



Finance & Accounting (F&A) Digital Outsourcing Services

U.S. 2020

Quadrant Report



A research report
comparing provider
strengths, challenges
and competitive
differentiators

Customized report courtesy of:



June 2020

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EXECUTIVE SUMMARY

The finance and accounting outsourcing (FAO) services market has been evolving at a rapid pace over the years. Traditionally known for offshoring non-critical business functions, this mature market is undergoing profound changes with the increase in enterprise expectations. Once an FTE-driven market, finance and accounting (F&A) services have made technology, particularly automation, a top priority for most businesses. Robotic process automation (RPA) has specifically become integral to all finance functions and the number use cases is increasing.

Some of the multiple factors influencing changes in this landscape include technology, increased expectations from end users, the changing role of CFOs, front and back office integration that impact customer experience, and enterprise dependency on experts to transform finance functions. One of the critical factors is the enterprise/provider relationship that has been evolving over the years to become more strategic and less transactional in nature. As service providers invest in building capabilities to serve clients across all functions, enterprise organizations are becoming more open to outsourcing high-end finance functions. The changing role of CFOs within organizations also drives these changes. Digital-native companies that are born in the cloud are quick to embrace transformation; they lean on providers to manage end-to-end functions and look for more strategic relationships.

U.S. Market Overview

The U.S. was one of the first few markets to outsource F&A services and has reached maturity in this domain with the increase in sourcing engagements over the years. Enterprises in this region are more transformation oriented and have witnessed a rapid adoption of new-age technologies. Traditionally, offshoring non-critical functions was the common practice. However, as engagements were increasingly led by transformations, consulting took precedence and service providers began focusing on growing their onshore and nearshore capabilities. While a significant chunk is still being handled by offshore delivery centers, U.S.-based enterprises have begun to explore opportunities in outsourcing more critical and complex finance functions and are seeking to have more dialog with service providers for their transformation solutions.

Most service providers generate a significant portion of their F&A services revenue from the U.S. Prominent players such as Accenture, TCS, Genpact, Infosys, Wipro, EXL and WNS have a strong presence in the region and are well positioned to deliver these services via onshore and nearshore centers. Many other providers catering to mid-sized enterprise clients see this region as an entry point. Hexaware, Datamatics, Conduent and Sutherland are some of the main service providers that cater to this client segment with the promise of automation.

ISG has observed the following trends that are shaping up the FA&O domain globally:

Outsourcing of complex finance functions primed for growth

Conventional outsourcing typically sees more of order-to-cash (O2C) or procure-to-pay (P2C) processes, and only about half of record-to-report (R2R) functions that are being outsourced. As service providers continue to exhibit and build on their finance and accounting (F&A) capabilities, clients are leaning on them to outsource 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, and audit support among other functions, enterprises are increasingly relying on their sourcing partners to support these activities and provide CFOs with better insights. To facilitate delivery, providers are investing in hiring skilled resources or reskilling their existing employees to handle complex queries. Some are establishing partnerships with major firms to deliver these services.

Consulting services takes center stage as enterprises are increasingly embracing transformation

As the complexity of engagement is increasing with the evolving technological needs, expectations from service providers are changing. While 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 to make their processes more efficient. They are already under pressure to transform their finance functions but are unsure where to begin the journey. To address this challenge, they lean on the expertise and capabilities of service providers to develop and design the transformation roadmap. Correspondingly, the supply side of the industry is making heavy investments in growing

its consulting practice either organically or inorganically. Design thinking, partnerships, transformation frameworks and reskilling are some of the various investment areas that service providers are focusing on.

Research and development is one of the critical investment areas for service providers. Establishing a framework based on enterprise client needs, building a best practices framework modeled on use cases, and staying abreast of market and industry trends are becoming more pertinent for developing successful consulting services.

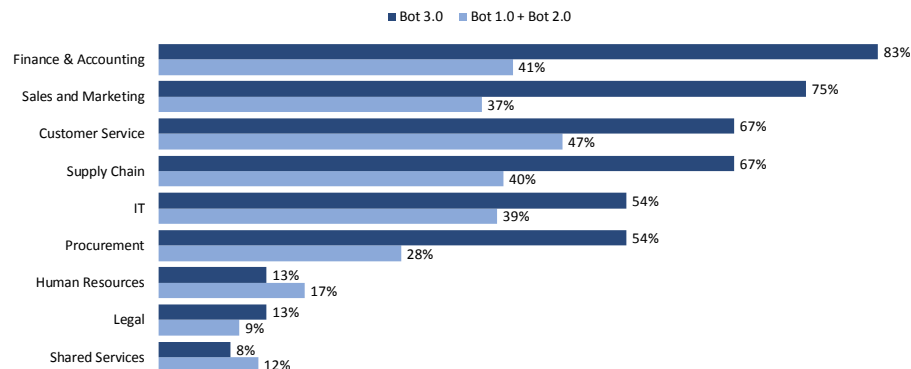
Verticalization becomes pivotal

As engagements are embracing a holistic approach, a deeper understanding of the vertical nuances in the F&A space is important for enterprises and service providers to demonstrate their knowledge and skillsets in helping clients reap the benefits of outsourcing. Claims management in the insurance sector, revenue assurance in telecom, fuel accounting in energy and airline billing management are some of the industry-specific finance functions that should be managed by experienced and skilled resources. Leveraging such talent would be also beneficial for developing industry specific bolt-on solutions, especially for digital-native companies that are ready to plug and play from day one.

Automation deployments is at its peak

As back-office functions are expecting to scale robotic process automation (RPA) significantly, F&A processes are ripe for a large number of bot deployments. According to ISG Research, 83 percent of organizations in the F&A industry — a significant number of enterprises with mature automation practices — lead the way with RPA deployments.

These enterprises have adopted the technology at scale and have automated two or more functions. Those that are beginning to explore opportunities are gradually catching up in terms of deployment but are keen to adopt as accuracy and higher efficiencies are highly critical.



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

As the industry is seeing more of such use cases and enterprises expectations are increasing around automation, service providers are making heavy investments to grow their capabilities in RPA through homegrown solutions or expansive partnerships. Many mid-size service providers are building and bringing in extensive automation capabilities and are moving ahead aggressively with an outcome-based pricing model.

Adoption of AI/ML is gaining traction

Nearly 95 percent of enterprises are either experimenting with or have deployed ML in F&A processes. The increased adoption of image processing, natural language processing (NLP), robo advisors on the front end, most finance processes such as accounts payables have become touchless processes with minimal human interaction. AI and ML are being extensively leveraged across billing and collections, email classification, fraud detection, invoice processing of unstructured data and industry specific processes such as insurance claims processing.

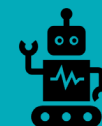
On an average 73% of the enterprises say technologies such as NLP, image processing OCR, and conversational AI are in experimentation mode or production mode



NLP



OCR



Conversational
AI

Organizational change management continue to play an important role

As more enterprises are keen to embrace technology and with the rapid adoption of automation, organizational change management plays a critical role in helping employees to adapt to technological changes. Enterprises should reskill or upskill their employees in order to move their resources to adjacent or higher up roles to handle complex processes. Some service providers such as Infosys and TCS have developed elaborate learning platforms to help enterprise clients in reskilling their employees. Infosys Wingspan and TCS iON offers elaborate online content about the latest technologies and an on-the-go learning experience for employees.

Analytics takes center stage in FAO

With the changing role of CFOs, analytics is a critical enabler for CFO organization. Providing a real-time view of a finance organization will drive data-driven decisions quickly and effectively help them to be more proactive than reactive. For example, collections is one of the biggest focus areas for most organizations. Having visibility into cash flow is a highly valuable measure for a CFO. With the emergence of technology, rapid AI adoption and mature processes, obtaining insights from data, identifying the pain points or deciding on the next action item are not farfetched. Analytics spans across finance and accounting value chain and is the biggest value addition for enterprise clients in a sourcing engagement.

As client engagements become less transactional and more strategic in nature, service providers are expected to deliver valuable insights for enterprises. A mature engagement does not limit the provider in giving insights but recommends the next action item to help drive business outcomes.

Illustrative analytics with use cases across F&A value chain

Order to Cash

- Pricing Analytics
- Inventory Forecast & Demand Planning
- Authorize & Manage Credit
- Analytics for Trade Receivables

Procure to Pay

- Payment Accuracy Analytics
- T&E Analytics
- Pricing & Contract Compliance
- Supplier Risk and Performance
- Procurement Benchmarking

Record to Report

- Analytics for Reconciliation
- Close Cycle time Analytics
- Balance Sheet Risk Analytics
- Cash Flow Management Analytics

Financial Planning and Analysis

- Spend Analytics
- Forecasting and Budgeting Analytics
- Variance Analysis
- Fraud Analytics
- Decision Support Modelling

COVID-19 — an unprecedented situation

In light of the severe ramifications of the global outbreak on various industries, ISG advises enterprises and service providers to place a stronger focus on:

- **Managing a remote workforce:** With the lockdown in place across nations to contain the spread of COVID-19, offshore locations such as India were pushed to move most of their resources to work from home to maintain business continuity regardless of the conditions stated in their service contracts. While this has posed numerous business challenges, many providers have taken steps to proactively engage with enterprise clients. Identifying business critical processes and defining a business continuity plan are imperative while managing this organizational transition on an ongoing basis.

- **Ensuring greater security:** Most business process outsourcing service providers have large office infrastructures and stringent security measures. However, the rapid transition to a remote workforce environment leaves them exposed to cybersecurity threats and raises the risk of data being compromised. Providers should thus work collaboratively and proactively with their sourcing partners to ensure that the appropriate security measures are in place and data is being securely managed.
- **Revisiting BCP:** Though business continuity process (BCP) is part of every engagement, the framework was not drafted with respect to a crisis that most organizations did not anticipate. Organizations should revisit their BCP plans with partners to ensure smooth functioning of business operations.
- **Digital transformation will likely become top priority of organizations:** During such unprecedented times, dependency on technology drastically increases. With the transition to remote working, organizations are quickly implementing numerous cloud solutions and workplace tools to enable employee access. Automation of processes could be a boon in such situations as it can be handled anywhere and anytime and do not require much human intervention. It can be leveraged to complete tasks on time more effectively and efficiently, thus enabling employees to handle complex queries. On the customer service front, the adoption of conversational artificial intelligence (AI) that provides a human-like experience could potentially increase to manage large volumes of queries. 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 full-time employee-based transactional services to digitalized services. Companies have come a long way from mere cost savings to now being able to improve efficiency and accuracy. With the advent of digital technologies, the F&A outsourcing (FAO) landscape has changed and defines how services are being delivered today. Cloud technologies have gained considerable traction and FAO services are being delivered on cloud platforms such as business process as a service (BPaaS). Automation has become integral for the delivery of F&A outsourcing services, helping to reduce costs and improve accuracy.

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

Definition (cont.)

For this year's study, ISG has extended its focus to value-added services, including analytics by outsourcing partners and the benefits achieved. With the significant influx of data and changing industry dynamics, insights should be derived from this data to help organizations become more proactive in their finance management. This entails more of a strategic relationship for service providers to help enterprises achieve their transformation goals.

The study on FAO services is aimed at understanding enterprise requirements and provider capabilities to meet their demands.

Scope of the 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	● Leader	● Leader	● Leader
Conduent	● Market Challenger	● Product Challenger	● Market Challenger
Datamatics	● Product Challenger	● Product Challenger	● Contender
DXC	● Market Challenger	● Product Challenger	● Market Challenger
EXL	● Leader	● Leader	● Leader
Genpact	● Leader	● Leader	● Leader
HCL	● Market Challenger	● Leader	● Market Challenger
Hexaware	● Product Challenger	● Rising Star	● Contender
IBM	● 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
Infosys	● Leader	● Leader	● Leader
IQ BackOffice	● Contender	● Contender	● Not In
NTT DATA	● Market Challenger	● Market Challenger	● Market Challenger
OneSource Virtual	● Not In	● Contender	● Not In
Quattro	● Contender	● Contender	● Not In
Sutherland	● Product Challenger	● Leader	● Product Challenger
Toutatis	● Not In	● Contender	● Not In
TCS	● Leader	● Leader	● Leader
Tech Mahindra	● Contender	● Product Challenger	● Contender
Teleperformance	● Contender	● Product Challenger	● Contender
Wipro	● Leader	● Leader	● Leader
WNS	● Rising Star	● Leader	● Rising Star



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

ENTERPRISE CONTEXT

Finance and Accounting Consulting Services

The report is relevant to enterprises across all industries in the U.S. 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.S. and how they address key enterprise challenges in the region.

Most enterprises in the U.S. today are undertaking transformation initiatives, with back-office functions such as F&A being one of the early adopters of these efforts. ISG observes that while companies are improving their finance transformation capabilities, many of them are still in the early stages of the transformation. One of the compelling reasons that prevents them from driving this at speed and scale is that they lack the required foundation of people, processes and technology. This lack of internal capabilities and knowledge is driving U.S. enterprises to look for transformational sourcing options to redesign their finance organizations from end to end.

ISG sees that second- and third-generation outsourcers in the U.S. have a greater focus and hunger for consulting services related to finance transformation. As most of their finance processes are standardized, they are mainly focused on technological advancements and improving day-to-day F&A activities, with an emphasis on improving customer experience. 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.

Finance leaders in the U.S. should look at transformation more holistically rather than with a piecemeal approach. They should work collaboratively with service providers and adopt a partnership model to walk the transformation journey. During the complete transformation of their finance processes, it can be difficult to convince employees and external parties like vendors and suppliers on board with the transition. Therefore, it is imperative to find a suitable provider that can assist with end-to-end finance transformation not only by offering strong domain expertise and best-of-breed digital technologies, but also provide effective change management services to ensure success.

The F&A consulting services landscape in the U.S. is changing as providers are focused on enabling end-to-end finance transformation for clients by adopting a partner-led approach. Large India-based service firms and multinational service providers are investing heavily in growing their consulting practice either organically or inorganically, enhancing design thinking practices and transformation frameworks, and offering change management services to help enterprise 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 their selection of new providers that offer F&A consulting services.

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

IT and technology leaders should read this report to understand the relative positioning and capabilities of service providers in terms of technology consulting and implementation 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.S. and learn how providers compare to one another.



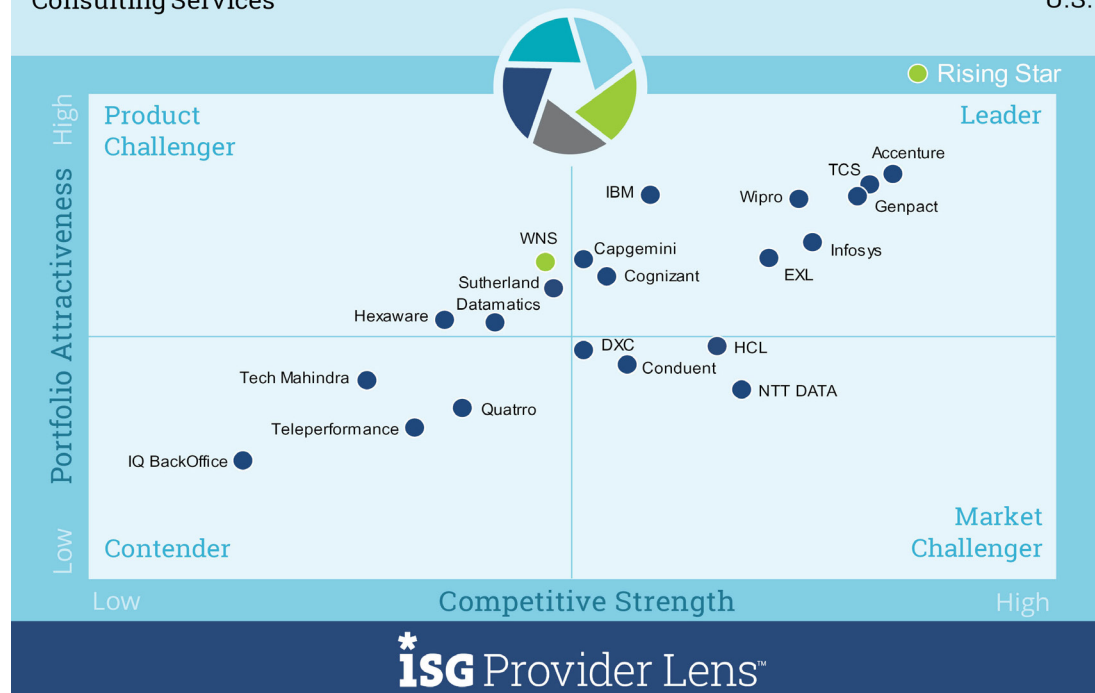
CONSULTING SERVICES

Definition

The FAO industry has been maturing over the years and enterprises are becoming more open to outsourcing complex finance functions. Clients are leaning on their 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 playing a critical role in the F&A space. Automation has become integral for all engagements, while AI and analytics are leveraged to deliver insights. To augment these capabilities, people skillsets are scaled up to handle complex queries. With the changing expectations in the business landscape, service providers are more focused on building consulting capabilities. They should have strong domain expertise, a skilled workforce to address high-end finance requirements, and establish more partnerships to build their consulting practice, design thinking applications, localization approach, best-of-breed technology offerings, pool of domain experts and investments in analytics to derive actionable insights. F&A consulting services looks at all these dimensions to determine the capability of a service provider.

F&A Digital Outsourcing Consulting Services

2020
U.S.



Source: ISG Research 2020

CONSULTING SERVICES

Eligibility Criteria

- Strong vision to grow the F&A practice;
- Investments 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 services offerings;
- Design thinking capabilities;
- Partnership ecosystem.

Observations

- **Accenture** and **Genpact** continue to lead the cohort in consulting services. Both companies are long-standing players in this industry and have showcased deep domain expertise and a strong consulting practice backed by extensive research.
- **TCS** has made its way for the first time in this year's study as a leader with established consulting capabilities and an extensive presence in this market.
- **Infosys** reported impressive growth over the last 18 months and has emerged as a leader in consulting services. The firm has onboarded a few large and strategic accounts in the last few months.
- **Wipro** and **EXL** continue to be leaders in this space with their vast presence and years of experience in catering to U.S.-based enterprise clients.

CONSULTING SERVICES

Observations (cont.)

- **IBM** offers extensive consulting services coupled with strong digital capabilities, making it a leader in this quadrant. It leverages its domain and technology expertise to craft transformation solutions for clients.
- With its digital-first strategy, **Cognizant** brings in deep expertise across domains, technologies and verticals to serve clients. Its home turf is the U.S. market.
- French company **Capgemini** is a new entrant in the leader's ring and has a well-established presence in the U.S. It has deep domain and vertical knowledge along with extensive experience in providing consulting services.
- **WNS** is another long-standing BPO player and vertical specialist that combines technological capabilities with rich domain expertise. With a focus on expanding its consulting service offerings, the firm has emerged as a rising star in this space.



INFOSYS

Overview

Infosys brings over two decades of industry and domain expertise in the F&A outsourcing market. The firm is well equipped to serve its clients across O2C, P2P and R2R functions and is expanding its capabilities around FP&A. It has around 120 consultants globally, of which over 30 percent are based in the U.S. With a keen focus on localization, Infosys has invested in expanding its delivery centers in the U.S. to serve local requirements.

Strengths

Strong growth story in 2019: Infosys reported robust growth and won a few large deals in the last financial year. It also made several investments to strengthen its capabilities and offerings. Despite leadership changes, the company was able to stay focused on raising its growth trajectory.

Finance Center of Excellence driven by extensive R&D: Infosys's Finance Center of Excellence comprises industry-focused research, vast number of F&A benchmarks and best practices, sizeable knowledge bank, and extensive training and development for its employees. The investment in R&D to carry forward industry best practices to its clients makes the firm a leader in this space.

Digital pentagon approach: Infosys' pentagon approach to design solutions takes into consideration the five dimensions of customer experience, analytics, automation, compliance and innovation. This systematic approach is a blend of domain expertise and technology.

Caution

Infosys has extensive research, benchmarks and vast knowledge in this space. According to clients, the firm should leverage these attributes and implement industry best practices while designing a transformation roadmap.



2020 ISG Provider Lens™ Leader

Following its robust growth in 2019 and investments in capability expansion, Infosys has established itself as a preferred F&A transformation partner.

ENTERPRISE CONTEXT

Transactional Finance and Accounting Services

The report is relevant to enterprises across all industries in the U.S. that are evaluating providers of finance and accounting (F&A) services, such as procure-to-pay (P2P) and order-to-cash (O2C) processes, 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.S. and how they address key enterprise challenges in the region.

Finance leaders of U.S.-based enterprises are under constant pressure to drive profitability and reduce costs. Therefore, it is imperative for them to gain efficiencies across their P2P and O2C processes, optimize supplier costs, improve vendor compliance, minimize errors, decrease daily sales outstanding, speed up cash flow and optimize working capital. ISG has observed that they 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 recently published [ISG Insights™ 2019 RPA Deployment & Capability](#) study showed that more than 70 percent enterprises in the U.S. 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 enterprises to 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 sees that most of the service providers generate a substantial portion of their transactional F&A revenue from the U.S., which is a highly mature and competitive market. Leading service providers have significant expertise and capabilities in delivering customized and localized transactional F&A solutions to enterprise clients by leveraging their strong onshore and nearshore presence. Many others are serving enterprises with the promise of outcome-based pricing via the automation-first approach, and some are primarily catering to mid-size enterprises in the region. 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.

The office of the chief financial officer (CFO) should read this report to understand how service providers can help them make significant process efficiency and improvements across the P2P and O2C cycle. The report can also help CFOs 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 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 transactional F&A services in the U.S. and gain insights into how providers compare to one another.



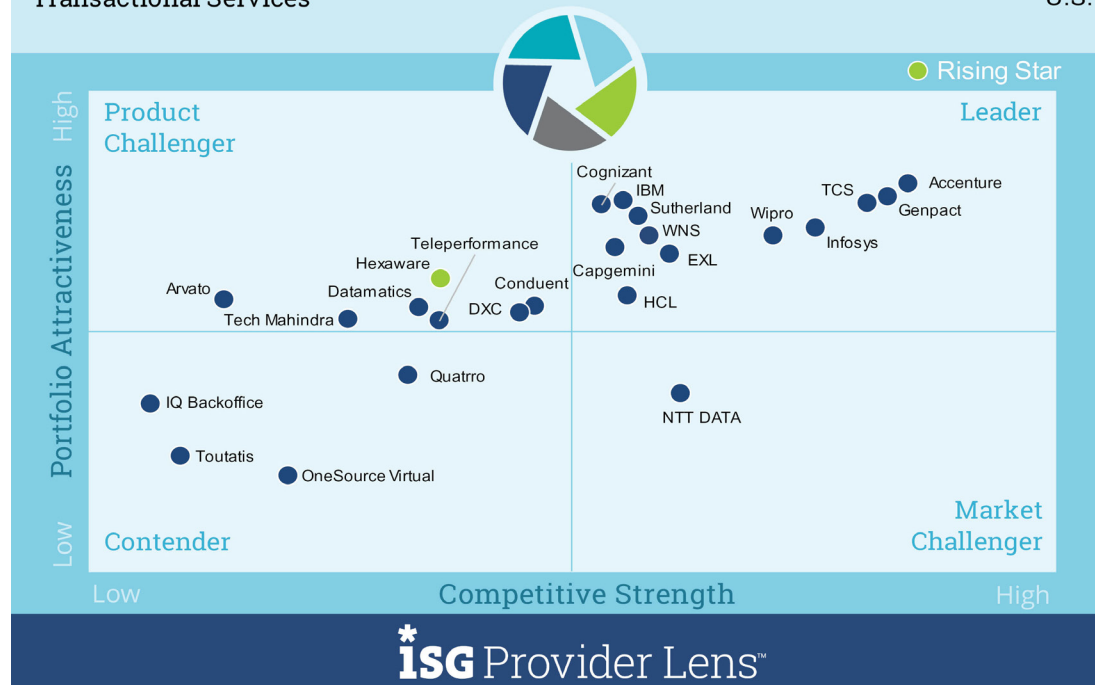
TRANSACTIONAL SERVICES

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.S.



Source: ISG Research 2020

TRANSACTIONAL SERVICES

Eligibility Criteria

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

Observations

- **Accenture** leads the transactional services market in the U.S. by leveraging its deep domain knowledge and continued focus on investments in digital technologies such as intelligent automation, cognitive, prescriptive analytics and blockchain.
- **TCS** and **Genpact** have emerged as leaders owing to their domain-centric digital frameworks and platforms and vertical expertise in the U.S. market.
- **Infosys** is a leader with strong domain expertise in the transactional space. It leverages advanced technologies to deliver design-led customer experiences.
- **Wipro** has emerged as a leader in the U.S. market by demonstrating capabilities in ensuring low-touch, simplified and automated operations and a strong credibility in client deliveries.

TRANSACTIONAL SERVICES

Observations (cont.)

- **EXL** is continuing to lead with a sharp focus on new-age digital companies, mid-market segment and captives. It remains focused on expansion and investments by building its partnerships.
- **Sutherland** and **HCL** have been enhancing their capabilities in the transactional domain. The companies leverage their digital expertise to offer end-to-end F&A solutions for enterprise clients in the region.
- **Capgemini** has a strong presence in the U.S. market and utilizes its digital framework and model to strengthen its capabilities.
- **Cognizant** has a wide market presence in the U.S., backed by its robust industry-specific services and intelligent automation capabilities.
- **Hexaware's** approach towards transforming customer experiences with intelligent automation makes it a Rising Star in transactional services for enterprise clients in the U.S.



INFOSYS

Overview

Infosys is a mature player in the FAO space with a global footprint and strong domain expertise. The company's F&A solutions support more than 50 percent of its clients across the U.S.

Strengths

Robust portfolio: Infosys holds strong domain expertise across transactional services that are supported by digital technologies. It offers more than 100 transactional tools and platforms to clients. The company's F&A business in the U.S. accounts for 50 percent of its total F&A revenue. Its solutions support more than 50 percent of clients across the region.

Digital pentagon: Infosys is focused on developing holistic solutions for P2P and O2C clients by enabling the five dimensions of its digital pentagon approach. The framework entails decisions to drive effectiveness, new modules to drive innovation, automate to amplify efficiency, human ware to enhance experience and ensure and augment compliance. The company aims to deliver design-led customer experiences through integrated compliance solutions. Infosys offers NextGen analytics for decision making and as-a-service models and industry solutions. With its advanced digital capabilities, it has developed industry-standard data and accounting infrastructure and workflow management for a U.S.-based client in the banking industry.

Strong business metrics through domain-based analytics: Infosys offers an analytical methodology to support clients with the consolidation of data across functional silos, standardization, visualization and decision making. The company leverages Infosys Nia™ to apply next-generation technology to all parts of the lifecycle.

Caution

Infosys is a well-established player in FAO transactional services. However, there is a need to focus on improving its delivery and demonstrate proactiveness in engagements.



2020 ISG Provider Lens™ Leader

Infosys offers end-to-end services in the F&A space to over 75 clients through more than 350 delivery centers in the U.S.

ENTERPRISE CONTEXT

Strategic Finance and Accounting Services

The report is relevant to enterprises across all industries in the U.S. 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.S. and how they address key enterprise challenges in the region.

Like other finance leaders worldwide, CFOs of U.S.-based enterprises are under mounting pressure from regulators as well as internal stakeholders to report numbers quickly and more precisely while offering deeper insights into business performance. Maintaining visibility across departments on spending, costs, savings and cash flow is highly crucial. To meet these goals, finance leaders need access to accurate and insightful reports in real time to enable effective and quick decision making. ISG has observed that a combination of diverse technologies such as robotic process automation (RPA), intelligent data and workflow solutions and advanced business analytics are empowering CFOs with real-time insights and meaningful information to drive better decision making and help finance departments to function more efficiently. Leading strategic F&A service providers have claimed that automation and analytics solutions are an integral part of every contract they signed for F&A services over the last two years.

ISG sees that second-generation outsourcers in the U.S. are beginning to engage with service providers more holistically. High-end and complex F&A services such as R2R and FP&A that were usually retained by enterprises in the region are now being outsourced, allowing them to get more complete, meaningful data and insights from service providers. They view 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.

As the nature of client engagements shift from transactional to more of a strategic function, ISG sees that mid-tier and small players are continuing to strengthen their end-to-end R2R and FP&A offerings in the U.S. market. However, large India-heritage services firms and multinational service providers are better placed to challenge them in areas such as domain and industry expertise, AI, advanced analytics and consulting 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 R2R and FP&A services.

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. This report also can help CFOs 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.S. and gain knowledge about how those providers compare to one another.



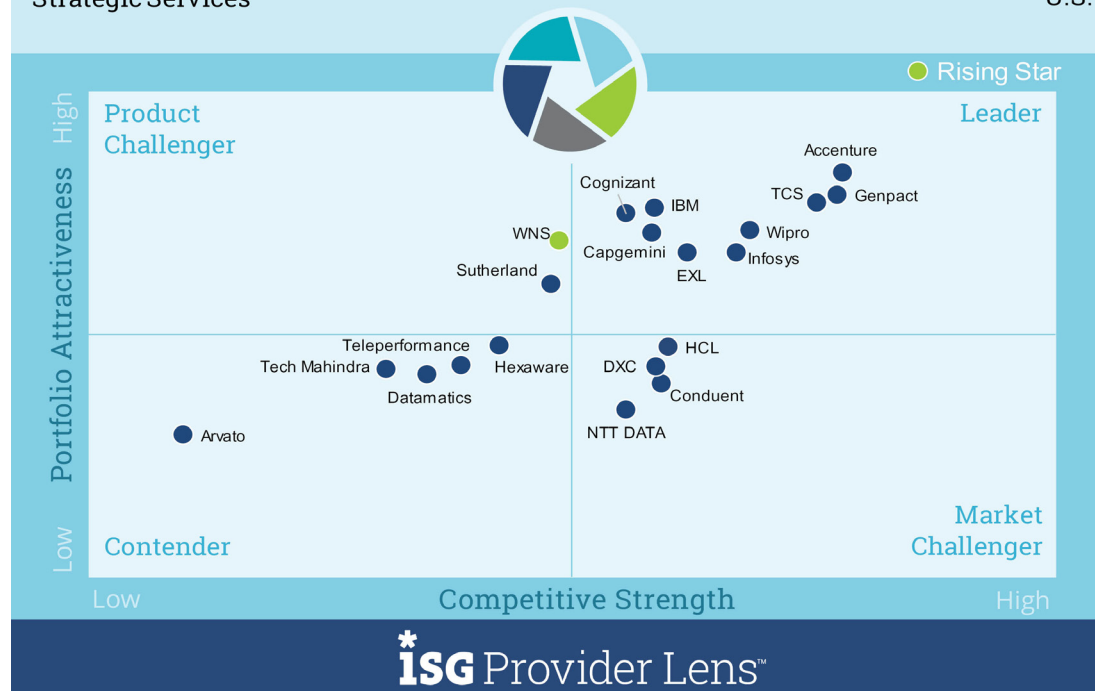
STRATEGIC SERVICES

Definition

Under the umbrella of strategic finance services, judgment-intensive services such as record to report (R2R) and financial planning and analysis are taken into consideration. Digital-native companies and second-generation outsourcers are open to outsourcing high-end and complex finance functions and they seek insights that are actionable and in real time. As enterprise expectations keep evolving, service providers also adapt their capabilities to cater to their requirements. CFOs want to focus on their core business and leverage technology to get real-time insights for making decisions quickly and enabling their finance departments to function more effectively and with greater accuracy. Analytics solutions should move beyond predictive capabilities and offer action-driven insights. Providers should use their domain expertise to present a suite of digital solutions that will help clients progress with their digital transformation and provide strategic insights for CFO functions.

F&A Digital Outsourcing Strategic Services

2020
U.S.



Source: ISG Research 2020

STRATEGIC SERVICES

Eligibility Criteria

- Strong vision to grow the F&A practice;
- Offer R2R services;
- Offer financial planning and analysis;
- Consulting partnerships;
- Strong suite of automation solutions/partnerships;
- Domain experts; skilled workforce;
- Platform solutions;
- Analytics capabilities and partnerships;
- Referenceable case studies.

Observations

- **Accenture's** continued investments in emerging technologies, especially analytics and AI, have helped the firm gain a leadership position in the strategic F&A services space.
- **Genpact** and **TCS** have a strong focus on end-to-end finance transformation. Both providers have developed robust in-house tools and frameworks to provide better support to CFOs and improve business outcomes.
- With a strong suite of finance planning and analysis (FP&A) solutions and a mature transformation practice, **Wipro** is a strong leader in the U.S. market for strategic F&A services.
- **Infosys** is continuously investing in expanding its analytics capabilities to support high-value decision making activities for its F&A clients.
- **EXL's** robust R2R services and domain expertise have enabled it to emerge as a leader in this space.

STRATEGIC SERVICES

Observations (cont.)

- **IBM** and **Capgemini** have a strong presence in the U.S. market and are using automation to deliver value to its clients across F&A functions.
- **Cognizant's** strength lies in its platform-driven approach that enables it to drive finance transformation for clients.
- **WNS'** vertically aligned solutions and growing analytics capabilities make it a rising star in the U.S market for strategic F&A services.



INFOSYS

Overview

Strategic F&A is a critical focus area for Infosys. In the U.S., the firm caters to more than 75 clients from its eight delivery centers. It is continuing to invest in developing and nurturing its F&A domain expertise with an aim to provide predictable delivery and transformational value to clients.

Strengths

Strong analytics methodology: Infosys provides descriptive reporting, prescriptive analytics and statistical/predictive models to help companies improve their business metrics. It applies next-generation technology throughout the analytics lifecycle to support high-value decision making activities.

Nia™ for CFO solutions: Infosys is continuously expanding the capability of its proprietary Nia™ platform to build solutions for CFOs. The platform converges big data/analytics, ML, knowledge management and cognitive automation capabilities to solve complex business problems.

Reskilling and upskilling of employees: Infosys is committed to creating an environment of continuous learning. It is investing in re-skilling and upskilling its F&A resources to keep pace with the rapid advancements in technology and adapt to newer business models.

Caution

Infosys should focus on building its brand to speak more about the advance finance services and bring forward the case studies to show case its capabilities in the FP&A space.



2020 ISG Provider Lens™ Leader

Over the years, Infosys has developed more capabilities and credentials in strategic F&A services that allow it to support CFOs in taking their business forward with robust decision making.

The image features a dark blue background with a light blue horizontal band at the top. On the left side, there are several circular icons resembling camera apertures, arranged in a diagonal line from the bottom left towards the center. These icons are in various shades of blue and white. The word "Methodology" is written in a white, serif font on the right side of the image.

Methodology

METHODOLOGY

The research study “ISG Provider Lens™ 2020 – Finance & Accounting (F&A) Digital Outsourcing Services 2020” analyzes the relevant software vendors/service providers in the US market, based on a multi-phased research and analysis process. It positions these providers based on the ISG Research methodology.

The study was divided into the following steps:

1. Definition of Finance & Accounting (F&A) Digital Outsourcing Services 2020 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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