



# Evolution of Finance Organizations in 2024: Essential Insights for F&A Outsourcing Providers

June 2024: Complimentary Abstract / Table of Contents

Market Report  
Finance and Accounting



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- ▶ Payer and Provider Information Technology
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- ▶ Pricing Analytics as a Service
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## Background and scope of the research

Finance organizations are facing numerous challenges such as cost pressures, slowdown in customer demand, and a greater need to adapt to new business models. To stay afloat in such uncertain times, the expected role from CFOs has leap-frogged from a primary focus on financial stewardship and record-keeping to a more dynamic role that includes strategic leadership, technological integration, and broader organizational influence.

CFOs have been turning more to outsourcing of F&A processes over the past couple of years to combat cost and liquidity concerns. However, a closer look at these outsourcing engagements will reveal a more strategic intent of the CFO office with respect to their FAO engagements.

Despite their providers' past contributions in maintaining business continuity during tumultuous periods such as the COVID-19 pandemic, enterprises express concerns about their service providers' performance not being at par with expectations, leading to dissatisfaction.

This report outlines the current challenges, shifting outsourcing needs, and expectations of enterprises from their FAO service providers. It further delves into how providers can go beyond core services offerings and differentiate themselves in the market.

### Scope of this report

**Geography:** Global

**Industry:** All

**Services:** FAO services

## Overview and abbreviated summary of key messages

The report covers the evolving challenges and demand trends, rising buyer dissatisfaction, and key takeaways for FAO providers to transform threats into opportunities. It also includes heightened enterprise expectations regarding outsourcing objectives, managing service scope and commercials, and driving transformation.

The report offers insights into how providers can deliver beyond core service offerings, enhance buyer satisfaction, and gain a competitive edge.

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

#### **Enterprises are increasing leverage of outsourcing to tackle business challenges**

The prevailing challenges faced by finance organizations have pushed organizations to increase outsourcing for F&A processes, the demand primarily being driven by first-generation outsourcers and scope expansion from mature buyers

#### **FAO providers are lagging behind in meeting evolving buyer expectations, leading to reduced buyer satisfaction**

The FAO buyer landscape is marked by dissatisfied clients that might be alarming for providers, but it also offers green shoots of opportunities such as provider-assisted captive setups

#### **Achievement of business outcomes is becoming increasingly important in FAO engagements, especially for mature enterprises**

Finance organizations' outsourcing needs are maturing – with increasing focus on achieving tangible business outcomes, expanding the scope of outsourced processes, and moving toward a platform-based, holistic transformation. Additionally, there is greater openness to hybrid-based pricing models that incorporate output- and/or outcome-based components

#### **Focus on value enablers will increase buyer satisfaction**

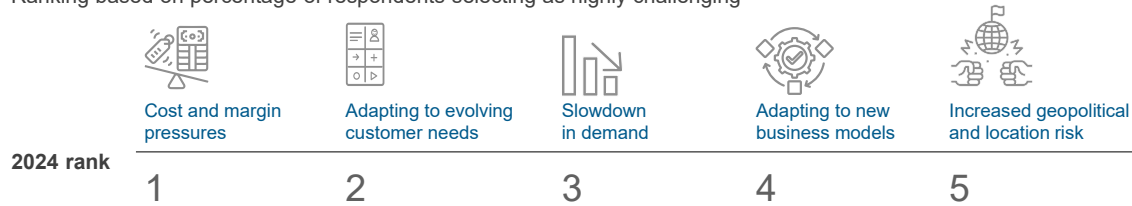
- Service providers should focus on value enablers of FAO such as maintaining a balanced shoring mix, offering innovative commercial constructs, and having robust talent management strategies
- Emphasizing differentiated value proposition around integrated IT-F&A offerings, unified digital suite, advisory capabilities, and verticalized F&A offerings can help gain a competitive edge

# This study offers three distinct chapters providing a deep dive into key aspects of the FAO outsourcing engagements; below are four snippets to illustrate the depth of the report

## Enterprises challenges and key business priorities in 2024

### Top five business challenges enterprises are facing in 2024

Ranking based on percentage of respondents selecting as highly challenging



### Top business priorities going into 2024

Percentage of respondents selecting as key priority



Do more with less is the driving force for companies in 2024

## Shift in enterprises' expectations from outsourcing

- Shift in outsourcing objectives**
  - From a cost focus to focus on business outcomes
  - Rise of new age business outcomes

- Increased scope of outsourcing**
  - Increased outsourcing of judgement-intensive F&A processes
  - Increased adoption of outsourcing in industry-specific and non-traditional F&A processes

- Change in pricing model adoption**
  - Increased adoption of hybrid-based pricing
  - Increased demand for innovative transformation funding models

- Evolved transformation approach**
  - Shift from piecemeal transformation to sustainable transformation

## Key points of dissatisfaction among enterprises with their current F&A service providers

### Average enterprise satisfaction with their F&A service providers

Rating on a scale of 1 to 7, with 7 being highly satisfied and 1 being highly dissatisfied



Macroeconomic disruptions are changing enterprise outlook toward outsourcing. Buyers expect providers to step up and sustain their efforts in supporting businesses

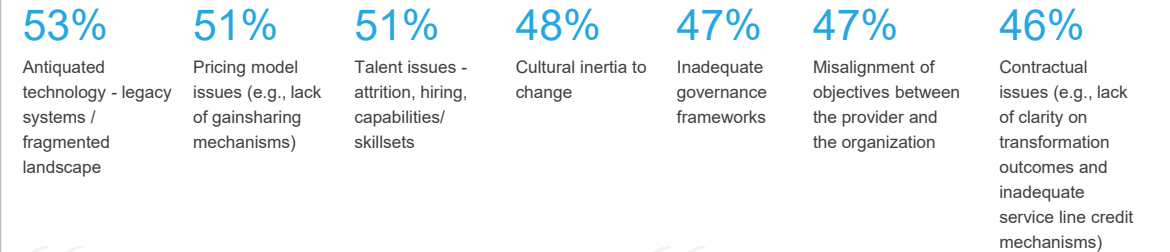
However, underlying issues such as talent challenges, below-par investments in advanced technology, and lack of an innovation mindset led to a drop in buyer satisfaction in 2023



## Roadblocks that FAO providers should help enterprises to overcome

### Key barriers/roadblocks that hindered increased value realization from enterprises' FAO engagements in 2023

Share of respondents stating high and very high importance



“Though our service provider proposed outcome-based pricing, we parked it owing to complications such as attributability”  
– SVP Business Services, American Global FMCG major

“Overly simplistic assumptions during blueprinting is hindering value realization in our engagement”  
– SVP Business Services, American global FMCG major



# Research calendar

## Finance and Accounting

|  | Published    | Current release | Planned       |
|--|--------------|-----------------|---------------|
| Reports title  | Release date |                 |               |
| How to Maximize Value from Your Finance and Accounting Outsourcing (FAO) Engagements   |              |                 | November 2023 |
| Finance and Accounting Outsourcing (FAO) Service Provider Compendium 2023 – Update   |              |                 | November 2023 |
| Finance and Accounting Outsourcing (FAO) State of the Market 2023: Beyond Numbers – Unleashing the Power of AI in Finance and Accounting |              |                 | December 2023 |
| Talent Demand Trends   India IT Services – H2 2023   |              |                 | February 2024 |
| Transforming Finance – Uncovering the Potential of the Finance Stakeholder Experience  |              |                 | March 2024    |
| Webinar Deck: Impact Sourcing: Empowering Communities, Transforming Business, and Creating Long-term Impact                              |              |                 | March 2024    |
| <a href="#">Evolution of Finance Organizations in 2024: Essential Insights for F&amp;A Outsourcing Providers</a>                         |              |                 | June 2024     |
| BPS Top 50 – 2024  |              |                 | Q2 2024       |
| Order-to-Cash (O2C) Technology Landscape   |              |                 | Q3 2024       |
| Finance and Accounting Outsourcing (FAO) PEAK Matrix® Assessment 2024  |              |                 | Q3 2024       |
| Generative AI - the New Disruptor in F&A   |              |                 | Q3 2024       |
| Finance and Accounting Outsourcing (FAO) State of the Market 2024  |              |                 | Q4 2024       |
| Finance and Accounting Outsourcing (FAO) Service Provider Compendium 2024  |              |                 | Q4 2024       |
| CFO Survey 2024  |              |                 | Q4 2024       |
| Industry-specific F&A Services in Banking & Financial Services and Healthcare  |              |                 | Q4 2024       |
| F&A BPaaS/FaaS Market Report   |              |                 | Q4 2024       |

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