

Finance and Accounting Outsourcing (FAO) State of the Market Report 2023: Risks and Opportunities from the Impending Economic Downturn

December 2022: Complimentary Abstract / Table of Contents



Our research offerings

This report is included in the following research program(s):

Finance and Accounting

- ▶ Application Services
- ▶ Artificial Intelligence (AI)
- ▶ Banking and Financial Services Business Process
- ▶ Banking and Financial Services Information Technology
- ▶ Catalyst™
- ▶ Clinical Development Technology
- ▶ Cloud and Infrastructure
- ▶ Contingent Staffing
- ▶ Contingent Workforce Management
- ▶ Conversational AI
- ▶ Customer Experience Management Services
- ▶ CX Excellence
- ▶ Cybersecurity
- ▶ Data and Analytics
- ▶ Digital Adoption Platforms (DAP)
- ▶ Digital Engineering Services
- ▶ Digital Services
- ▶ Digital Workplace
- ▶ Employee Experience Management (EXM) Platforms
- ▶ Employer of Record (EOR)
- ▶ Engineering Services
- ▶ Enterprise Platform Services
- ▶ Exponential Technologies
- ▶ Finance and Accounting
- ▶ Financial Services Technology (FinTech)
- ▶ Global Business Services
- ▶ Healthcare Business Process
- ▶ Healthcare Information Technology
- ▶ Human Resources Outsourcing
- ▶ Insurance Business Process
- ▶ Insurance Information Technology
- ▶ Insurance Technology (InsurTech)
- ▶ Insurance Third-Party Administration (TPA) Services
- ▶ Intelligent Document Processing (IDP)
- ▶ Interactive Experience (IX) Services
- ▶ IT Services Executive Insights™
- ▶ Life Sciences Business Process
- ▶ Life Sciences Commercial Technologies
- ▶ Life Sciences Information Technology
- ▶ Locations Insider™
- ▶ Marketing Services
- ▶ Market Vista™
- ▶ Modern Application Development (MAD)
- ▶ Mortgage Operations
- ▶ Multi-country Payroll
- ▶ Network Services and 5G
- ▶ Outsourcing Excellence
- ▶ Pricing Analytics as a Service
- ▶ Process Mining
- ▶ Procurement and Supply Chain
- ▶ Recruitment
- ▶ Retirement Technologies
- ▶ Revenue Cycle Management
- ▶ Rewards and Recognition
- ▶ Service Optimization Technologies
- ▶ Software Product Engineering Services
- ▶ Supply Chain Management (SCM) Services
- ▶ Sustainability Technology and Services
- ▶ Talent Excellence GBS
- ▶ Talent Excellence ITS
- ▶ Technology Skills and Talent
- ▶ Trust and Safety
- ▶ Value and Quality Assurance (VQA)
- ▶ Work at Home Agent (WAHA) Customer Experience Management (CXM)

If you want to learn whether your organization has a membership agreement or request information on pricing and membership options, please contact us at info@everestgrp.com

Learn more about our
custom research capabilities

Benchmarking

Contract assessment

Peer analysis

Market intelligence

Tracking: providers, locations, risk, technologies

Locations: costs, skills, sustainability, portfolios

Contents

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

Shirley Hung, Partner

Vignesh Kannan, Practice Director

Abhishek Singh, Senior Analyst

Asmita Das, Senior Analyst

Gaurav Mishra, Analyst

1. Introduction	5
• Research methodology	6
• FAO value chain and process map	7
• Background and scope of the research	10
• How to read this document	11
2. Summary of key messages	12
• Evolving CFO priorities in the current recessionary environment	13
• How to navigate through the recession	13
• FAO market overview	14
• FAO buyer trends	14
• FAO service provider landscape	15
3. Evolving CFO priorities in the current recessionary environment	16
• Key organizational challenges	17
• Organizations' investment appetite	19
• Key areas where transformation initiatives are implemented	20
• Degree of investment in strategic priorities for the finance function	21
• Approach to transformation	22
• Role played by third-party service providers and GBS/shared services	23
• Implications for servicer providers in a recessionary environment	24
4. How to navigate through the recession	25
• Deteriorating macro-indicators	26
• Impact on BPS	27
• Everest Group's three step framework to navigate through the recession	28

Contents

5. FAO market overview	35
• FAO market adoption – overview	36
• FAO market adoption – geographic scope	37
• FAO market adoption – by buyer geography	38
• FAO market adoption – by buyer Industry	39
• FAO market adoption – by buyer size	40
• FAO delivery – FTE distribution by process	41
• FAO delivery – FTE distribution by locations	42
6. FAO buyer trends	47
• Contractual activity	48
• Pricing models	49
• Bidding process	51
• Buyer expectations and satisfaction results	52
7. FAO service provider landscape	55
• FAO PEAK Matrix® Assessment 2022	56
• Types of service providers	57
• Overall market share	59
• Top providers by geography	60
• Top providers by industry	61
• Leaders vs. Others – analysis	62
8. Appendix	66
• Glossary of terms	67
• Research calendar	69

Background of the research

The global multi-process FAO market continued to grow at a steady rate of 10-12% in 2021. Surging inflation, recessionary environment, geopolitical instability, coupled with the volatility that the pandemic left the enterprises in, has increased enterprises' openness to leverage third-party service provider support for their finance functions. The drive for digital transformation, an uptick in the number of first-time outsourcers, and increasing demand for next-generation technology, and high-end F&A work from mature outsourcers continue to drive market growth in 2022.

The impending recession is expected to bring a slump in growth in certain industries and geographies alike. Alongside, challenges such as pricing/cost pressures, changed customer demand, and talent shortage are still expected to be relevant. These give the providers excellent opportunities to support organizations through innovative pricing constructs, focused solutions around working capital optimization and cash / liquidity improvement, and enhanced D&A and consulting capabilities.

This research provides comprehensive coverage of the FAO market during 2021-22 and analyzes it across various aspects including regional variations, buyer adoption trends, growth drivers, and impact of recession in finance and accounting.

In this study, we investigate the state of the FAO market. We focus on:

- Evolving CFO priorities in the current recessionary environment
- How to navigate through the recession
- FAO market overview
- FAO buyer trends
- Service provider landscape for the FAO market

Scope of this report



Geography
Global



Services
Information about 27+ leading FAO service providers across the globe has been leveraged for this study

Overview and abbreviated summary of key messages

This research provides comprehensive coverage of the FAO market during 2021-22 and analyzes it across various aspects including regional variations, buyer adoption trends, growth drivers, and impact of recession in finance and accounting.

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

Evolving CFO priorities in the current recessionary environment

- While organizations continue to face challenges in adapting to customer demand and ensuring supply chain continuity, challenges such as pricing pressures, increasing risk exposures, and talent shortage have gained prominence in 2022
- Impending recession is an opportunity for service providers to tailor their offerings and support organizations in enhancing cash flows / working capital, reducing costs, and tackling talent-related challenges which will heighten during a recession

How to navigate through the recession

- Notwithstanding the correlation with economy, BPS (with FAO included) is more resilient and is expected to grow at a stronger rate than the economy
- Everest group has developed a three-step framework to assess the impact of recession / economic slowdown on service provider's FAO business

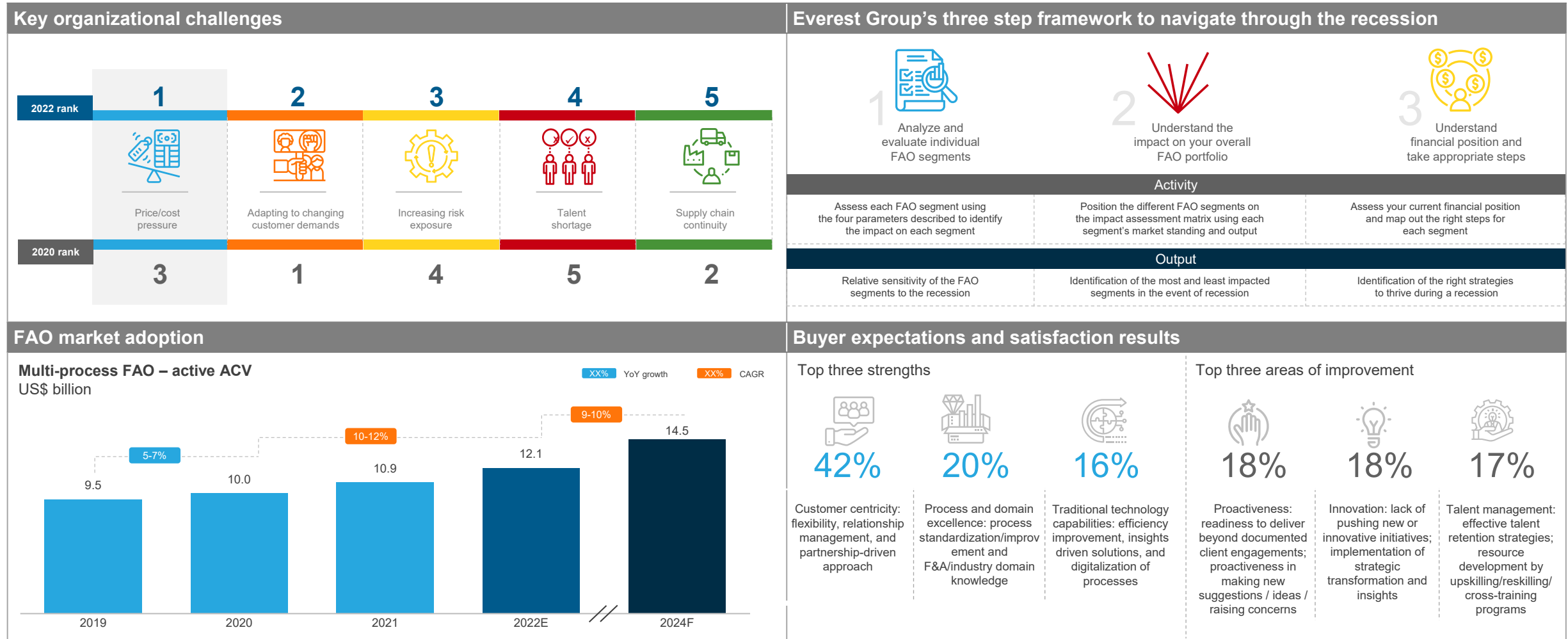
FAO market overview & buyer trends

- FAO market demonstrated strong growth during 2020-2022 and despite recessionary headwinds it is expected to grow at 9-10% CAGR over the next couple of years
- Significant growth in FTEs across R2R is primarily driven by increasing demand for outsourcing of complex F&A processes such as FP&A, regulatory reporting & compliance, tax, and treasury & risk management
- While process/domain expertise will continue to remain an important, service providers need to be more proactive in bringing in innovation and next-generation technologies to improve overall buyer satisfaction levels

FAO service provider landscape

- The FAO market is dominated by Leaders (**Accenture, Capgemini, Genpact, IBM, Infosys, TCS, and Wipro**) that account for more than **70%** of the market share
- Leaders are ahead of their peers across all key assessment parameters, owing to their significant industry expertise, scale, technology capabilities, and investments; the largest gaps are in terms of value delivered to their clientele

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



Research calendar

Finance and Accounting

Published Planned Current release

Reports title	Release date
Finance and Accounting Outsourcing (FAO) – Service Provider Landscape with Services PEAK Matrix® Assessment 2021	September 2021
Finance and Accounting Outsourcing (FAO) Service Provider Compendium 2021	September 2021
Finance and Accounting Outsourcing (FAO) State of the Market Report 2022 – Growth and Opportunity in the Digital Era	January 2022
From Liquidity Conservation to Cash Excellence: a Tech-led Approach to Optimizing Working Capital	May 2022
An Integrated Operations Transformation Approach to Finance and Accounting Operations	May 2022
BPS Top 50 – 2022	June 2022
Impact Sourcing Specialist Profiles 2022	June 2022
Tax Compliance Transformation: Risks and Strategies for Global Management	September 2022
Finance and Accounting Outsourcing (FAO) – Service Provider Landscape with PEAK Matrix® Assessment 2022	September 2022
Global CFO Survey 2022 – Separating Chatter from Reality	October 2022
Finance and Accounting Outsourcing (FAO) State of the Market Report 2023: Risks and Opportunities from the Impending Economic Downturn	December 2022
Finance and Accounting Outsourcing (FAO) Service Provider Compendium 2023	Q1 2023
P2P Automation	Q1 2023
F&A BPaaS / FaaS Market Report	Q1 2023

Note: [Click](#) to see a list of all of our published Finance and Accounting reports



Everest Group is a leading research firm helping business leaders make confident decisions. We guide clients through today's market challenges and strengthen their strategies by applying contextualized problem-solving to their unique situations. This drives maximized operational and financial performance and transformative experiences. Our deep expertise and tenacious research focused on technology, business processes, and engineering through the lenses of talent, sustainability, and sourcing delivers precise and action-oriented guidance. Find further details and in-depth content at www.everestgrp.com.

Stay connected

Website

everestgrp.com

Social Media

 @EverestGroup

 @Everest Group

 @Everest Group

 @Everest Group

Blog

everestgrp.com/blog

Dallas (Headquarters)

info@everestgrp.com

+1-214-451-3000

Bangalore

india@everestgrp.com

+91-80-61463500

Delhi

india@everestgrp.com

+91-124-496-1000

London

unitedkingdom@everestgrp.com

+44-207-129-1318

Toronto

canada@everestgrp.com

+1-647-557-3475

This document is for informational purposes only, and it is being provided "as is" and "as available" without any warranty of any kind, including any warranties of completeness, adequacy, or fitness for a particular purpose. Everest Group is not a legal or investment adviser; the contents of this document should not be construed as legal, tax, or investment advice. This document should not be used as a substitute for consultation with professional advisors, and Everest Group disclaims liability for any actions or decisions not to act that are taken as a result of any material in this publication.