



***ISG** Provider Lens™

2022

Finance and Accounting
Outsourcing Services 2022

imagine your future®

ISG (Information Services Group) (NASDAQ: III) is a leading global technology research and advisory firm. A trusted business partner to more than 800 clients, including 75 of the top 100 enterprises in the world, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; technology strategy and operations design; change management; market intelligence and technology research and analysis. Founded in 2006 and based in Stamford, Connecticut, ISG employs more than 1,300 professionals operating in more than 20 countries — a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data.



Table of Contents

Definition.....	4
Quadrants Research.....	5
Quadrants by Region.....	10
Archetype Report.....	11
Schedule.....	12
ISG Star of Excellence™ – Call for nominations.....	13
Partial list of companies being invited for the survey.....	14
ISG Provider Lens QCRT Program Description.....	16
Quality & Consistency Review Team for this study.....	16

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Definition

The nature of finance and accounting outsourcing (FAO) engagements is evolving from transactional to becoming more holistic, to align with changing business and technology needs. Enterprises are increasingly willing to transform their finance and accounting (F&A) operations and embrace digital technologies to make processes more efficient, increase productivity, improve data accuracy, reduce costs and enhance customer experience.

Automation and analytics have been integral parts of every contract signed for FAO services in the last two years, thereby empowering CFOs with real-time insights and meaningful information to enable quick decision-making and, subsequently, help finance departments function more efficiently.

This study on finance and accounting outsourcing services is aimed at understanding enterprises' requirements and provider capabilities to meet their demands.

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

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

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

This year's program will build on the studies from previous years by reviewing changing customer priorities as businesses grapple with fundamental new challenges. It will examine how customers' FAO needs have evolved due to reshaped organizational structures triggered by the COVID-19 pandemic, and increasing supply chain challenges and costs.

Meanwhile, businesses have opportunities to transform F&A processes through advanced technologies — developments in data analytics, intelligent automation, AI and blockchain — but they must find the optimal mix of technologies to create breakthrough solutions.

Consequently, service providers are facing the challenge of reviewing and improving their solutions and skillsets to provide the best mix of strategic consulting, digital transformation and process outsourcing services. They must also build and strengthen their partner ecosystems to marshal the broad and deep expertise required to produce strategic breakthroughs.

This study will review providers' capabilities to deliver on some of the urgent new challenges for FAO customers, including, but not limited to:

- **Hybrid operating models** – How do providers manage office and remote staff with the assurance that security, fraud prevention and compliance requirements will be met?
- **Talent** – Which providers have prioritized the best models for hiring, developing, motivating and retaining key skillsets?
- **Increasing convergence of BPO and IT/digital service lines** – How are providers combining different solutions and skillsets to provide holistic offerings?

Quadrant Research

As part of this ISG Provider Lens™ quadrant study, we are introducing the following four quadrants for F&A outsourcing:

Simplified illustration



Source: ISG 2022

Procure-to-Pay (P2P) Services

This quadrant assesses providers that offer P2P services, covering the complete range of accounts payable processes, from capturing, processing invoices, vendor queries, master data management and claims management to ensuring on-time payment, while minimizing value leakages and enhancing vendor and employee satisfaction. The nature of these transactions not only requires an understanding of the domain, but also relies on effectively leveraging automation and analytics. The automation journey is not limited to robotic process automation (RPA) but goes a step further to enable decision-making and managing an enterprise's finances more efficiently. Service providers offer AI with natural language processing (NLP) capabilities and machine learning. They also provide advanced optical character recognition (OCR) technology to facilitate electronic processing of both paper and digital invoices.

Eligibility criteria

The eligibility criteria for providers to be considered for inclusion in this study are that they:

- Have a strong vision to grow their F&A practice and must offer P2P services
- Bring in deep domain and technology expertise, including automation, analytics, AI, machine learning, cloud and blockchain
- Have a strong partner ecosystem across F&A service lines to drive innovation and digital transformation
- Demonstrate ability to provide vertical-specific platform solutions and offer guidance on process optimization to deliver tangible benefits
- Employ design thinking or alternative methodologies to involve the customer in designing products and services or the transformation roadmap
- Demonstrate industry and domain expertise to deal with core finance functions and lead digital implementation of roadmap design
- Have referenceable case studies

Order-to-Cash (O2C) Services

Most first-generation outsourcers begin their transformation journey by outsourcing less complex finance functions, including O2C, that are repetitive and transactional in nature. This quadrant assesses providers that provide end-to-end O2C services, supporting the entire customer-to-cash lifecycle, driving more efficient processes, improving working capital performance and reducing days sales outstanding (DSO). This provides enterprises with more flexibility to price products and services competitively and gain a market advantage. Service providers in this space are not only expected to bring in domain expertise, but also fulfill clients' expectations for the active use of automation and analytics.

Eligibility criteria

The eligibility criteria for providers to be considered for inclusion in this study are that they:

- Have a strong vision to grow their F&A practice and must offer O2C services
- Bring in deep domain and technology expertise, including automation, analytics, AI, machine learning, cloud and blockchain
- Have a strong partner ecosystem across F&A service lines to drive innovation and digital transformation
- Demonstrate ability to provide vertical-specific platform solutions and offer guidance on process optimization to deliver tangible benefits
- Employ design thinking or alternative methodologies to involve the customer in designing products and services or the transformation roadmap
- Demonstrate industry and domain expertise to deal with core finance functions and lead digital implementation of roadmap design
- Have referenceable case studies

Record-to-Report (R2R) Services

Digital-native companies and second-generation outsourcers are open to outsourcing high-end and complex finance functions such as R2R, and they seek insights that are actionable and in real time. This quadrant assess providers that offer end-to-end R2R services such as general ledger accounting and reconciliation, inter-company accounting, fixed assets accounting, regulatory compliance and taxation, and treasury and risk management, using a mix of automation, intelligent data and workflow solutions, and advanced business analytics. These are aimed at empowering CFOs to focus on their core business, get real-time insights to make decisions quickly, and enable their finance departments to function more effectively and with greater accuracy.

Eligibility criteria

The eligibility criteria for providers to be considered for inclusion in this study are that they:

- Have a strong vision to grow their F&A practice and must offer R2R services
- Bring in deep domain and technology expertise, including automation, analytics, AI, machine learning, cloud and blockchain
- Have a strong partner ecosystem across F&A service lines to drive innovation and digital transformation
- Demonstrate ability to provide vertical-specific platform solutions and offer guidance on process optimization to deliver tangible benefits
- Employ design thinking or alternative methodologies to involve the customer in designing products and services or the transformation roadmap
- Demonstrate industry and domain expertise to deal with core finance functions and lead digital implementation of roadmap design
- Have referenceable case studies

Financial Planning and Analysis (FP&A) Services

High-end and complex F&A functions such as FP&A that were once retained by companies are now being outsourced, allowing service providers to deliver comprehensive and meaningful data and insights. They are viewing providers as strategic partners that can offer real-time insights and support faster decision-making. This quadrant assesses providers that offer FP&A services such as budgeting, forecasting, financial planning, decision support and financial analysis, management reporting and undertake M&A and divestiture analysis. They provide CFOs with timely, reliable financial insights and reports for effective decision-making.

Eligibility criteria

The eligibility criteria for providers to be considered for inclusion in this study are that they:

- Have a strong vision to grow their F&A practice and must offer FP&A services
- Bring in deep domain and technology expertise, including automation, analytics, AI, machine learning, cloud and blockchain
- Have a strong partner ecosystem across F&A service lines to drive innovation and digital transformation
- Demonstrate ability to provide vertical-specific platform solutions and offer guidance on process optimization to deliver tangible benefits
- Employ design thinking or alternative methodologies to involve the customer in designing products and services or the transformation roadmap
- Demonstrate industry and domain expertise to deal with core finance functions and lead digital implementation of roadmap design
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Quadrants by Region

Quadrants	Global
Procure-to-Pay (P2P) Services	✓
Order-to-Cash (O2C) Services	✓
Record-to-Report (R2R) Services	✓
Financial Planning and Analysis (FP&A) Services	✓



Archetype Report

As a part of the ISG Provider Lens™ archetype report, we are introducing four archetypes for the Finance and Accounting Outsourcing Services market:

			Simplified illustration
Traditional Services	Digital-Led Services		Traditional + Digital + Strategy
Transactional Services Buyers	Transformation-Oriented Buyers	Automation Implementers	Holistic Partner Buyers

Source: ISG 2022

- Transactional Services Buyers:** Typically, these are first-generation outsourcers, seeking to outsource less complex finance functions that are repetitive and transactional in nature. The most frequently outsourced functions mainly include O2C, P2P and some components of R2R transactions. These buyers seek point solutions and are not inclined to outsource critical finance functions. Their main focus is on reducing the cost of processing transactions by using offshore labor arbitrage. However, RPA adoption is increasing among these buyers, and basic automation has become table stakes with these engagements.
- Transformation-oriented Buyers:** Clients in this archetype seek to transform their F&A operations to be ahead of the curve, improve customer experience and optimize the use of technology to their advantage. Embracing the chain of digital technologies is of prime importance for these buyers. Their outsourcing objective is not limited to transactional processes. Analytics is one of the key focus areas, as CFOs increasingly focus on their core business and use technology to get real-time insights, make quick decisions and enable their finance departments to function more effectively. Also, buyers in this archetype believe that effective training and talent upskilling are key to a success transformation.
- Automation Implementers:** Automation implementers are buyers that seek to leverage automation extensively, and their outsourcing objective is not limited to cost savings. The buyers in this archetype are more mature and consider outsourcing these functions that go beyond transactional, and include critical functions such as budgeting, forecasting, financial planning, decision support and financial analysis, management reporting M&A and divestiture analysis etc. The objective is to leverage the benefits of technology to get deep insights for decision-making. Automation in this category is not limited to rule-based automation, but blends intelligence into the process.
- Holistic Partner Buyers:** Clients in this archetype seek to outsource end-to-end F&A functions so they can focus on their core business activity. The objective of buyers here goes beyond technology, which continues to be a priority. These buyers seek a strategic partner that can understand their business and related processes and offer solutions that can help them achieve their business objectives. Leveraging technology to accelerate the time to market is a critical initiative with this type of engagement.

Schedule

The research phase falls in the period between **May to June 2022**, during which survey, evaluation, analysis and validation will take place. The results will be presented to the media in **September 2022**.

Milestones	Beginning	End
Survey phase	17 May, 2022	22th June, 2022
Sneak previews	8th Aug 2022	16th Aug, 2022
Press release	19 Sept , 2022	

Please refer to the [link](#) to view/download the ISG Provider Lens™ 2022 research agenda.

Access to Online Portal

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

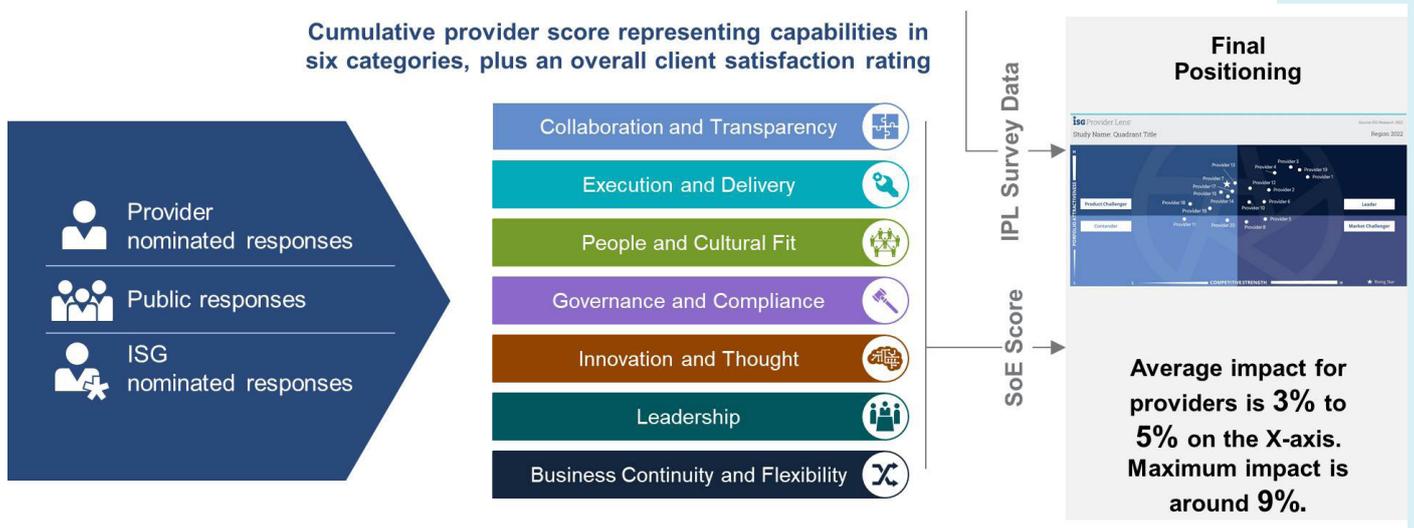
Research Production Disclaimer:

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

ISG Star of Excellence™ – Call for nominations

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

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



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

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

To ensure your selected clients complete the feedback for your nominated engagement please use the Client nomination section on the Star of Excellence [website](#).

We have set up an email where you can direct any questions or provide comments. This email will be checked daily, please allow up to 24 hours for a reply. Here is the email address: Star@isg-one.com

Partial list of companies being invited for the survey

Are you in the list or do you see your company as relevant provider that is missing in the list? Then feel free to contact us to ensure your active participation in the research phase.

Accenture	Firstsource	Quattro Business Support Services
Aegis	Genpact	Sutherland
Arvato	HCL	TCS
Capgemini	Hexaware	Tech Mahindra
Cognizant	IBM	Teleperformance
Concentrix	IBM	Wipro
Conduent	Infosys	WNS
Corcentric	Invensis	Worxpertise
Datamark	IQ BackOffice	Xchanging
Datamatics	NTT DATA	
DXC	OneSource Virtual	
EXL Services	Quattro	

Contacts for this study



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ISG Provider Lens QCRT Program Description for Brochures

ISG Provider Lens offers market assessments incorporating practitioner insights, reflecting regional focus and independent research. ISG ensures advisor involvement in each study to cover the appropriate market details aligned to the respective service lines/technology trends, service provider presence and enterprise context. In each region, ISG has expert thought leaders and respected advisors who know the provider portfolios and offerings as well as enterprise requirements and market trends. On average, three advisors participate as part of each study's Quality & Consistency Review Team (QCRT). The QCRT ensures each study reflects ISG advisors' experience in the field, which complements the primary and secondary research the analysts conduct. ISG advisors participate in each study as part of the QCRT group and contribute at different levels depending on their availability and expertise.

The QCRT advisors:

- help define and validate quadrants and questionnaires
- advise on service providers inclusion and participate in briefing calls
- give their perspectives on service provider ratings and review report drafts

The ISG Provider Lens QCRT program helps round out the research process, supporting comprehensive research-focused studies.

Quality & Consistency Review Team for this study



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Do you need any further information?

If you have any questions, please do not hesitate to contact us at isglens@isg-one.com.