAK Matrix™ Assessment 2017

Finance and Accounting Outsourcing (FAO)

Market Report – November 2017: Complimentary Abstract / Table of Contents

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- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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Background and methodology of the research

Background of the research

The global multi-process FAO market witnessed a robust growth of 9-10% in 2016. The demand for FAO services remained strong from both the traditional markets of North America and Continental Europe, as well as from the emerging Asia Pacific (APAC) and Latin America (LATAM) geographies. The service provider landscape witnessed changes in terms of mergers & acquisitions and spin-offs, resulting in capability enhancements for some of the players. The increased emphasis of enterprises to focus on their “core operations”, combined with the “as-a-service” modular offerings of providers, are some of the key drivers of FAO market growth, primarily in the SMB and mid-market segments. Enterprises are much more comfortable with outsourcing process scope beyond the traditional labor arbitrage activities to include analytics and Financial Planning & Analysis (FP&A) in the deal scope. Providing end-to-end transformative solutions, combined with domain and industry expertise, and developing next-generation innovative offerings, such as around Blockchain and AI-based solutions, are some of the key means through which providers are creating a differentiation in the market.

In this research, we analyze the global FAO service provider landscape in 2016. We focus on:

- 2017 FAO PEAK Matrix and Star Performers
- Service provider delivery capability assessment
- Everest Group’s analysis of service providers

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 1,150 multi-process FAO deals signed as of 2016
- Coverage across 25 FAO service providers with multi-process capability including Accenture, Aegis, Arvato, Capgemini, Cognizant, Concentrix, Conduent, DXC Technology, Datamatics, EXL, Genpact, HCL, Hexaware, IBM, Infosys, Intelenet, IQ BackOffice, NTT Data, Quattrro, Sutherland Global Services, TCS, TMF Group, Toutatis, Wipro, and WNS

This report is based on three key sources of proprietary information

1

- Proprietary database of **1,150+ 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 Finance & Accounting (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

2

- Proprietary database of the **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 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 surveys and one-on-one executive-level interviews to understand how organizations perceive the performance of their FAO provider. The surveys/interviews focused on the 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

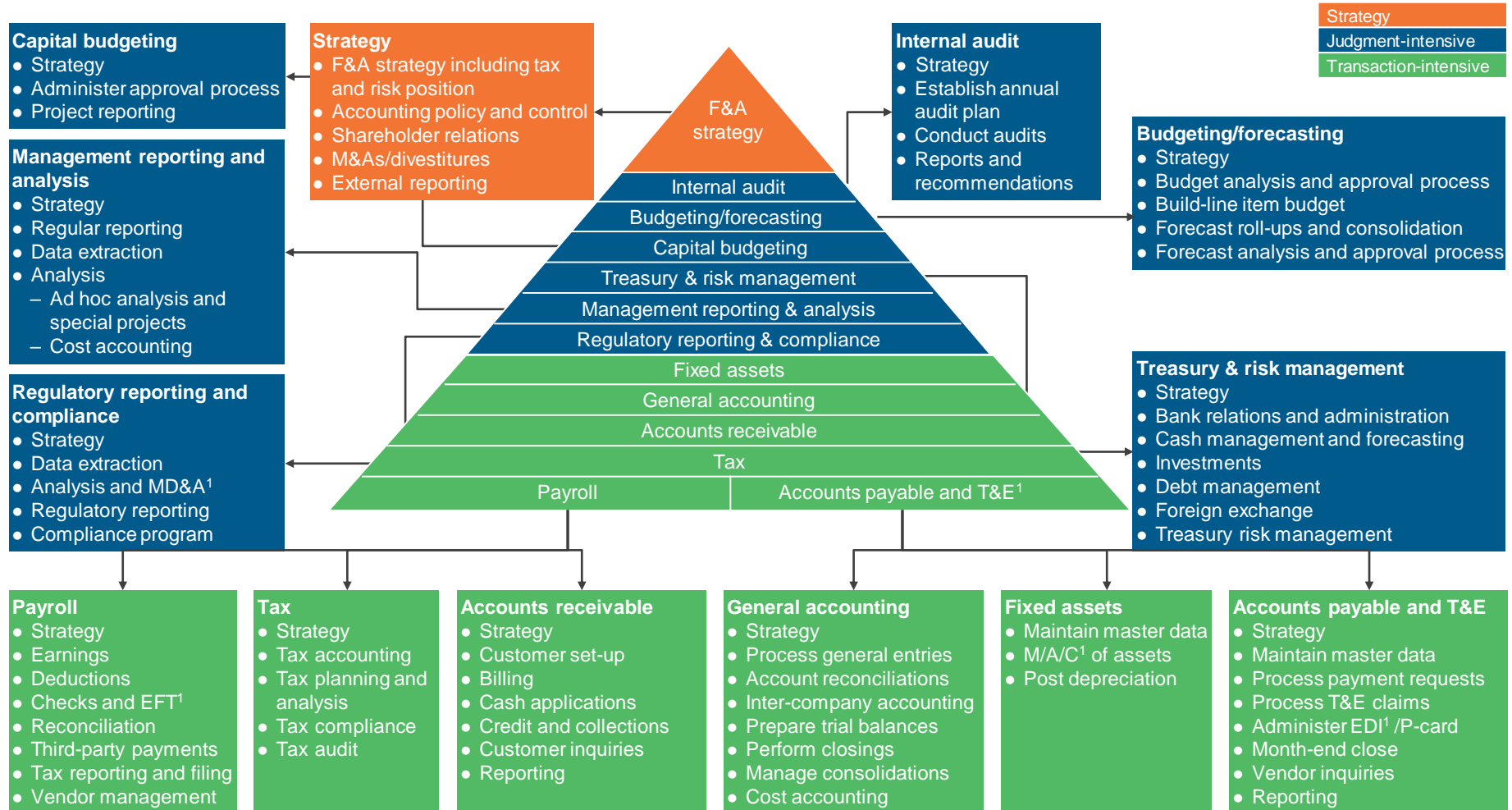
Service providers covered in the analysis



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

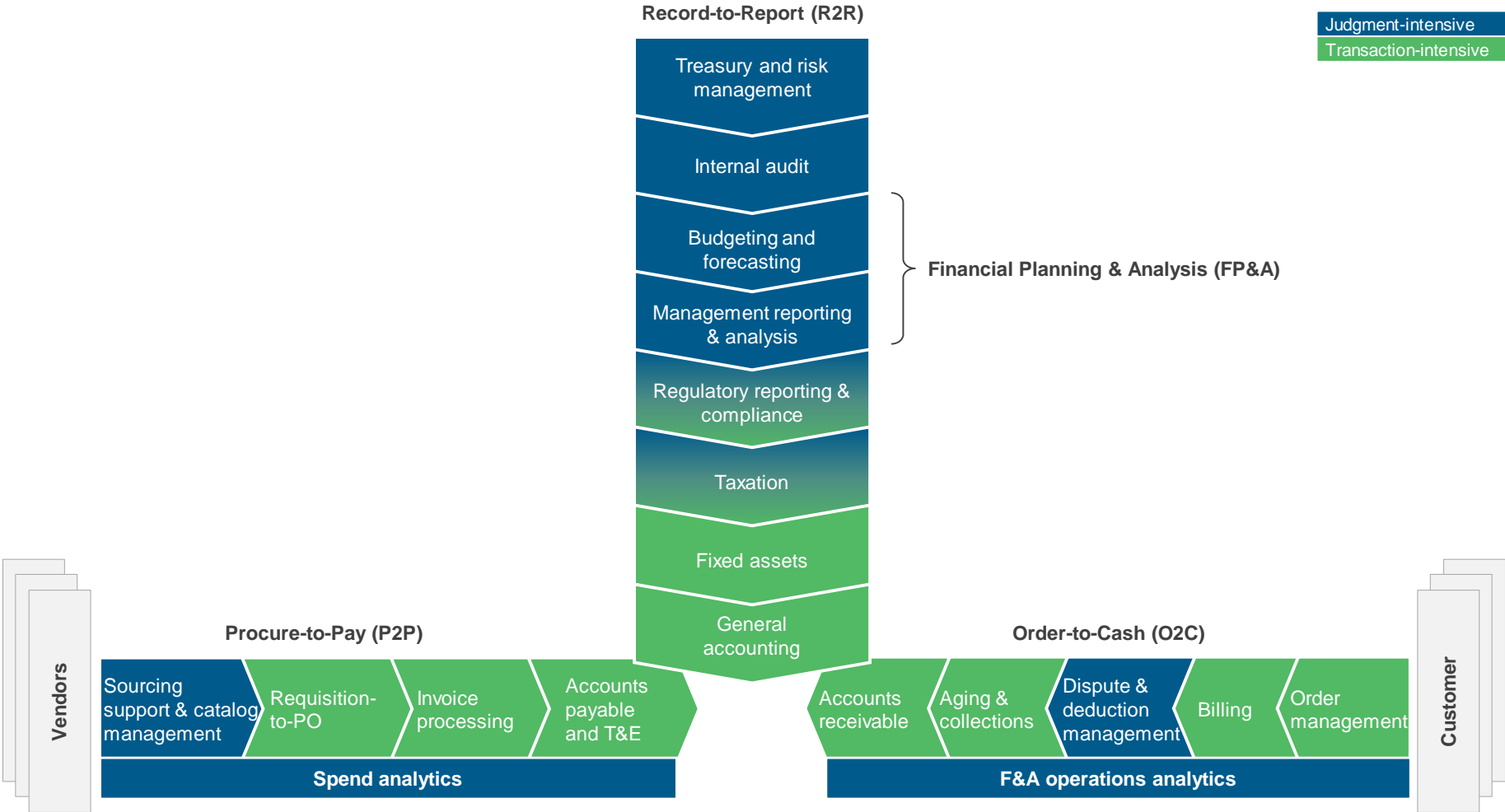
Functional definition of FAO



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 25 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

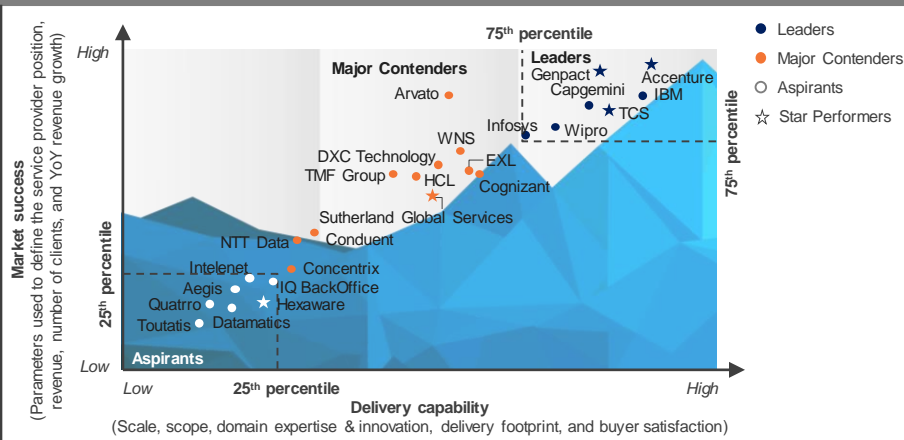
- Everest Group classified 25 FAO service providers on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix into the three categories of Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework to assess the absolute market success and overall capability of service providers:
 - Leaders: Accenture, Capgemini, Genpact, IBM, Infosys, TCS, and Wipro
 - Major Contenders: Arvato, Cognizant, Concentrix, Conduent, DXC Technology, EXL, HCL, NTT Data, Sutherland Global Services, TMF Group, and WNS
 - Aspirants: Aegis, Datamatics, Hexaware, Intelenet, IQ BackOffice, Quattro, and Toutatis
- Based on the relative YOY movement of each service provider, Everest Group identified five service providers as the “2017 FAO Market Star Performers”: They are Accenture, Genpact, Hexaware, Sutherland Global Services, and TCS

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 market; below are four charts to illustrate the depth of the report

Everest Group PEAK Matrix™ for FAO



FAO star performers

2017 FAO Market Star Performers	Distinguishing features of market success in 2016	Distinguishing features of capability enhancements in 2016
Service provider 1	<ul style="list-style-type: none"> Specialized in the healthcare sector Expanded in 2016 with new clients and revenue Highly innovative, strong market growth 	<ul style="list-style-type: none"> Investment in technology and innovation Expanded delivery footprint Strong client relationships and high satisfaction
Service provider 2	<ul style="list-style-type: none"> Specialized in the healthcare sector Expanded in 2016 with new clients and revenue Highly innovative, strong market growth 	<ul style="list-style-type: none"> Investment in technology and innovation Expanded delivery footprint Strong client relationships and high satisfaction
Service provider 3	<ul style="list-style-type: none"> Specialized in the healthcare sector Expanded in 2016 with new clients and revenue Highly innovative, strong market growth 	<ul style="list-style-type: none"> Investment in technology and innovation Expanded delivery footprint Strong client relationships and high satisfaction

Service provider analysis

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

Delivery capability						Market success
Scale	Scope	Technology and innovation	Delivery footprint	Buyer satisfaction	Overall	
●	●	●	●	●	●	●
Strengths			Areas of improvement			

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 solutions and innovation	Delivery footprint	Buyer satisfaction	Overall	
Service provider 1	●	●	●	●	●	●	●
Service provider 2	●	●	●	●	●	●	●
Service provider 3	●	●	●	●	●	●	●
Service provider 4	●	●	●	●	●	●	●
Service provider 5	●	●	●	●	●	●	●
Service provider 6	●	●	●	●	●	●	●
Service provider 7	●	●	●	●	●	●	●

Source: Everest Group (2017)

FAO research calendar

Published
 Planned
 Current release

Flagship FAO reports

Release date

Finance & Accounting Outsourcing (FAO) Annual Report – 2016: Evolving from “Cost Center” to “Strategic Business Partner”	Dec 2016
SCM Service Provider Landscape with PEAK Matrix™ Assessment 2017	March 2017
Analytics Business Process Services (BPS) – Service Provider Landscape with PEAK Matrix™ Assessment 2017	May 2017
Procurement Outsourcing (PO) Annual Report – 2017: Leap toward Digital Transformation	July 2017
BPS Delivery Automation (BPSDA) – State of the Market Report 2017	Nov 2017
Finance and Accounting Outsourcing (FAO) – Service Provider Landscape with PEAK Matrix™ Assessment 2017	Nov 2017
Finance & Accounting Outsourcing (FAO) Annual Report – 2017	Q4 2017

Thematic FAO reports

Finance of the Future: Driving Business Results Through a Finance & Accounting Orchestration (FAO) Model	May 2017
R2R Technology: Enabling a New Level of Effectiveness and Efficiency: The End of the Month-End Fire Drill	May 2017
3PL or 4PL: An Increasingly Complex Decision	June 2017
Delivering Business Outcomes via Smarter Order-to-Cash (O2C): Cash is Still King, but Put it to Work	July 2017
Creating Business Value Through Next-Generation Smart Digital Workforce	Q4 2017
FAO Viewpoint: Finance on the cloud	Q1 2018

Note: For a list of all FAO reports published by us, please refer to our [website page](#)

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 2017** ([EGR-2017-10-R-2156](#)); 2017. 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. Finance of the Future: Driving Business Results Through a Finance & Accounting Orchestration (FAO) Model** ([EGR-2017-1-V-2150](#)); 2017. In this report, we examine how organizations can leverage new value creation levers such as Service Delivery Automation (SDA), analytics, cognitive intelligence, cloud computing, and mobility to achieve “best-in-class” F&A processes.
- 3. Finance and Accounting Outsourcing (FAO) Annual Report 2016 – Evolving from “Cost Center” to “Strategic Business Partner”** ([EGR-2016-1-R-2037](#)); 2016. 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, buyer satisfaction results, and key changes in the contract characteristics (in terms of technology, analytics, global sourcing, process scope, and pricing). It also throws light on the landscape in terms of service provider market share and investment trends.

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About Everest Group

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