ISG Provider Lens™

Finance & Accounting (F&A) Digital Outsourcing Services

Automation Implementers

Archetype Report

A research report aligning enterprise requirements and provider capabilities

June 2020

About this Report

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The research and analysis presented in this report include 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 was current as of Dec. 10, 2019, to Jan. 29, 2020. 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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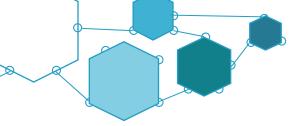
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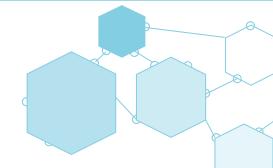
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EXECUTIVE SUMMARY

With evolving buyers' needs, finance and accounting outsourcing (FAO) services are maturing. As the expectations of buyers are rapidly increasing, the nature of engagements is evolving from a transactional type to a strategic function. Enterprises are moving away from the piecemeal approach and are embracing a holistic view towards outsourcing. Gaining visibility into a finance organization and making data-driven decisions are top priorities of enterprise CFOs.

The F&A domain has extensively adopted the use of various technologies such as bots, automation platforms and solutions to automate finance functions. Artificial intelligence (AI) and machine learning (ML) have made inroads into finance functions and transformed traditional operating processes. Analytics is a significant value addition and brings in highly valuable insights that benefit CFOs.

Traditionally, enterprises were in the practice of outsourcing non-critical finance functions. As service providers began expanding their portfolio of services at a rapid pace, enterprises became more comfortable with outsourcing complex finance functions. To

serve these clients, service providers are investing heavily in developing their capabilities, onboarding skilled employees and expanding partnerships with the likes of the Big 4.

As the nature of engagements are becoming more strategic, ISG believes that technology, people and skills, domain and vertical expertise, open communication and collaboration will play a critical role in ensuring a successful engagement. The following are some key trends that are shaping the industry:

Outsourcing of complex finance functions primed for growth

Conventional outsourcing typically sees more of order-to-cash (O2C) or procure-to-pay (P2C) functions, 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 offer these services to clients, 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.

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Consulting services take center stage as enterprises boldly embrace 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.
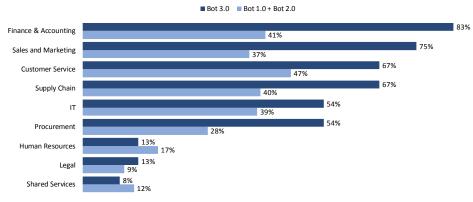
Verticalization becomes pivotal

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

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

Figure 1.

Legend: ■ Bot 3.0 ■ Bot 1.0 + Bot 2.0

	Bot 3.0	Bot 1.0 + Bot 2.0
Finance & Accounting	83%	41%
Sales and Marketing	75%	37%
Customer Service	67%	47%
Supply Chain	67%	40%
IT	54%	39%
Procurement	54%	28%
Human Resources	13%	17%
Legal	13%	9%
Shared Services	8%	12%

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

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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.

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.

Figure 2.

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
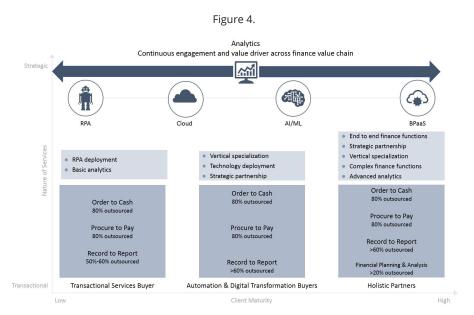
Analytics takes center stage in FAO

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 the nature of client engagements become less transactional and more strategic, 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.

Figure 3.

Illustrative analytics with use cases across F&A value chain			
Order to Cash	**Procure to Pay**	**Record to Report**	**Financial Planning and Analysis**
• Pricing Analytics • Inventory Forecast & Demand Planning • Authorize & Manage Credit • Analytics for Trade Receivables	• Payment Accuracy Analytics • T&E Analytics • Pricing & Contract Compliance • Supplier Risk and Performance • Procurement Benchmarking	• Analytics for Reconciliation • Close Cycle time Analytics • Balance Sheet Risk Analytics • Cash Flow Management Analytics	• Spend Analytics • Forecasting and Budgeting Analytics • Variance Analysis • Fraud Analytics • Decision Support Modelling

Introduction

Figure 4.

Analytics
Continuous engagement and value driver across finance value chain

Strategic

RPA   Cloud   AI/ML   BPaaS

Nature of Services

- RPA deployment
- Basic analytics

Order to Cash
80% outsourced

Procure to Pay
80% outsourced

Record to Report
50%-60% outsourced

Transactional

Transactional Services Buyer

- Vertical specialization
- Technology deployment
- Strategic partnership

Order to Cash
80% outsourced

Procure to Pay
80% outsourced

Record to Report
>60% outsourced

Automation & Digital Transformation Buyers

- End to end finance functions
- Strategic partnership
- Vertical specialization
- Complex finance functions
- Advanced analytics

Order to Cash
80% outsourced

Procure to Pay
80% outsourced

Record to Report
>60% outsourced

Financial Planning & Analysis
>20% outsourced

Holistic Partners

Low   Client Maturity   High

The buying behavior of an enterprise is largely influenced by technology, changing user demands and changing role of CFOs. Once heavily led by the labor arbitrage model, finance and accounting outsourcing is now deeply influenced by technological transformations. Broadly, buyers can be defined under four categories, namely, transactional, automation, transformational and holistic. With growing need to modernize finance functions, a significant number of enterprises fall in the automation and transformational categories. Most enterprises today are in the midst of scaling automation, where they are embracing AI, deriving insights by leveraging analytics and adopting a platform-led approach.

The conversations surrounding transformation and automation have evolved over the years, and with the COVID-19 pandemic disrupting most industries, transformation and automation journeys of enterprises will only pick up speed. This trend will, in turn, have an impact on the buyers in the holistic category with a surge in number of enterprises moving to this category. Interestingly, while the pace of transformation will drastically increase due to the pandemic, the buyers in the transactional category will either significantly reduce or the category will cease to exist in the next couple of years. Enterprises in the transactions category will be keen to fast track their automation journey and will start moving away from the piece meal approach of outsourcing, with the result that every outsourcing engagement/conversation will have elements of transformation for these buyers and it will begin with the onset of the engagement rather than as a long-term plan.

Moving forward, dependency on automation will increase among enterprises and AI/ML will start leading the way in most engagements. Platforms will see a significant spike in adoption as users will lean on the anytime, anywhere approach to ensure fewer disruptions. Analytics will continue to be the biggest value driver across buyer categories. Most companies were not prepared for the situation triggered by the pandemic, or worse, have been impacted significantly. Hence, they will look for more value-driven partnerships with service providers. At the same time, strategic data that will help companies gain visibility into their finance functions and derive actionable insights will take precedence. Therefore, outsourcing engagements will turn more holistic in nature and expectations from sourcing partners — to proactively aid enterprises with research, advise on the way forward, determine vertical trends, aid technology adoption to improve efficiencies and offer value-added services, including hybrid pricing or outcome- based pricing — will change significantly.

About This Research

This ISG Provider Lens™ report summarizes the relative capabilities of 22 FAO service providers and their abilities to address the requirements of five typical, frequently encountered categories of enterprise buyers referred to as archetypes. Each archetype represents a unique set of business and technological needs and challenges. Our research found no shortage of providers with capabilities to satisfy the FAO needs across most user archetypes. This is largely due to two core realities regarding the archetypes:

1. The characteristics of each archetype are moving targets because while the core requirements rarely change, the relative importance of different requirements can vary based on business and/or technology environment changes.

2. Most enterprises, especially larger firms, tend to have multiple archetypes. As each archetype's requirements evolve based on business and technological changes, so does the presence and value of each archetype within the enterprise. Therefore, enterprises have an ongoing series of choices when it comes to selecting the FAO service provider. They will need to strike a balance between optimal business value and relative cost of the provider engagement, integration and management. Market changes, new business models, fluctuating economic factors and other variables continually add to and subtract from user needs.

This report uses research and analysis from ISG's long-running work with enterprise clients and business process outsourcing service providers to identify and examine key changes in, approaches for and buyers of F&A services. We map the user-side requirements to provider-side offerings and capabilities. Not every user enterprise has the same requirements. In this report, we use five buyer archetypes (detailed in the following sections) to identify and assess buy-side requirements for business value relative to provider-side offerings and capabilities. All revenue references are in U.S. dollars ($US) unless noted.

The assessment methodology has been developed and refined over several years of working with buyers to understand and articulate their services requirements and from working with services providers to understand how those buyer requirements influence the development of suitable solutions and go-to-market strategies.

This report assesses the capabilities of 19 providers. Some service providers that are typically included in our work are not included in this report because they were unable to or declined to participate. They may be included in future versions of this report, based on their merit and willingness to provide current and relevant materials. Readers should not make any inferences based on a services provider's absence from this report.

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7

How to Use This Report

This report is intended to provide advice founded on ISG's experienced-based, proprietary assessment of the services providers' relative suitability to the needs of the typical FAO customer. This advice is then applied across each of the five archetypes as profiled. No recommendation or endorsement is indicated, suggested or implied. Clients must make the decision to engage with any provider based not only on their specific, current workplace needs but also on other factors such as cost, culture and timing.

This report is organized as follows:

Client Archetype Descriptions – This section identifies and describes the most common user-side archetypes that we have identified in our ongoing research and analysis.

Assessments by Archetype – These sections first detail each of the client archetypes, along with the types of service offerings that can realize the most business value. Each archetype section includes our assessment of the relevant capabilities and positioning of the services providers surveyed and interviewed. It covers the relative suitability of the providers for each archetype based on the information they have provided to ISG. These assessments are developed using the data, analysis and comparative methodology described in the methodology section.

Methodology – In this section, we outline and explain how we developed and applied the data, analysis and insights provided in this report.

Please note: This report presents the known capabilities of services providers in the context of user enterprises' typical project needs (categorized as specific archetypes). It is not meant to rank providers or to assert that there is one top provider with the ability to meet the requirements of all clients that identify as a particular archetype.

CLIENT ARCHETYPE DESCRIPTIONS

The client archetypes used in this report (and in our ongoing advisory and consulting engagements) represent the various types of clients that ISG has observed and how we classify them according to their relative outsourcing maturity and objectives. Each client archetype encapsulates the typical characteristics of a specific type of buyer that is looking to outsource one or more processes or functions. The use of archetypes enables us to develop sets of characteristics and needs that can be applied uniformly and repeatedly across multiple environments, industries, provider types and other variables within one service line.

The archetypes are not meant to be comprehensive examinations of all potential or likely client situations and requirements. They are meant to provide a simple, relevant and repeatable set of user-side requirements against which a similarly simple, relevant set of provider capabilities can be assessed.

The archetypes included in our reports are based on the most current marketplace knowledge regarding prevalent buy-side goals, resources, initiatives and requirements. Archetype characteristics are also developed (and refined over time) based on our advisory and consulting work with enterprise clients and IT service providers and on our global business IT market research and advisory programs.
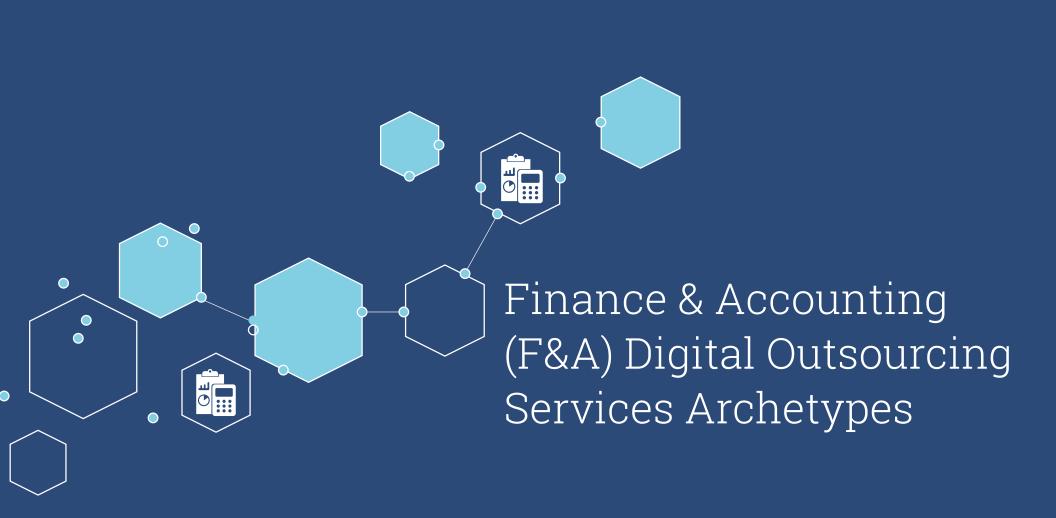
AUTOMATION IMPLEMENTERS

Automation implementers are buyers that are looking to leverage automation extensively and their outsourcing objective is not limited to cost savings. The clients in this archetype are more matured and have considered outsourcing finance functions that go beyond transactional, including critical functions. The objective is to reap the benefits of technology to get deeper insights for supporting decision making. Automation in this category is not limited to rule-based automation; instead, it blends intelligence into the process.

A2

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

A2 AUTOMATION IMPLEMENTERS

Buyers in this archetype are not merely deploying automation for cost savings. These clients are looking to leverage technology, outsource more of their critical functions, and gain deeper insights to support decision making.

With matured functions and processes, these buyers are moving ahead from RPA into intelligent automation. They use intelligent automation to gain insights from unstructured data and process both paper and digital invoices. Technologies such as NLP, intelligent optical character recognition (OCR) and conversational AI are taking precedence, and clients in this archetype are open to sharing more data with their service providers so that it can be used to train automation bots to perform more intelligent work and thus minimize human effort and errors. Some processes that are likely candidates for automation include dispute management, fraud detection, reconciliations and exception handling. These clients are also looking for platforms that are embedded with automation, AI and analytics to help them generate standard reports as part of management reporting.

These clients are looking for flexible or hybrid pricing options and are moving toward transaction-based, outcome-based or risk-sharing models. They are driven to improve customer experience by leveraging automation and/or AI technologies.

For these clients, service providers are well equipped to offer a whole suite of automation offerings spanning from RPA to AI and analytics delivered through in-house platforms of partnerships. The providers are also measured based on their skilled workforce, trained and certified resources, data scientists and automation experts with domain expertise.
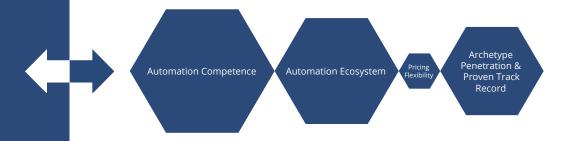
Automation Implementers' Client Objectives

- Significantly improve productivity and efficiency
- Leverage automation/AI to reduce human effort and cost
- Rely on domain experts
- Bring best-of-breed automation products and solutions
- Leverage outcome-based pricing models

Fig 5

Automation Implementers Influence of Provider Capabilities

■ Increase in future influence   ■ Decrease in future influence

Automation Competence

Automation Ecosystem

Pricing Flexibility

Archetype Penetration & Proven Track Record

Size based on relative current importance in the archetype profile

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Fig 6 Automation Implementers Leaders

● Score 4 out of 4   ◑ Score 3 out of 4   ◑ Score 2 out of 4   ◔ Score 1 out of 4

Of the 22 services providers included in our research, 11 stand and match the automation implementers archetype based on our assessment of their capabilities as described in the methodology section in the appendix. These Eleven companies, referred to as archetype leaders, and their relevant capabilities are presented in Figure 6 and briefly examined in the following sections.

Note: The service providers listed are arranged in alphabetical order. No ranking is implied.

A2	Automation Competence	Automation Ecosystem	Pricing Flexibility	Archetype Penetration & Proven Track Record
Accenture	●	●	◑	●
Capgemini	●	●	◑	●
Cognizant	●	●	◑	◔
EXL	●	●	◑	●
Genpact	●	●	◑	●
Hexaware	◑	◑	◑	◑
IBM	●	●	◑	●
Infosys	●	●	◑	●
Sutherland	◑	◑	◑	●
TCS	●	●	◑	●
WNS	◑	◑	◑	◔

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Hexaware

Hexaware has been investing heavily in its centers of excellence to integrate F&A services, intelligent automation and data analytics to deliver F&A transformation to clients. Its solutions entail tools such as the Hexaware Intelligent Process Automation Service (HIPAS™) that facilitates transformation for account payables and account reconciliation services. The tool is as a strategic offering that improves efficiency by leveraging automation-as-a-service. To deliver digital business process transformation, it leverages a range of new-age technologies such as RPA, AI tools such as cognitive OCR, ML, NLP, speech recognition and image analytics. Hexaware's intelligent process automation approach involves improving the execution of the entire lifecycle of the customer's digital transformation journey through a robust framework. The company also enables seamless automation across test design, execution and reporting by leveraging its iD2E (integrated design to execution automation) solution. With its intelligent automation process, Hexaware has demonstrated results in achieving process efficiency, enhancing customer experience and optimizing costs for clients.

OTHER NOTEWORTHY PLAYERS – AUTOMATION IMPLEMENTERS ARCHETYPE

Some other providers scored high in one or more areas that are important for the automation implementers archetype. However, they were not categorized as leaders for this archetype because they did not rate high in enough categories.

Noteworthy providers (services providers with a high score in one or more categories) for automation implementers are:

Fig 7 Other Noteworthy Players – Automation Implementers

Automation Competence	Automation Ecosystem	Pricing Flexibility	Archetype Penetration & Proven Track Record
DXC	Conduent	Conduent	Datamatics
HCL	HCL	Datamatics	DXC
Hexaware	Hexaware	HCL	
Tech Mahindra	NTT DATA	NTT DATA	
Wipro	Tech Mahindra	OneSource Virtual	
	Wipro	Tech Mahindra	
		Wipro	

SERVICE PROVIDERS ACROSS ARCHETYPES

	Transactional Services Buyers	Automation Implementers	Transformation-oriented Buyers	Holistic Partner Buyers
Accenture	✓✓✓	✱	✱	✱
Capgemini	✱	✱	✓✓✓	✱
Cognizant	✱	✱	✱	✱
Conduent	✓✓✓	✓✓	✓✓✓	✓✓✓✓
Datamatics	✓	✓✓	✓✓	✓✓✓
DXC	✓✓	✓✓	✓✓	✓✓
EXL	✱	✱	✱	✱
Genpact	✱	✱	✱	✱
HCL	✱	✓✓✓	✱	✓✓✓✓
Hexaware	✓✓	✱	✓✓	✓✓✓
IBM	✱	✱	✱	✱

✱ = Leaders

✓ = Noteworthy Providers *(number of check marks indicate the degree of alignment
     with the capability requirements of each client archetype)*

☐   = *Not In (the Service Provider wasn't considered a leader in any of the capability requirements for this archetype)*

NOTE: All Service Providers evaluated for this report have the abilities to service all four archetypes, only those with the best fit to the capability requirements were identified as Leaders or Noteworthy Providers

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SERVICE PROVIDERS ACROSS ARCHETYPES

	Transactional Services Buyers	Automation Implementers	Transformation-oriented Buyers	Holistic Partner Buyers
Infosys	✱	✱	✱	✱
IQ BackOffice	☐	☐	✓	✓
NTT DATA	✓✓	✓✓	✓✓	✓✓
OneSource Virtual	☐	✓	✓	☐
Quatrro	✓	☐	☐	☐
Sutherland	✓✓	✱	✱	✓✓✓
TCS	✱	✱	✱	✱
Tech Mahindra	✓✓	✓✓✓	✓✓✓	✓✓✓✓
Teleperformance	✓✓	☐	☐	✓
Wipro	✱	✓✓✓	✱	✱
WNS	✱	✱	✱	✱

✱ = Leaders

✓ = Noteworthy Providers *(number of check marks indicate the degree of alignment*
      with the capability requirements of each client archetype)
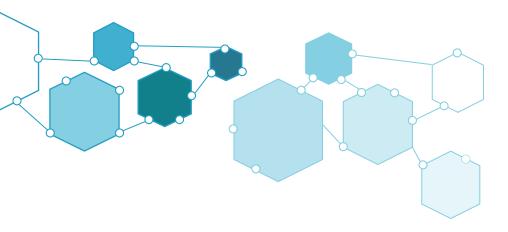
☐   = *Not In (the Service Provider wasn't considered a leader in any of the capability requirements for this archetype)*

NOTE: All Service Providers evaluated for this report have the abilities to service all four archetypes, only those with the best fit to the capability requirements were identified as Leaders or Noteworthy Providers

GUIDANCE

Buying patterns of enterprises have evolved and are maturing with time. While basic automation was a large area of focus a few years back, automation is now table stakes with all engagements. The transactional archetype that traditionally dealt with FTE-driven engagements is now focused on implementing rapid automation. Likewise, transformation and automation buyers have drastically moved from basic transformation needs to more value-driven services. AI/ML is driving significant changes to finance functions as the processes are riper for AI adoption. While technology continues to pave the way and create a significant difference to the workplace, enterprises are now moving to the next wave of partnership with service providers, for example, to focus on value-added services. With millions of transactions and data that service providers gather over time, enterprises are keen to jointly explore opportunities and glean insights to make data-driven decisions. Thus, analytics is changing how enterprises viewed and used the data.

After establishing their trust, enterprises are now more focused on building a holistic partnership with service providers by outsourcing strategic finance functions. Some digital-native companies and other enterprises are outsourcing end-to-end finance functions so that they continue to focus on core business activities. However, they should be aware that their partnerships with service providers will enable more business outcomes.

While the landscape is continuously changing, enterprises are under pressure to embrace transformation, but some of them are still dealing with legacy issues. Despite this, they have come a long way in reaping the benefits of automation.

Cloud platforms and solutions have never been more important than now. With situations like COVID-19, reliance on technology is likely to increase to manage such uncertainties.

Service providers and their offerings have also matured to accommodate the changing buying behavior. Organic and inorganic expansions, enhancement of portfolio of services, focus on expanding skillsets, technology acquisitions and numerous other activities have shown that significant investments are made to bolster F&A offerings. A large number of service providers today have broad capabilities to cover and cater to end-to-end finance transformation engagements.

Enterprise Leadership Actions

Communication and collaboration and key

These components continue to be of prime importance as the engagements are maturing and becoming more transformation oriented. Innovation is a major criterium of most contracts today, but it cannot be one-sided approach. Collaboration between enterprises and service providers is essential to reach the desired levels of transformation and achieve innovation. More often, lack of communication and a conservative approach lead to non-collaborative engagements and project failure. Service providers are working on allocating innovation funds and moving towards outcome-based models to help clients achieve their transformation goals. However, it is equally important for enterprises to accept the changes and break away from the state of inertia.

Revisiting the Business Continuity Plan

Although every single contract embeds a business continuity (BCP) plan, it is questionable if the course of action is defensive during an unprecedented crisis such as the ongoing pandemic. Most of the business processes were FTE driven and a large portion of the workforce operated from large infrastructures under stringent security measures. However, with the sudden movement of resources to a work-from-home facility, the situation has sparked a sudden concern in the industry about security and business continuity. Hence, working proactively with service providers to embed a plan that takes into consideration such extreme situations is critical. Also, working on a continuous basis to identify mission-critical processes and find ways to keep them going is essential for enterprises.

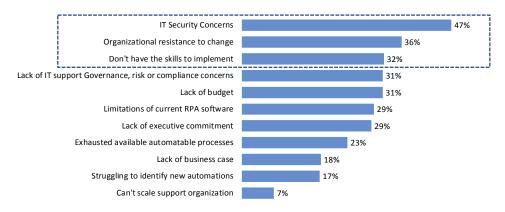**Is it time to fast track your digital transformation journey?**

In the last couple of months, the employee workplace has been completely transformed for most IT and business process outsourcing sectors. Embracing technology has never been so rapid as it during the said period. As newer ways of working emerge, it could potentially disrupt the industry more with technology taking precedence. Accelerating the digital transformation journey could become most an organization's priority over the next few months. The adoption of cloud to access data anytime and anywhere, using extensive automation to maintain process efficiencies and keep productivity going, or leveraging conversational AI to solve most queries during agent downtime are likely to take center stage. With the disruption and slowdown in productivity in the wake of the COVID-19 outbreak, reliance on technology will increase significantly. Working with service providers to see potential opportunities in futureproofing the business will be an important point of consideration for most enterprises.

Provider Leadership Actions

Organizational Change Management is a must have capability

In figure.3 below, according to ISG Bot 3.0 study, the second most important challenge inhibiting enterprises from RPA deployment is organizational resistance to change. In other words, a state of inertia.

Global - Top three challenges your company has faced with RPA

Challenge	%
IT Security Concerns	47%
Organizational resistance to change	36%
Don't have the skills to implement	32%
Lack of IT support Governance, risk or compliance concerns	31%
Lack of budget	31%
Limitations of current RPA software	29%
Lack of executive commitment	29%
Exhausted available automatable processes	23%
Lack of business case	18%
Struggling to identify new automations	17%
Can't scale support organization	7%

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

Most enterprises are keen to transform their finance functions by embracing technology. However, if resistance takes precedence, it becomes a huge roadblock for transformation. Identifying these challenges and solutions to mitigate them is key. Thus, having a strong organizational change management capability is of high importance considering that these skills will be highly leveraged to educate enterprises about the change, importance of technology adoption, benefits and value addition. To support enterprises, some service providers are offering vast learning platforms to help reskill employees. However, having a robust plan of action to manage situations is an extremely important capability, which would otherwise significantly delay the journey of transformation.

Consulting becoming the cornerstone for all transformation engagements

In a conversation with ISG, most enterprises stated that achieving transformation goals takes longer than anticipated if the initial assessment of businesses is not carried out correctly. Hence, building strong vertical knowledge coupled with domain and technical expertise is important as designing solutions has become complex by manifolds. Performing an accurate or nearly accurate assessment of the business complexity upfront and the solutions that have more realistic goals is important in setting the right expectations. Investing in building a team of experts and embedding design thinking concepts are areas of focus for most service providers.

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Talent reskilling and retention must take priority

Enterprises often struggle when stakeholders from the provider organizations change. Transformation is a long-term journey; a careful understanding of business nuances is important and involves continuous engagement to achieve the end goals as they are not fragmented projects. Hence, a change in resources mid-way could lead to potential delays. With technology augmenting people and allowing them to take up complex roles, hiring, reskilling and retaining talent to handle complex queries or situations must be critical areas of focus for service providers. Service providers must invest in employee engagement programs, robust training programs and retention programs to encourage and motivate employees, as talent central to all client engagements.

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Appendix

APPENDIX

Methodology

As previously noted, this report uses five archetypical sets of buy-side client requirements to assess the relative suitability of finance and accounting outsourcing (FAO) services providers. Data regarding the providers' capabilities and positioning was provided to ISG via briefings, ISG advisor interviews and surveys of service providers, including client references if appropriate.

FAO services providers shared their data across different finance and accounting (F&A) service dimensions through the research initiatives noted above. These dimensions cover their technological competency, preferred engagement models, scope of work performed, service capability, functional expertise and industry and regional presence.

Report Methodology

1	2	3	4	5
Categorize and assess provider data	Weight Importance of capability requirement	Determine provider position in quartile	Create cumulative score	Categorize providers in archetypes

Methodology Details

1 The data provided by the services providers were categorized and assessed according to the FAO services requirements described for each of the five client archetypes. In cases where the provider descriptions and data were not worded as precisely as our archetype requirements, our FAO services analysts relied on their expertise and experience to classify provider capabilities.

2 Each archetype capability requirement was weighted based on its relative importance to that archetype's typical requirements. Weightings for each archetype's requirements add up to a total of 100 percent. Specific weightings are not disclosed in this report. The relative importance of each capability requirement is depicted in illustrations at the beginning of each archetype section using differently sized hexagon icons.

3 Once the relative ability of each services provider was assessed for each of the archetype requirements, each provider was then positioned in a relevant quartile (for example, top 25 percent, second 25 percent and so on). The top quartile was given a numerical capability score of 4/4; the second quartile earned a score of 3/4, the third quartile scored 2/4, and the fourth quartile was awarded 1/4. Those with no capabilities to meet the archetype requirements were not included in the assessment.

4 Provider capability scores from Step 3 were then multiplied by the weightings developed for each client archetype requirement in Step 2. The results for each provider were then totaled to develop a cumulative score for each service provider. These cumulative scores are not disclosed in this report.

5 The cumulative scores were then used to identify the services providers that are most suited for each archetype's requirements. These providers are listed alphabetically and briefly profiled in each archetype section. Wherever relevant, additional services providers with noteworthy capabilities are also mentioned (for example, providers that may have scored well on a specific requirement but not across all the requirements for that archetype).

Please note: This report simply presents service providers' known capabilities in the context of the typical project needs of user enterprises. This report is not meant to rank providers or to assert that there is one top provider with the ability to meet the requirements of all clients that identify themselves with a particular archetype.

Fig 8 **Provider Capability Scores as Harvey Balls**

Score	Harvey Ball representation
Score 4 out of 4	●
Score 3 out of 4	◕
Score 2 out of 4	◐
Score 1 out of 4	◔

The cumulative score for each of the selected services providers against each archetype requirement is represented using Harvey Balls. For e.g., if a provider is assessed with a score of 4 out of 4, then a full Harvey Ball is used to represent their capability against that requirement. Similarly, if a provider is assessed a score of 1 out of 4, then a one-quarter Harvey Ball is used, as shown in below.

Additional Relevant FAO services providers

The capabilities of 22 providers were assessed in this report. Some services providers that are typically included in our work are not included in this report. Some of the companies that were not included were not able to participate or had declined. Providers that do not offer a full portfolio of FAO services have not been included in the study. They may be included in future versions of this report, based on merit and on the services providers' willingness to provide current and relevant materials. Readers should not make any inferences about a services provider's absence from this report.

Other Relevant Service Providers	Headquarters Country
API Outsourcing	U.S.
Arvato	Germany
BearingPoint	Netherlands
Ciber Global	U.S.
Indra Sistemas	Spain
Invensis	U.K.
Serco	U.K.
TMF Group	Netherlands

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