

***ISG** Provider Lens™

Finance & Accounting (F&A) Digital Outsourcing Services

UK 2020

Quadrant
Report



A research report
comparing provider
strengths, challenges
and competitive
differentiators

Customized report courtesy of:

Infosys®

June 2020

About this Report

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The research and analysis presented in this report includes research from the ISG Provider Lens™ program, ongoing ISG Research programs, interviews with ISG advisors, briefings with services providers and analysis of publicly available market information from multiple sources. The data collected for this report represents information that ISG believes to be current as of December 10, 2019 – January 29, 2020, for providers who actively participated as well as for providers who did not. ISG recognizes that many mergers and acquisitions have taken place since that time, but those changes are not reflected in this report.

All revenue references are in U.S. dollars (\$US) unless noted.

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ISG Provider Lens™ delivers leading-edge and actionable research studies, reports and consulting services focused on technology and service providers' strengths and weaknesses and how they are positioned relative to their peers in the market. These reports provide influential insights accessed by our large pool of advisors who are actively advising outsourcing deals as well as large numbers of ISG enterprise clients who are potential outsourcers.

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EXECUTIVE SUMMARY

Finance and accounting outsourcing (FAO) services make up a mature market that has evolved over the years. Traditionally known for its offshoring of non-critical business functions, today the market landscape has changed dramatically with the widening of the enterprise expectations.

Once an FTE-driven market, the landscape of FAO has seen a dramatic shift with the advent of technology. Automation, in particular, has become essential and robotic process automation (RPA) is now integral to all finance functions, and the number of use cases is growing.

Multiple factors are influencing these changes — including technology, increased end-user expectations, the changing role of the chief financial officer, front- and back-office integration to customer experience and enterprise dependency on experts to transform finance functions.

One of the critical factors influencing this changing landscape is the changing nature of enterprise and provider relationships that have matured over the years, from sourcing partnerships to strategic partnerships. As service providers invest in building capabilities to serve clients end to end, enterprise clients are increasingly becoming comfortable and confident with outsourcing high-end finance functions. Increasingly, the changing role of the CFO in organizations is also driving these changes, particularly in digital native companies that are born in cloud are quick to embrace this transformation. These cloud-born companies lean on providers to manage end to end functions and look for more strategic relationships.

U.K. market overview

Although it is slightly conservative, the U.K. is one of the leading outsourcers of finance and accounting (F&A) services. As the F&A industry matures, the U.K. is seeing a shift in enterprise buying patterns. Traditionally, the U.K. has been a slow mover in embracing any transformation; however, the buying pattern is slowly evolving as an increasing number of enterprises are showing an inclination to fast track their transformation journey.

Brexit uncertainty continues to loom over the industry and impacts large deals; many enterprises are delaying big deals due to uncertainty portended by Brexit. However, outsourcing has not seen a major impact. With Brexit and potential immigration issues, the U.K. is also seeing skill shortage owing to the reliance on skills from outside. In addition, the U.K. is one of the countries severely impacted by COVID-19, which has affected the economic conditions and predicts sluggish growth in 2020. All these factors could potentially lead to U.K. enterprises relying on services partners for their skills and leveraging offshoring to get tasks done.

The introduction of the EU's General Data Protection Regulation (GDPR) led to conversation around localization, nearshore and minimization of offshoring. However, with all service providers taking measures to ensure security and privacy of data such as implementation of a data protection officer, training, organizing and classifying data and implementing data management best practices have minimized the effect on offshoring.

With multiple changes, and most importantly the changing nature of businesses, service providers are expanding their nearshore capabilities. Players such as Accenture, Genpact,

TCS, IBM and Infosys and aggressively expanding nearshore capabilities in Poland, Romania and other East European countries to provide services to their clients.

ISG observes the following FAO trends that are shaping the industry globally

Outsourcing of complex finance functions sees growth: Conventional outsourcing typically sees more of order to cash (O2C) or procure to pay (P2P) relationships, and only about half of record to report (R2R) functions are outsourced. As service providers continue to exhibit and build on F&A capabilities, they have confidently secured the trust of their clients who are now outsourcing complex finance functions that were traditionally not outsourced. From bookkeeping needs to budgeting, forecasting, cash flow modeling, decision support, management reporting, tax and compliance support, audit support etc., enterprises are increasingly turning toward their sourcing partners for help with these activities and to enable CFOs with better insights.

To enable these services for their clients, service providers are investing in reskilling their employees to handle complex queries, and, in some cases, partnering with firms like the Big 4 to deliver services or investing in skilled resources.

Consulting services take center stage as enterprises are increasingly embracing transformation: As the complexity of engagement is increasing with evolving changes and technological needs, expectations from service providers are also changing. Moving away from lift-and-shift models to complex functions and technology roadmaps, enterprises are keen to transform finance functions and are ready to embrace technology along the way to make their processes more efficient. They are under immense pressure to transform their finance functions, but are grappling with challenges trying to address

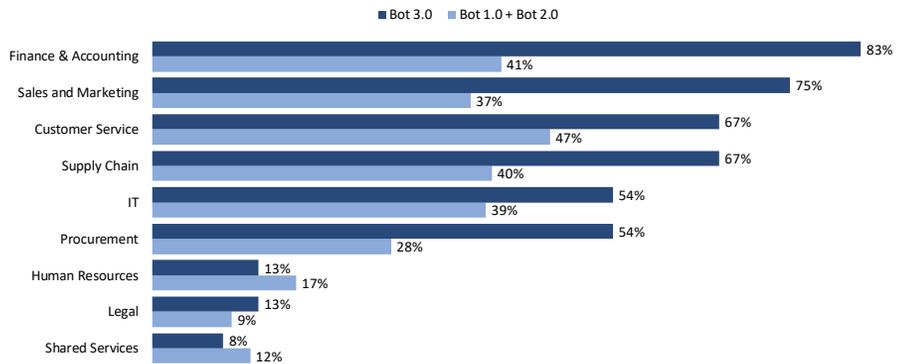
questions on where to begin the journey. During such situations, enterprises lean on a service provider's expertise and capabilities to develop and design this transformation roadmap. As a result, the supply side of the industry is making huge investments in growing its consulting practice, either organically or inorganically. Design thinking, partnerships, transformation frameworks and investment in reskilling are the various investments that service providers are focusing on.

One of the critical investments that most service providers are turning to is research and development. Establishing a framework based on enterprise client needs, building a best practices framework based on use cases and staying abreast of market and industry trends are becoming more pertinent for establishing successful consulting services.

Verticalization becomes pivotal: As the nature of engagements are changing from transactional to holistic, vertical knowledge will play a crucial role in helping clients achieve the benefits of outsourcing. A deeper understanding of vertical-specific nuances of F&A is important for service providers to demonstrate that knowledge and skillset; claims management in insurance, revenue assurance in telecom, fuel accounting in energy, billing management in airline are industry specific finance functions that will require experienced and skilled resources to manage them. In addition to knowledge and industry best practices that service providers can demonstrate, their expertise and experience would also come a long way in developing industry-specific, bolt-on solutions, especially for the digital native companies that are ready to plug and play right at the outset.

Automation deployments are at their peak: The back-office functions, in particular, witnessed the possibility of scaling RPA significantly. F&A processes and the industry is

ripe for large number of bot deployments. According to ISG Research, 83 percent of enterprises with mature automation practices lead the way with RPA deployments in the F&A space. These enterprises have adopted RPA at scale and have automated two or more functions. At the same time, organizations that are beginning to explore opportunities are slowly catching up in terms of RPA deployment as they recognize accuracy and higher efficiencies are highly critical. With automation, these can be achieved at a higher level.



Source: ISG Insights 2019 RPA Deployment & Capability Study, n=346

As the industry sees more of these use cases and enterprise expectations increase around automation, service providers are making significant investments to grow their capabilities. Either through home-grown solutions or expansive partnerships, these service providers continue to invest in RPA. With proven results, many mid-size service providers are building and bringing extensive automation capabilities, and are moving ahead aggressively with the promise of outcome-based pricing.



Adoption of artificial intelligence (AI)/machine learning (ML) is gaining traction: AI/ML implementations are on the rise and nearly 95 percent of enterprises are either experimenting with or have deployed ML for F&A processes. With the increase in adoption of image processing, natural language processing (NLP) and robo advisors on the front end, a large portion of finance processes such as accounts payables have become touchless processes requiring minimal human interaction. Also, AI/ML is being highly leveraged across billing and collections, e-mail classification, fraud detection, invoice processing of unstructured data and industry-specific processes such as insurance claims processing.

On an average 73% of the enterprises say technologies such as NLP, image processing OCR, and conversational AI are in experimentation mode or production mode



NLP



OCR

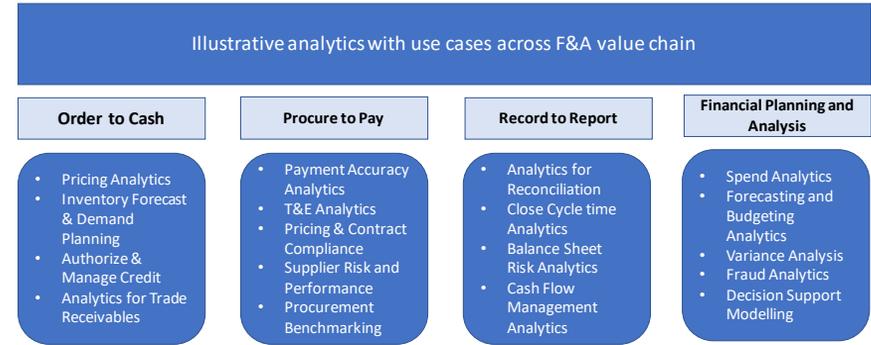


Conversational AI

Organizational change management continue to play an important role: As more enterprises are keen to embrace technology, together with the rapid adoption of automation, organizational change management will play a critical role in helping employees adapt to technological changes. Helping employees reskill or upskill will be crucial so that resources can be moved to adjacent or higher up roles to handle complex processes. Service providers such as Infosys and TCS have developed elaborate learning platforms and are extending it to enterprise clients to help them with reskilling their employees. Infosys' Wingspan and TCS' iON offer elaborate content online, helping employees to learn newer technologies and provide so-called learning on the go.

Analytics takes centerstage in FAO: With the changing role of CFOs, from bookkeepers to strategists, analytics acts as a critical enabler, empowering CFOs to take data-driven decisions in real time. Real time view of finance organization will drive data-driven decisions quickly and effectively, thus helping them to be more proactive than reactive. For example, collections is one of the primary areas of focus for most organizations. Having visibility into cash flow is an extremely valuable measure for a CFO. With the emergence of technology, rapid AI adoption and mature processes, gleaning insights from data, identifying the pain points or nailing down the next action item is not far-fetched. Analytics spans across the F&A value chain, and in a sourcing engagement analytics is the biggest value add to enterprise clients.

As the nature of client engagements turn from transactional to strategic, service providers are expected to deliver valuable insights for enterprises. Mature engagements are not limited to process execution and timely reports, but go beyond reporting to where a provider is also responsible for providing insights along with actionable recommendations to help drive business outcomes.



COVID-19 – An unprecedented situation

COVID-19 has had severe ramifications on several industries. ISG observes and suggests that both enterprises and service providers must take the following into consideration:

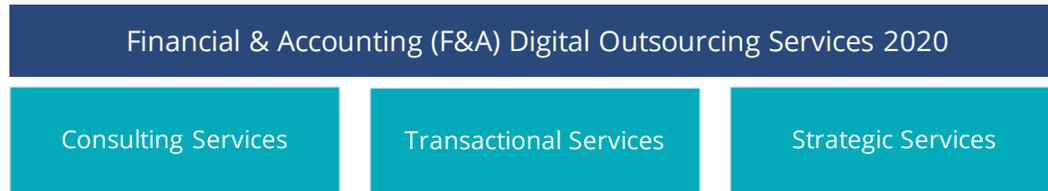
- **Managing work-from-home:** As the COVID-19 situation became critical, most countries went on complete lockdown. When offshore countries like India were affected, most resources that worked from office premises were required to move to home offices to maintain business continuity regardless of what service contracts stated. While it was a challenge in most instances, many service providers were also proactive in engaging with enterprise clients to figure out the situation. For the clients, identifying business critical processes and engaging with service provider to define business continuity plans for these processes became imperative. Considering the uncertainty of the situation, managing this on an ongoing basis is the need of the hour.

- **Paying utmost attention to security:** Most business process outsourcing service providers have large office infrastructure and stringent security measures. However, with the work-from-home situation, security is critical, with high chances of data compromise. Working collaboratively and proactively with sourcing partners to ensure that the right security measures are put in place and data is securely managed is critical.
- **Revisiting the business continuity plan (BCP):** BCP clauses are a part of every engagement, but the question is, “Could they have been drafted in anticipation of a pandemic like COVID-19?” The answer to that is big “no.” Therefore, revisiting a BCP plan with provider partners to ensure a smooth functioning of business processes is a critical step that organizations must work toward.
- **Digital transformation is likely to become the top priority:** Reliance on technology during such unprecedented times has dramatically increased. With increased work from home, the adoption of cloud solutions and workplace tools has increased to enable remote access for employees. Automation of processes can be a boon in such situations, allowing most processes to be handled anywhere, anytime, without human intervention. In an instance where the movement of workers from office to home could have slowed down processes, automation can be leveraged to complete tasks on time more effectively and efficiently, thus, enabling employees to handle complex queries. On the customer service front, conversational AI adoption could potentially increase the successful management of large volumes of queries. This AI-based tool could give human-like experience and manage queries. Thus, accelerating the automation journey is a point of consideration for enterprises.



Introduction

Simplified illustration



Source: ISG 2020

Definition

Finance and accounting (F&A) services have evolved from FTE-based transactional to digitalized services. Companies have come a long way from being focused only cost savings. With the advent of digital technologies, the finance and accounting outsourcing (FAO) landscape has changed, redefining the way services are being delivered today. Cloud technologies have gained considerable traction and FAO services are being delivered on cloud platforms (business process as a service or BPaaS). Automation has become an integral part of how FAO services are delivered today, thus reducing costs and ensuring efficiency and accuracy; in contrast to only ensuring cost savings in the past.

In addition to technology adoption, enterprises are seeking to partner with providers to outsource not only transactional services but also the entire gamut of F&A services. This includes complex functions such as financial planning, budgeting and M&As.

Definition (cont.)

This year, ISG also focuses on value-added services, including analytics by outsourcing partners and the benefits achieved. With the significant influx of data, along with changing industry dynamics, insights should be derived from this data to help organizations become proactive in finance management. This entails a more strategic relationship with service providers to help enterprises achieve transformation goals.

This study on FAO Services is aimed at understanding enterprise requirements and provider capabilities in meeting these demands.

Scope of Report

The ISG Provider Lens™ study offers the following to IT decision makers:

- Transparency on the strengths and weaknesses of relevant providers;
- A differentiated positioning of providers by segments;
- Focus on different markets, including the U.S. and the U.K.

This study serves as the basis for important decision-making pertaining to 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.

Definition (cont.)

For this reason, ISG's report on Finance & Accounting Outsourcing (FAO) is comprised of multiple quadrants covering the spectrum of services that an enterprise client requires.

The quadrants descriptions are as follows:

Finance and Accounting consulting services

The FAO industry has matured over the years and enterprises are becoming more comfortable with outsourcing complex finance functions. Clients are leaning toward outsourcing partners to help them with cash flows, budgeting, forecasting, risk management, tax and treasury accounting and management accounting. At the same time, technology is becoming critical in the F&A world. Automation is integral to all engagements, and AI and analytics are playing important roles in delivering insights. With changing expectations, service providers are more focused on building their consulting capabilities.

Transactional Finance and Accounting Services

Transactional services in this quadrant include O2C and P2P services. Predominantly, the transactional services are a segue to end-to-end FAO. Most first-generation outsourcers begin their journey with these services. The nature of these transactions would not only require a service provider to understand the domain, but also involve enterprise expectation in terms of the active use of automation and analytics.

Strategic Finance and Accounting Services

Under the umbrella of strategic F&A services, judgment intensive services like R2R and FP&A are taken into consideration. Digital native companies and second-generation outsourcers are confident about outsourcing high-end and complex finance functions, where enterprises look for insights that are actionable and in real time. As enterprise expectations evolve so do provider capabilities to cater to these evolving expectations.

Provider Classifications

The ISG Provider Lens™ quadrants were created using an evaluation matrix containing four segments, where the providers are positioned accordingly.

Leader

The “leaders” among the vendors/providers have a highly attractive product and service offering and a very strong market and competitive position; they fulfill all requirements for successful market cultivation. They can be regarded as opinion leaders, providing strategic impulses to the market. They also ensure innovative strength and stability.

Product Challenger

The “product challengers” offer a product and service portfolio that provides an above-average coverage of corporate requirements, but are not able to provide the same resources and strengths as the leaders regarding the individual market cultivation categories. Often, this is due to the respective vendor’s size or their weak footprint within the respective target segment.

Market Challenger

“Market challengers” are also very competitive, but there is still significant portfolio potential and they clearly lag behind the “leaders.” Often, the market challengers are established vendors that are somewhat slow to address new trends, due to their size and company structure, and have therefore still some potential to optimize their portfolio and increase their attractiveness.

Contender

“Contenders” are still lacking mature products and services or sufficient depth and breadth of their offering, while also showing some strengths and improvement potentials in their market cultivation efforts. These vendors are often generalists or niche players.

Provider Classifications (cont.)

Each ISG Provider Lens™ quadrant may include a service provider(s) who ISG believes has a strong potential to move into the leader's quadrant.

Rising Star

Rising stars are mostly product challengers with high future potential. When receiving the “rising stars” award, such companies have a promising portfolio, including the required roadmap and an adequate focus on key market trends and customer requirements. Also, the “rising stars” has an excellent management and understanding of the local market. This award is only given to vendors or service providers that have made extreme progress towards their goals within the last 12 months and are on a good way to reach the leader quadrant within the next 12-24 months, due to their above-average impact and innovative strength.

Not In

This service provider or vendor was not included in this quadrant as ISG could not obtain enough information to position them. This omission does not imply that the service provider or vendor does not provide this service.

Finance & Accounting (F&A) Digital Outsourcing Services - Quadrant Provider Listing 1 of 2

	Consulting Services	Transactional F&A Services	Strategic F&A Services
Accenture	● Leader	● Leader	● Leader
Arvato	● Not in	● Product Challenger	● Contender
Capgemini	● Leader	● Leader	● Leader
Cognizant	● Rising Star	● Rising Star	● Rising Star
Conduent	● Market Challenger	● Market Challenger	● Market Challenger
Datamatics	● Contender	● Product Challenger	● Contender
DXC	● Market Challenger	● Product Challenger	● Market Challenger
EXL	● Leader	● Leader	● Leader
Genpact	● Leader	● Leader	● Leader
HCL	● Leader	● Leader	● Market Challenger
Hexaware	● Not in	● Contender	● Contender
IBM	● Leader	● Leader	● Leader
Infosys	● Leader	● Leader	● Leader

Finance & Accounting (F&A) Digital Outsourcing Services - Quadrant Provider Listing 2 of 2

	Consulting Services	Transactional F&A Services	Strategic F&A Services
IQ BackOffice	● Contender	● Contender	● Not In
NTT DATA	● Contender	● Contender	● Market Challenger
OneSource Virtual	● Not In	● Contender	● Not In
Quattro	● Contender	● Contender	● Not In
Sopra Steria	● Not In	● Contender	● Contender
Sutherland	● Product Challenger	● Product Challenger	● Product Challenger
TCS	● Leader	● Leader	● Leader
Tech Mahindra	● Contender	● Contender	● Contender
Teleperformance	● Contender	● Contender	● Contender
TMF Group	● Not In	● Product Challenger	● Contender
Wipro	● Product Challenger	● Leader	● Leader
WNS	● Leader	● Leader	● Leader



Finance & Accounting (F&A) Digital Outsourcing Services Quadrants

ENTERPRISE CONTEXT

Financial and Accounting Consulting Services

The report is relevant to enterprises across all industries in the U.K. that are evaluating providers of F&A consulting services. In this quadrant report, ISG lays out the current market positioning of F&A consulting service providers in the U.K. and how they address key enterprise challenges in the region.

Due to uncertainties in the U.K. market as a result of Brexit, enterprises in the region have become slower and more cautious about investing in large finance transformation projects. Cost savings is one of the top priorities for enterprises while engaging with providers for end-to-end transformation projects across the F&A value chain and innovating the customer experience to help them remain competitive.

Finance leaders in the U.K., like others across the world, should look at transformation more holistically rather than with a piecemeal approach. They should find trusted partners that can support the entire finance transformation journey and realize their vision. Some of the key ways in which providers are differentiating themselves involve offering end-to-end F&A transformation consulting services with an outcome-driven approach. These are coupled with deep domain and vertical expertise, design thinking approach, transformation frameworks, strong partner ecosystem, process redesigning, change management services, and innovative offerings driven by automation, AI and advanced financial analytics.

ISG sees that some service providers are continuing to build their capabilities across consulting, framework assets, benchmarking and design thinking by partnering with or acquiring firms in the U.K. to help clients reap more transformation benefits. Enterprises can use the report findings to know the state of the market, explore new capabilities with existing providers and guide them in picking new providers of F&A consulting services.

Members of the office of the chief financial officer (CFO) should read this report to understand how F&A consulting service providers can help them through their end-to-end finance transformation journey to drive both efficiency and effectiveness in this space.

IT and technology leaders should read this report to understand the relative positioning of service providers based on their technology consulting and implementation capabilities to enable end-to-end finance transformation and how those providers' technical capabilities square with the rest of the market.

Sourcing and vendor management professionals should read this report to understand the provider ecosystem for F&A consulting services in the U.K. and learn how providers compare to one another.

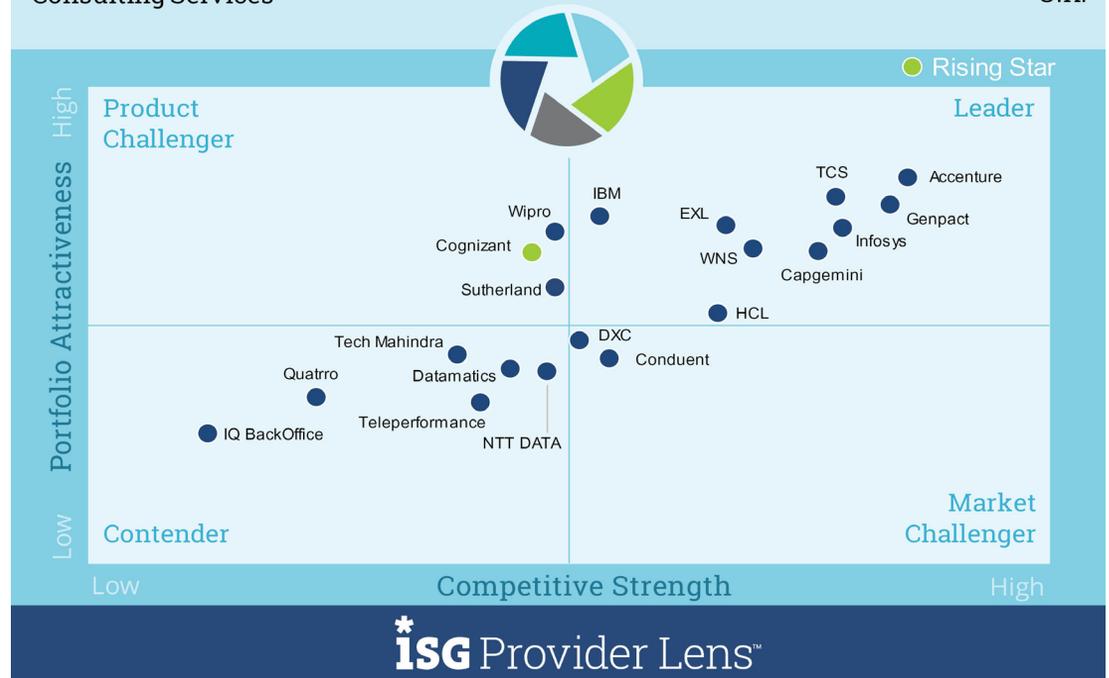
CONSULTING SERVICES

Definition

The FAO industry has matured over the years and enterprises are becoming more comfortable with outsourcing complex finance functions. Clients are leaning toward outsourcing partners to help them with cash flows, budgeting, forecasting, risk management, tax and treasury accounting and management accounting. At the same time, technology is becoming critical in the F&A world. Automation is integral to all engagements, and AI and analytics are playing important roles in delivering insights. With changing expectations, service providers are more focused on building their consulting capabilities. They must demonstrate strong domain expertise, have a skilled workforce to address high-end finance requirements or establish partnerships to build their consulting practice, apply design thinking, take a localization approach, offer best of breed technology, prove themselves as domain experts with credible investment in analytics to derive actionable insights. F&A consulting services look at all these dimensions to determine the capability of a service provider.

F&A Digital Outsourcing Consulting Services

2020
U.K.



Source: ISG Research 2020

CONSULTING SERVICES

Eligibility Criteria

- Strong vision to grow the F&A practice;
- Investment in growing the consulting practice;
- Frameworks to define the transformation roadmap;
- Partnerships and in-house transformation capabilities;
- Consulting workforce;
- Technology capabilities;
- End-to-end F&A service offerings;
- Design thinking capabilities.

Observations

- **Accenture** leads in the U.K. with a wide array of consulting capabilities. The company brings domain expertise and strong digital expertise to help its clients.
- **Genpact** brings years of experience in this space and is named a leader in this market because of its reasonable presence and capabilities in catering to the clients in this market.
- **TCS** and **Infosys** have carved out a niche for themselves in this market. With delivery centers, expertise and technology, they are well placed to serve clients across all maturity levels.
- **Capgemini** is an established player in this market. With widespread nearshore and onshore capabilities, the company has the ability to service clients in this market.

CONSULTING SERVICES

Observations (cont.)

- **EXL and WNS** have impressive growth trajectory and clientele in this market. Both these companies are vertical specialists and are leading players with extensive experience in terms of years in this market.
- **IBM** brings extensive consulting capabilities, tools and frameworks to the F&A space. With its cognitive first approach, the company has several case studies, where it has led transformation.
- **Wipro** has mature automation capabilities, platforms and domain expertise that it brings to its clients.



INFOSYS

Overview

Infosys provides end-to-end F&A services and helps CFOs in designing, transforming and operating finance-related functions in a digital environment. The company serves its clients through six delivery centers in the U.K. Infosys has established a consulting practice with experienced professionals and a transformation framework.

Strengths

Focus on growing strategic finance-related services: Infosys has one of the largest finance-related centers of excellence, including the tax CoE that addresses indirect tax, payroll tax and withholding tax, among others. With an increasing number of clients embracing strategic relationships with their partners, Infosys is able to serve its clients successfully in high-end finance transactions by bringing in the best practices in the industry.

Skilled employees: Infosys has trained more than 142,000 employees in design thinking. The company has an extensive training platform to skill and reskill its employees. In addition, it has a broad list of domain training and certifications programs. For instance, Infosys's Wingspan learning platform is widely used across the organization to train employees; the company also offers it to its clients. Recently Infosys's client Siemens deployed Wingspan to upskill its employees.

Best of breed automation technology and automation advisors: Infosys has proprietary automation solutions such as Nia™ and AssistEdge, in addition to ones it offers through its extensive partnerships. The company has more than 1,200 skilled robotic process automation (RPA) consultants and developers. It has also established an automation CoE and has successfully deployed automation for several clients with measurable outcomes. Infosys has automated more than 10,000 processes, filed six patents and has a proven track record of three to six months payback.

Caution

According to its clients, the company needs to strengthen its employee retention programs to better serve its clients.



2020 ISG Provider Lens™ Leader

Infosys is a well-established player in the U.K. With experienced professionals and a large scale of operations, the company is well equipped to partner with clients in this market

ENTERPRISE CONTEXT

Transactional Finance and Accounting Services

The report is relevant to enterprises across all industries in the U.K. evaluating providers of finance and accounting (F&A) services, namely procure-to-pay (P2P) and order-to-cash (O2C), which are transactional and repetitive in nature.

In this quadrant report, ISG lays out the current market positioning of providers of P2P and O2C services in the U.K. and how they address key enterprise challenges in the region.

Finance leaders in the U.K., like their counterparts in the U.S., are under immense pressure to drive profitability and reduce costs. Therefore, it is crucial for them to boost the efficiency of their P2P and O2C processes, improve vendor compliance, optimize supplier costs, minimize errors, decrease daily sales outstanding, speed up cash flow and optimize working capital. Despite the ongoing uncertainty over Brexit, most of them are addressing this need by having their service providers deploy bots to automate processes such as customer billing, collections, and order management. They are also adopting intelligent optical character recognition (OCR) to capture and process invoices as well as analytics dashboards to gain visibility into cash flow, outstanding payables, sales, and inventory.

The recent ISG Insights™ 2019 RPA Deployment & Capability study showed that 65 percent of enterprises in the U.K. have automated at least 10 F&A processes. It was also observed that the adoption of automation and artificial intelligence (AI) technologies with natural language processing (NLP), machine learning (ML) and OCR in F&A processes has helped U.K. enterprises meet or exceed their expectations of cost savings, improved staff productivity, high data accuracy and an enhanced customer experience. Enterprise clients of service providers that have not embraced such digital technologies to optimize their P2P

and O2C processes are losing out on these outcomes. Business leaders in the region need to engage with providers that not only bring in deep domain expertise but also help with the adoption of these digital technologies in P2P and O2C processes.

ISG also sees that some enterprises outsource transactional F&A processes but prefer to have the work carried out in the U.K. However, with the shortage of skills in the region and cost savings being one of prime objectives, enterprise clients are pushed to look for service providers with robust offshore and nearshore delivery capabilities. Enterprises can use the report findings to know the state of the market, explore new capabilities with existing providers and guide them in selecting new providers of digitally powered P2P and O2C services.

Members of the office of the chief financial officer (CFO) should read this report to understand how service providers can help them make significant improvements in process efficiency across the P2P and O2C cycle. It can also help them to better evaluate the potential service providers available to them for transactional F&A services.

IT and technology leaders should read this report to understand how transactional F&A service providers are integrating multiple digital technologies into their offerings and how those providers' technical capabilities square with the rest of the market.

Sourcing and vendor management professionals should utilize this report to understand the provider ecosystem for transactional F&A services in the U.K. and learn how providers compare to one another.

TRANSACTIONAL SERVICES

Definition

Transactional services cover order-to-cash (O2C) and procure to pay (P2P) services. Predominantly, the transactional services are a segue to end-to-end F&A outsourcing. Most first-generation outsourcers begin their transformation journey with these services. The nature of these transactions not only requires an understand of the domain, but also relies on effectively leveraging automation and analytics. O2C and P2P services have been extensively automated and providers can deliver analytics benefit such as day payments/sales outstanding, collections, inventory forecast and demand planning, etc. Service providers in this space bring in both domain and technology expertise to clients. The automation journey is not limited to RPA but goes a step further to enable decision making and managing the enterprise's finances more efficiently. Service providers are offering artificial intelligence (AI) with natural language processing (NLP) capabilities and machine learning (ML). They also provide advanced optical character recognition (OCR) technology to facilitate electronic processing for both paper and digital invoices.

F&A Digital Outsourcing
Transactional Services

2020
U.K.



Source: ISG Research 2020

TRANSACTIONAL SERVICES

Eligibility Criteria

- Strong vision to grow F&A practice;
- Offer O2C services;
- Offer P2P services;
- Strong suite of automation solutions/partnerships;
- RPA, AI and ML capabilities;
- Platform solutions;
- Analytics capabilities and partnerships;
- Referenceable case studies

Observations

- **Genpact** and **Accenture** have emerged as dominant players in the U.K. due to their strong transactional portfolio, coupled with agile and customer-based innovation frameworks.
- **TCS'** comprehensive process automation suite and integrated F&A solutions with pioneering proprietary tools make it a leader in the U.K. market.
- With strong digital framework and F&A solutions powered by intelligent automation, **Capgemini** delivers digitally enabled transactional solutions.
- **Infosys** has a strong presence in the U.K. market owing to its robust partnerships and continuous increase in investments.
- **Wipro**, **WNS** and **HCL** have emerged as leaders in transactional F&A services in the U.K. market due to their strong market presence, rich experience, domain expertise and strategic partnerships.

TRANSACTIONAL SERVICES

Observations (cont.)

- **EXL** has strong vertical expertise and robust propriety tools, enabling the company to support clients in their transformation journey.
- **IBM** is a strong FAO player in the U.K. due to its platform capabilities that include both in-house and third-party platforms and integrated workflow management capabilities.
- **Cognizant's** growing focus on building digitally enabled F&A capabilities through partnerships and proprietary platforms and tools makes it a rising star in the transactional F&A space in the U.K. market.



INFOSYS

Overview

Infosys' F&A prowess is derived from years of real practitioner experience with clients across industries. This is the result of early, significant investments made to strengthen its domain expertise. With six delivery centers in the U.K., Infosys reaches out to more than 34 clients.

Strengths

Robust Partnerships: Infosys provides a blend of partnerships and propriety platform solutions across P2P and O2C services. For instance, partnerships with Tradeshift, Coupa and Avaya, among others, have enabled it to provide next-gen digital solutions to its clients across invoice and claims processing, account management and dispute management.

Innovation hubs for improved client experience: Infosys' significant investments in developing an innovation hub in London has helped its clients in the U.K. co-create solutions to accelerate digital transformation. The state-of-the-art innovation hub allows Infosys and its clients to ideate, collaborate and innovate together by combining design and the latest technology offerings, including AI, augmented reality (AR)/virtual reality (VR), Internet of Things (IoT) and blockchain.

Proven excellence in automation capabilities: Infosys's proprietary tools such as AssistEdge and Nia™, for automating F&A processes, have helped clients scale up transformations. The tools are supported by well-defined framework and an automation CoE and process delivery.

Caution

Infosys must focus on retaining its employees for continued and better client engagement.



2020 ISG Provider Lens™ Leader

Infosys offers a suite of high-end F&A services to transform an organization's finance functions. The company leverages its partnerships and proprietary tools to support clients in their transformation journeys.

ENTERPRISE CONTEXT

Strategic Finance and Accounting Services

The report is relevant to enterprises across all industries in the U.K. that are evaluating providers of strategic F&A services such as record-to-report (R2R) and financial planning and analysis (FP&A).

In this quadrant report, ISG lays out the current market positioning of strategic F&A services providers in the U.K. and how they address key enterprise challenges in the region.

CFOs of U.K. enterprises, like others across the world, are under high pressure from internal stakeholders and regulators to close books faster and more accurately while offering deeper insights into business performance. Maintaining absolute visibility across departments on spending, costs, savings, cash flow, etc. is highly essential. To meet these goals, finance leaders need access to accurate and insightful reports in real time to enable effective and quick decision making. Despite the ongoing uncertainty over Brexit, most enterprises in the region are tackling this situation by automating and embedding AI and analytics into FP&A and R2R processes to empower CFOs with real-time insights and meaningful information to drive better decision making and help finance departments to function more efficiently. Today, automation and analytics are an integral part of nearly every F&A outsourcing engagement.

ISG sees that second-generation outsourcers in the U.K. are now willing to engage with service providers more holistically. More complex F&A services such as R2R and FP&A that were typically retained by enterprises in the U.K. are now being outsourced, allowing them to get more complete, meaningful data and insights from service providers. They see providers as strategic partners that can provide real-time insights and support faster decision-making capabilities. One of the several ways to empower finance leaders is the

use of dashboards that give insightful information for mitigating losses and reducing days sales outstanding or provide action-oriented insights for improving cash flow.

The impact of Brexit, potential skills shortage, and the ongoing Covid-19 pandemic on the U.K. economy could lead to an increase in cost-effective nearshore and offshore outsourcing. In response to these implications, large Indian services firms and multinational service providers are aggressively expanding nearshore capabilities in Central and Eastern European countries such as Poland and Romania to provide more complex value-added F&A services to their enterprise clients and narrow the skills gap that could arise due to Brexit. Enterprises can use the report findings to know the state of the market, explore new capabilities with existing providers and guide them in picking new providers of R2R and FP&A services.

Members of the office of the chief financial officer (CFO) should read this report to understand how service providers can help them digitally transform strategic F&A processes to deliver the benefits of improved decision making, risk reduction, higher speed and an enriched customer experience among others. It can also help them to better evaluate the potential service providers available to them for R2R and FP&A services.

IT and technology leaders should read this report to understand how strategic F&A service providers are integrating multiple technologies into their offerings and how those providers' technical capabilities square with the rest of the market.

Sourcing and vendor management professionals should read this report to understand the provider ecosystem for R2R and FP&A services in the U.K. and gain insights into how providers compare to one another.

STRATEGIC SERVICES

Definition

Under the umbrella of strategic F&A services, judgment intensive services like R2R and FP&A are taken into consideration. Digital native companies and second-generation outsourcers are confident about outsourcing high-end and complex finance functions, where enterprises look for insights that are actionable and in real time. As enterprise expectations evolve so do provider capabilities to cater to these evolving expectations. CFOs want to focus on core business aspects and want to use technology to get real-time insights to make decisions more quickly, so their finance departments can function more effectively and achieve accuracy. Analytics solutions should move beyond predictive capabilities and offer action-driven insights. Coupled with domain expertise, providers will be required to present a suite of digital solutions to help clients progress on the digital maturity curve along with strategic insights to enable CFO's to make data driven decisions.

F&A Digital Outsourcing
Strategic Services

2020
U.K.



Source: ISG Research 2020

STRATEGIC SERVICES

Eligibility Criteria

- Strong vision to grow the F&A practice;
- Offer R2R services;
- Offer FP&A;
- Have consulting partnerships;
- Strong suite of automation solutions/partnerships;
- Domain experts with a skilled workforce;
- Offer platform solutions;
- Analytics capabilities and partnerships;
- Referenceable case studies.

Observations

- **Accenture** leads in the U.K. with a wide array of consulting capabilities. The company brings domain expertise and strong digital expertise to help its clients.
- **Genpact** brings years of experience in this space and is named as a leader in this market. The company has a reasonable presence and the capabilities to cater to clients in this market.
- **TCS** and **Infosys** have carved out a niche for themselves in this market. With delivery centers, expertise and technology, they are well placed to serve clients across all maturity levels.
- **Capgemini** is an established player in this market. With widespread nearshore and onshore capabilities, the company has the ability to address the service needs of clients in this market.
- **EXL** and **WNS** have impressive growth trajectories and clientele in this market. These companies are vertical specialists and leading players with several years of experience.
- **IBM** brings extensive consulting capabilities, tools and frameworks into the market. With its cognitive-first approach, IBM has several case studies that are transformation led. Wipro brings mature automation capabilities, platforms and domain expertise to its clients.

INFOSYS

Overview

Infosys has a strong portfolio for enterprise reporting, analysis and planning services. Over the years, the company has performed over 60,000 closing activities and processes, over 400 budgeting reports and 2,000 ad hoc reports annually for clients across industries.

Strengths

Digitally driven high-end F&A: Infosys offers digitally enabled high-end F&A functions by leveraging a portfolio of in-house tools built on next-gen technologies. Its AI-driven Hawk-Eye solution, for enhancing the R2R process, helps enterprises accelerate the closing process by identifying potential data and posting outliers through data validation.

Finance CoE to foster domain expertise: Infosys' F&A team operations are strengthened by leveraging the Finance CoE that focuses on enhancing domain-specific knowledge of the team through trainings. The expertise of the CoE members is frequently leveraged in strategic projects to help Infosys deliver better value to its clients.

Investment in regional expansion: Infosys has invested in expanding its onshore presence in the U.K. by opening a new delivery center in Birmingham. The delivery center offers a range of services in F&A for its clients based in the U.K. and Europe.

Caution

Infosys needs to make concerted efforts to market its high-end F&A capabilities



2020 ISG Provider Lens™ Leader

Infosys has deep-rooted expertise in end-to-end FP&A. The company leverages its proprietary technologies, digital prowess and analytics capability to help clients consolidate and harmonize their finance processes.



Methodology

METHODOLOGY

The research study "ISG Provider Lens™ 2020 – Finance & Accounting (F&A) Digital Outsourcing Services" analyzes the relevant software vendors/service providers in the U.K. market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology. The study was divided into the following steps:

The study was divided into the following steps:

1. Definition of Financial and Accounting Outsourcing market;
2. Use of questionnaire-based surveys of service providers/vendor across all trend topics
3. Interactive discussions with service providers/vendors on capabilities & use cases
4. Leverage ISG's internal databases & advisor knowledge & experience (wherever applicable)
5. Detailed analysis & evaluation of services & service documentation based on the facts & figures received from providers & other sources.
6. Use of the following key evaluation criteria:
 - Strategy & vision
 - Innovation
 - Brand awareness and presence in the market
 - Sales and partner landscape
 - Breadth and depth of portfolio of services offered
 - Technology advancements



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