ISG Provider Lens™

Finance and Accounting Outsourcing Services (FAO)

A research report comparing provider strengths, challenges and competitive differentiators in FAO

BROCHURE | FEBRUARY 2023 | GLOBAL

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With changing business and technology needs, finance and accounting outsourcing (FAO) engagements have been evolving from being transactional to being more holistic. Enterprises are transforming their finance and accounting (F&A) operations and embracing digital technologies to make processes more efficient, increase productivity, improve data accuracy, reduce costs and enhance customer experience.

Automation and analytics have been integral to every FAO contract signed in the last few years. They have empowered CFOs with real-time insights to enable quick decision-making and help finance departments function efficiently.

This year's study will build on the studies from previous years by reviewing changing customer priorities as businesses grapple with new macroeconomic challenges. It will examine how customers' FAO needs have changed due to external factors such as high costs due to inflation, conflicts in the EU and a possible recession in 2023. It reviews how service

providers leverage advanced technologies such as data analytics, intelligent automation and AI to overcome challenges with agility.
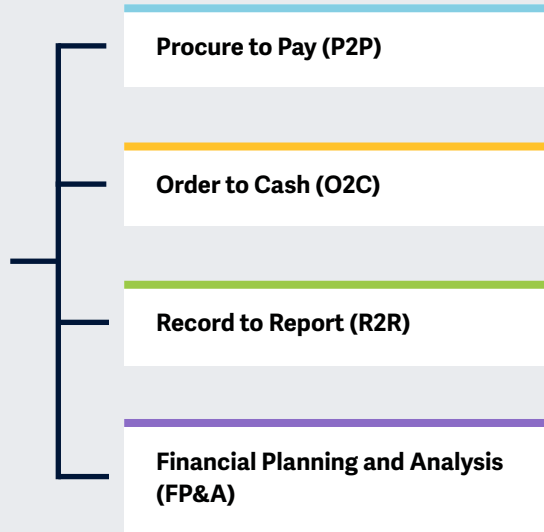
Digitization has aided significantly in the automation of F&A processes. However, service providers must provide customized solutions for industry-specific use cases to increase automation prospects. This year's study will review service providers' capabilities in offering industry-specific solutions.

Over the years, expectations from service providers have evolved; they are increasingly being seen as partners rather than just providers of service. Clients seek service providers that can help them navigate through major technological upgrades in areas such as ERP and CRM. The study will review participants' expertise in these transformational journeys.

As part of this year's study, we are introducing four key focus areas for **Finance and Accounting Outsourcing Services** 2023.

Simplified Illustration Source: ISG 2023

Procure to Pay (P2P)

Order to Cash (O2C)

Record to Report (R2R)

Financial Planning and Analysis (FP&A)

The ISG Provider Lens™ study offers the following to enterprise finance leaders and IT decision-makers:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments based on their competitive strengths and portfolio attractiveness
- A view of the global services market

Our study serves as an important decision-making basis for positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their current vendor relationships and potential new engagements.

Procure to Pay (P2P)

Definition

This quadrant assesses P2P service providers that cover the complete range of the accounts payable process. The services include capturing and processing invoices, addressing vendor queries, managing master data and claims, ensuring on-time payment, minimizing value leakages and enhancing vendor and employee satisfaction. The transactions require understanding the domain and effectively leveraging automation and analytics. P2P services offer organizations with end-to-end comprehensive solutions for managing procurement processes, some of which may include:

- Spend Management: Identifying and tracking expenses, analyzing spending patterns and optimizing procurement processes to reduce costs

- Supplier Management: Managing relationships with suppliers, negotiating contracts and ensuring compliance with procurement policies

- Sourcing: Finding and selecting suppliers, conducting market research and negotiating prices

- Purchase Order (PO) Management: Creating, approving and tracking POs and managing their lifecycles

- Payment Processing: Paying suppliers, reconciling accounts and managing payment-related queries

Providers offer solutions beyond RPA, NLP and optical character recognition (OCR) (for example, AI and ML) to automate various aspects such as invoice processing, supplier selection and contract management to improve processing speed and reduce financial fraud and errors; blockchain to improve transparency and prevent fraud and risk of errors; and real-time data analytics for valuable insights in the procurement process, allowing them to identify trends, improve processes and make informed decisions.

Eligibility Criteria

1. Have a **strong vision to grow the F&A practice** and offer end-to-end P2P services

2. Demonstrate **deep domain and technology expertise and application of the same**, including automation, analytics, AI, ML, cloud and blockchain

3. **Have a strong partner ecosystem** across F&A service lines to drive innovation and digital transformation

4. Can **provide vertical-specific solutions** and offer guidance on process optimization to deliver tangible benefits

5. Have a strong consulting portfolio that includes **design thinking and alternative methodologies** to involve customers in designing products, services and transformation roadmaps

6. Demonstrate industry and domain expertise with vertically trained full-time employees (FTEs) to deal with core finance functions and **lead the digital implementation** of the roadmap design

7. Referenceable case studies

Order to Cash (O2C)

Definition

This quadrant assesses providers of end-to-end O2C services, supporting the entire customer-to-cash lifecycle. Some common services offered by the providers include:

- Order Management: Receiving, processing and tracking customer orders and ensuring timely delivery

- Invoicing: Generating and sending invoices to customers and managing discrepancies or disputes that may arise

- Payment Processing: Managing and reconciling customer payments and ensuring payments are received promptly

- Credit Management: Managing the credit risks associated with customer orders, including credit assessment, and credit limit and overdue accounts management

- Customer Service: Providing customer support throughout the O2C process, including assisting with customer inquiries and complaints

Service providers drive efficiency by streamlining processes, improving working capital performance and reducing days sales outstanding (DSO) and bad debt. Most first-generation outsourcers begin their transformation journey by outsourcing less complex finance functions, including O2C, that are repetitive and transactional. This gives enterprises more flexibility to set competitive prices for their products and services and gain market advantage. They can also free up internal resources to focus on other critical business activities.

Service providers in this space should have domain expertise and fulfill clients' expectations of actively using automation to reduce manual processes, minimizing errors and speeding up the processing time. Providers use big data and analytics to gain deeper insights and improve decision-making. The data is used to develop predictive models and automate decision-making to reduce the time required for processing orders and payments.

Eligibility Criteria

1. Have a **strong vision to grow the F&A practice** and offer end-to-end O2C services

2. Demonstrate **deep domain and technology expertise and application of the same**, including automation, analytics, AI, ML, cloud and blockchain

3. **Strong partner ecosystem** across F&A service lines to drive innovation and digital transformation

4. Ability to **provide vertical-specific solutions** and offer advice and guidance on process optimization to deliver tangible benefits

5. Have a strong consulting portfolio that includes **design thinking and alternative methodologies** to involve customers in designing products, services, and transformation roadmaps

6. Demonstrate industry and domain expertise with vertically trained FTEs to deal with core finance functions and **lead the digital implementation** of roadmap designs

7. Referenceable case studies

Record to Report (R2R)

Definition

This quadrant assesses providers that help enterprises record financial transactions, prepare financial statements and report information to stakeholders. Digital-native companies and second-generation outsourcers are open to outsourcing high-end and complex finance functions such as R2R, seeking real-time actionable insights. Some common services offered by R2R service providers include:

- Financial Reporting: Preparing financial statements such as balance sheets and income and cash flow statements, and reporting financial information to relevant stakeholders

- General Ledger Management: Recording and maintaining financial transactions in the general ledger and ensuring that the transactions are recorded accurately

- Account Reconciliation: Reconciling accounts, resolving discrepancies and ensuring financial records are accurate and complete

- Close Process Management: Managing the end-of-period close process, including preparing and reviewing journal entries, reconciling accounts and preparing financial reports

- Internal Control Assessment: Assessing the effectiveness of an enterprise's internal control systems and making recommendations to ensure the accuracy and reliability of financial information

Providers use a mix of automation, cloud-based solutions, intelligent data acquired through AI and workflow solutions, and advanced business analytics to streamline R2R process, reduce operational costs and improve financial reporting accuracy. These solutions empower CFOs to focus on their core business, get real-time insights to make quick decisions and enable their finance departments to function more accurately and effectively.

Eligibility Criteria

1. Have a **strong vision to grow its F&A practice** and must offer end to end R2R services

2. Demonstrate **deep domain & technology expertise and application of the same**, including automation, analytics, AI, ML, cloud and blockchain

3. **Strong partner ecosystem** across F&A service lines to drive innovation and digital transformation

4. Ability to **provide vertical-specific solutions** and offer guidance on process optimization to deliver tangible benefits

5. Have a strong consulting portfolio that includes **design thinking or alternative methodologies** to involve customers in designing products and services or the transformation roadmap

6. Demonstrate industry and domain expertise with vertically trained FTEs to deal with core finance functions and **lead digital implementation** of roadmap design

7. Referenceable case studies

Financial Planning and Analysis (FP&A)

Definition

This quadrant assesses providers that offer FP&A services such as budgeting, forecasting, financial planning and management reporting, divestiture analysis and decision support and financial analysis, and engage in M&A to achieve the same. High-end and complex F&A functions such as FP&A that companies once retained are now being outsourced, allowing service providers to deliver comprehensive and meaningful data and insights. Companies view providers as strategic partners that can offer real-time insights and support rapid decision-making. Some of the services provided may include:

- Budgeting and forecasting: Creating and updating budgets, forecasting future financial performance and monitoring actual performance against budget

- Financial Modeling: Developing financial models to support decision-making and evaluating the economic impact of different business scenarios

- Performance Analysis: Analyzing financial and operational performance data, identifying trends and issues and recommending improvements for better financial and operational performance

- Strategic Planning: Working with enterprises to develop and execute long-term financial plans and aligning financial goals with overall business strategies

- Risk Management: Identifying, assessing and managing financial risks, helping organizations to make informed decisions and preparing for potential economic challenges

These service providers help CFOs with timely and reliable financial insights and reports for effective decision-making to stay ahead of potential economic challenges and risks.

Eligibility Criteria

1. Have a **strong vision to grow the F&A practice** and offer end-to-end FP&A services

2. Demonstrate **deep domain and technology expertise and application of the same**, including automation, analytics, AI, ML, cloud and blockchain

3. **Have a strong partner ecosystem** across F&A service lines to drive innovation and digital transformation

4. Can **provide vertical-specific solutions** and offer guidance on process optimization to deliver tangible benefits

5. Have a strong consulting portfolio that includes **design thinking and alternative methodologies** to involve customers in designing products, services and transformation roadmaps

6. Demonstrate industry and domain expertise with vertically trained FTEs to deal with core finance functions and **lead the digital implementation** of roadmap design

7. Referenceable case studies

Quadrants by Region

As a part of this ISG Provider Lens™ quadrant study, we are introducing the following four quadrants in Finance and Accounting Outsourcing Services 2023.

Quadrant	Global
Procure to Pay (P2P)	✔
Order to Cash (O2C)	✔
Record to Report (R2R)	✔
Financial Planning and Analysis (FP&A)	✔

Schedule

The research phase falls in the period between February and April 2023, during which survey, evaluation, analysis and validation will take place. The results will be presented to the media in July 2023.

Milestones	Beginning	End
Survey Launch	February 27, 2023	
Survey Phase	February 28, 2023	April 11, 2023
Sneak Preview	June 19, 2023	June 26, 2023
Press Release & Publication	July 2023	

Please refer to the link to view/download the ISG Provider Lens™ 2023 research agenda.

Access to Online Portal

You can view/download the questionnaire from here using the credentials you have already created or refer to instructions provided in the invitation email to generate a new password. We look forward to your participation!

Research Production Disclaimer:

ISG collects data for the purposes of writing research and creating provider/vendor profiles. The profiles and supporting data are used by ISG advisors to make recommendations and inform their clients of the experience and qualifications of any applicable provider/vendor for outsourcing the work identified by clients. This data is collected as part of the ISG FutureSource process and the Candidate Provider Qualification (CPQ) process. ISG may choose to only utilize this collected data pertaining to certain countries or regions for the education and purposes of its advisors and not produce ISG Provider Lens™ reports. These decisions will be made based on the level and completeness of the information received directly from providers/vendors and the availability of experienced analysts for those countries or regions. Submitted information may also be used for individual research projects or for briefing notes that will be written by the lead analysts.

ISG Star of Excellence™ – Call for nominations

The Star of Excellence™ is an independent recognition of excellent service delivery based on the concept of "Voice of the Customer." The Star of Excellence is a program, designed by ISG, to collect client feedback about service providers' success in demonstrating the highest standards of client service excellence and customer centricity.

The global survey is all about services that are associated with IPL studies. In consequence, all ISG Analysts will be continuously provided with information on the customer experience of all relevant service providers. This information comes on top of existing first-hand advisor feedback that IPL leverages in context of its practitioner-led consulting approach.

Providers are invited to nominate their clients to participate. Once the nomination has been submitted, ISG sends out a mail confirmation to both sides. It is self-evident that ISG anonymizes all customer data and does not share it with third parties.

It is our vision that the Star of Excellence™ will be recognized as the leading industry recognition for client service excellence and serve as the benchmark for measuring client sentiments.

To ensure your selected clients complete the feedback for your nominated engagement please use the Client nomination section on the Star of Excellence™ website.

We have set up an email where you can direct any questions or provide comments. This email will be checked daily, please allow up to 24 hours for a reply.

Here is the email address:
ISG.star@isg-one.com

ISG Star of Excellence

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ISG Provider Lens™ Advisors Involvement Program

ISG Provider Lens offers market assessments incorporating practitioner insights, reflecting regional focus and independent research. ISG ensures advisor involvement in each study to cover the appropriate market details aligned to the respective service lines/technology trends, service provider presence and enterprise context.

In each region, ISG has expert thought leaders and respected advisors who know the provider portfolios and offerings as well as enterprise requirements and market trends. On average, three advisors participate as part of each study's quality and consistency review team (QCRT). The QCRT ensures each study reflects ISG advisors' experience in the field, which complements the primary and secondary research the analysts conduct. ISG advisors participate in each study as part of the QCRT group and contribute at different levels depending on their availability and expertise.

The QCRT advisors:

- Help define and validate quadrants and questionnaires,

- Advise on service provider inclusion, participate in briefing calls,

- Give their perspectives on service provider ratings and review report drafts.

ISG Advisors to this study

Dave Houston

Director

Franck Boubon

Director

Gautam Saha

Principal Consultant

Matt Shaheen

Director

Scott Furlong

Partner

Invited Companies

If your company is listed on this page or you feel your company should be listed, please contact ISG to ensure we have the correct contact person(s) to actively participate in this research.

Accenture*	EXL*	Quatrro*
Aegis	Firstsource	Riverty*
Capgemini*	Genpact*	Sutherland*
Cognizant*	HCLTech*	TCS*
Concentrix	Hexaware	Tech Mahindra*
Conduent*	IBM*	Teleperformance*
Corcentric*	Infosys*	Wipro*
Datamark*	Invensis*	WNS*
Datamatics*	IQ BackOffice*	Worxpertise*
DXC Technologies*	NTT DATA	Xchanging
Exela Technologies*	OneSource Virtual*	

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The ISG Provider Lens™ Quadrant research series is the only service provider evaluation of its kind to combine empirical, data-driven research and market analysis with the real-world experience and observations of ISG's global advisory team. Enterprises will find a wealth of detailed data and market analysis to help guide their selection of appropriate sourcing partners, while ISG advisors use the reports to validate their own market knowledge and make recommendations to ISG's enterprise clients. The research currently covers providers offering their services across multiple geographies globally.

For more information about ISG Provider Lens research, please visit this webpage.

ïSG Research™

ISG Research™ provides subscription research, advisory consulting and executive event services focused on market trends and disruptive technologies driving change in business computing. ISG Research delivers guidance that helps businesses accelerate growth and create more value.

ISG offers research specifically about providers to state and local governments (including counties, cities) as well as higher education institutions. Visit: Public Sector.

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ISG (Information Services Group) (Nasdaq: III) is a leading global technology research and advisory firm. A trusted business partner to more than 800 clients, including more than 75 of the world's top 100 enterprises, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; strategy and operations design; change management; market intelligence and technology research and analysis.

Founded in 2006, and based in Stamford, Conn., ISG employs more than 1,300 digital-ready professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data.

For more information, visit isg-one.com.

ISG Provider Lens™

FEBRUARY, 2023

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