

Finance and Accounting Outsourcing Services (FAO)

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



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Cost reduction, enhanced speed and accuracy continue to be the primary drivers of finance and accounting outsourcing (FAO); however, the enablers of these benefits have transformed significantly over the years. As the FAO sector has matured over the last decade, enterprises' expectations for their FAO providers have also evolved.

The shift toward a more consultative and partnership-oriented approach is becoming increasingly evident in the FAO industry. Enterprises are looking for FAO providers who act not just as service executors but as advisors and collaborators that are able to navigate and leverage the broader ecosystem of partners and industry experts. These providers should understand and align with enterprise's long-term business objectives.

FAO providers are expected to leverage the potential of advanced technologies such as AI, ML, automation and, now, GenAI to deliver deeper, more impactful outcomes. These technologies streamline processes and enable

predictive analysis and sophisticated decision-making capabilities essential for strategic planning and gaining competitive advantages.

In conclusion, while foundational elements such as cost, speed and accuracy remain critical, the role of FAO providers is expanding significantly. Enterprises now demand that these providers contribute not only to the efficiency of F&A operations but also to broader strategic initiatives that propel the company forward. As such, FAO providers must continuously evolve, integrating the latest technological advancements and co-creating and developing expertise that aligns with their clients' strategic objectives.

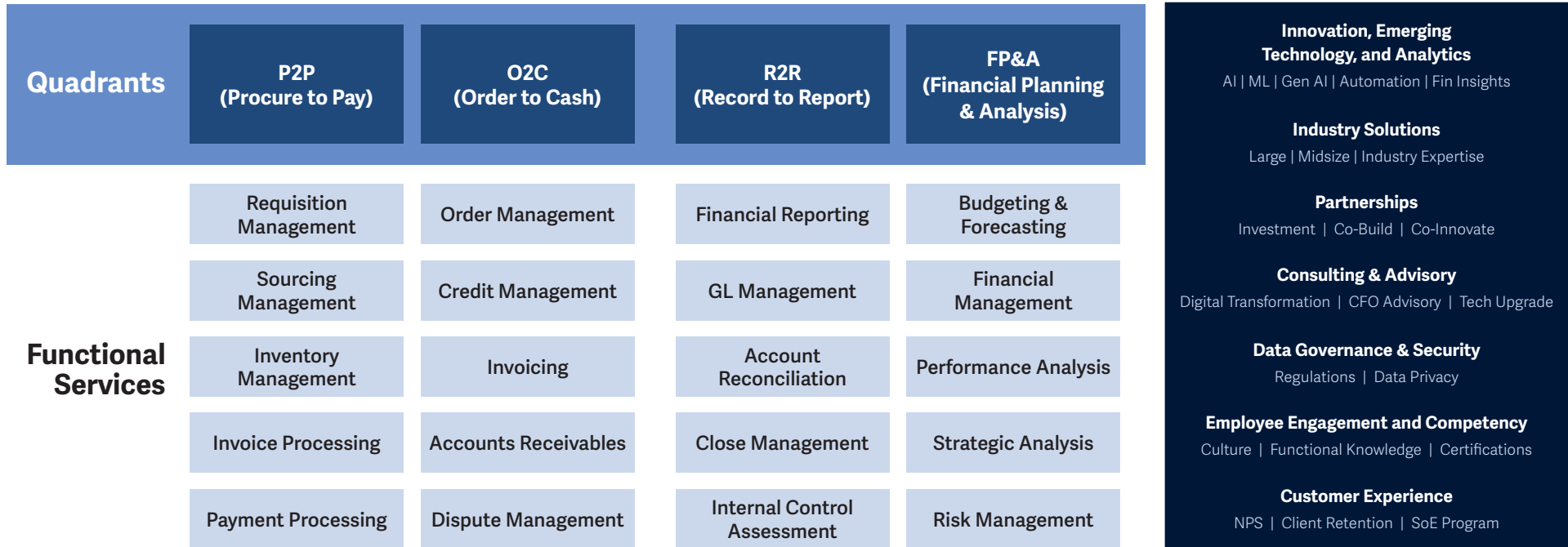


Finance & Accounting Outsourcing

Core Financial Services

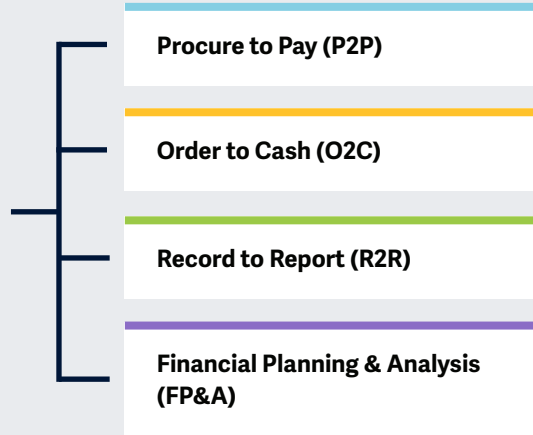
Advanced Financial Services

Cornerstones



As part of this year's study, we are introducing four key focus areas for **Finance and Accounting Outsourcing Services 2024**

Simplified Illustration Source: ISG 2024



The ISG Provider Lens™ Finance and Accounting Outsourcing Services study offers the following to enterprise finance leaders:

- Transparency on the strengths and weaknesses of relevant providers.
- A differentiated positioning of providers by segments 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 engagements.



Procure to Pay (P2P)

Definition

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

- Requisitions management: Overseeing purchase requests, analyzing trends and refining procurement to reduce costs
- Sourcing: Finding and selecting suppliers, conducting market research and negotiating prices
- Inventory management: Monitoring stock levels, analyzing inventory trends and optimizing stock to reduce costs and prevent shortages

- Purchase order (PO) management: Creating, approving and tracking POs and managing their lifecycles
- Invoice processing: Handling billing documents and streamlining payments to reduce errors and improve efficiency
- Payment processing: Paying suppliers, reconciling accounts and managing payment-related queries.

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

Eligibility Criteria

1. Have a **strong vision** to grow the F&A practice and offer **end-to-end P2P services**
2. Demonstrate **deep domain expertise in technology and its application**, including **automation, analytics, AI, ML and cloud**
3. Have a **strong partner ecosystem** supporting P2P to drive **innovation, digital transformation and emerging technologies** such as **GenAI**
4. Provide **vertical-specific solutions** and offer guidance on process optimization to deliver tangible benefits
5. Have a strong **consulting portfolio** with designthinking and alternative methodologies to involve customers in designing products, services and transformation roadmaps
6. Demonstrate **industry and domain expertise** with vertically trained full-time employees (FTEs) to deal with core finance functions and lead the digital implementation of the roadmap design
7. Have a portfolio of referenceable case studies



Order to Cash (O2C)

Definition

This quadrant assesses end-to-end O2C service providers that support the entire order-to-cash lifecycle. Some common services offered by these providers include the following.

- Order management: Receiving, processing and tracking customer orders and ensuring timely delivery
- Credit management: Managing the credit risks associated with customer orders, including credit assessment, credit limit and overdue accounts management
- Invoicing: Generating and sending invoices to customers and managing discrepancies or disputes that may arise
- Accounts receivables: Managing and reconciling customer payments and ensuring prompt receipt of payments
- Dispute management: Resolving disputes, analyzing dispute causes and refining processes to reduce occurrences and enhance resolution efficiency

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

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

Eligibility Criteria

1. Have a **strong vision** to grow the F&A practice and offer **end-to-end O2C services**
2. Demonstrate **deep domain expertise in technology and its application**, including **automation, analytics, AI, ML and cloud**
3. Have a **strong partner ecosystem** supporting O2C to drive **innovation, digital transformation and emerging technologies** such as **GenAI**
4. Provide **vertical-specific solutions** and offer guidance on process optimization to deliver tangible benefits
5. Have a strong **consulting portfolio** with design thinking and alternative methodologies to involve customers in designing products, services and transformation roadmaps
6. Demonstrate **industry and domain expertise** with vertically trained FTEs to deal with core finance functions and lead the digital implementation of the roadmap design
7. Have a portfolio of referenceable case studies



Record to Report (R2R)

Definition

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

- Financial reporting: Preparing financial statements such as balance sheets and income and cash flow statements, and reporting financial information to relevant stakeholders
- General ledger management: Recording and maintaining financial transactions in the general ledger and ensuring that the transactions are recorded accurately
- Account reconciliation: Reconciling accounts, resolving discrepancies and ensuring financial records are accurate and complete

- Close process management: Managing the end-of-period close process, including preparing and reviewing journal entries, reconciling accounts and preparing financial reports
- Internal control assessment: Assessing an enterprise's internal control systems effectiveness and making recommendations to ensure financial information's accuracy and reliability

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

Eligibility Criteria

1. Have a **strong vision** to grow the F&A practice and offer **end-to-end R2R services**
2. Demonstrate **deep domain expertise in technology and its application**, including **automation, analytics, AI, ML and cloud**
3. Have a **strong partner ecosystem** supporting R2R to drive **innovation, digital transformation and emerging technologies** such as **GenAI**
4. Provide **vertical-specific solutions** and offer guidance on process optimization to deliver tangible benefits
5. Have a strong **consulting portfolio** that includes design thinking and alternative methodologies to involve customers in designing products, services, and transformation roadmaps
6. Demonstrate **industry and domain expertise** with vertically trained FTEs to deal with core finance functions and lead the digital implementation of the roadmap design
7. Have a portfolio of referenceable case studies



Financial Planning & Analysis (FP&A)

Definition

This quadrant assesses providers that offer FP&A services such as budgeting, forecasting, financial planning and management reporting, divestiture analysis and decision support and financial analysis. These providers also engage in M&A to enhance their capabilities. Companies now outsource high-end and complex F&A functions, including FP&A, that they once retained. This shift allows service providers to deliver comprehensive and meaningful data and insights. Companies view these providers as strategic partners capable of offering real-time insights and supporting rapid decision-making.

Some of the services provided may include the following.

- Budgeting and forecasting: Creating and updating budgets, forecasting future financial performance and monitoring actual performance against budget
- Financial modeling: Developing financial models to support decision-making and evaluating the economic impact of different business scenarios

- Performance analysis: Analyzing financial and operational performance data, identifying trends and issues and recommending improvements for better financial and operational performance
- Strategic analysis: Working with enterprises to develop and execute long-term financial plans and align financial goals with overall business strategies
- Risk management: Identifying, assessing and managing financial risks, helping organizations to make informed decisions and prepare for potential economic challenges

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

Eligibility Criteria

1. Have a **strong vision** to grow the F&A practice and offer **end-to-end FP&A services**
2. Demonstrate **deep domain expertise in technology and its application of the same, including automation, analytics, AI, ML and cloud**
3. Have a **strong partner ecosystem** supporting FP&A to drive **innovation, digital transformation and emerging technologies** such as **GenAI**
4. Provide **vertical-specific solutions** and offer guidance on process optimization to deliver tangible benefits
5. Have a strong **consulting portfolio** that includes design thinking and alternative methodologies to involve customers in designing products, services and transformation roadmaps
6. Demonstrate **industry and domain expertise** with vertically trained FTEs to deal with core finance functions and lead the digital implementation of the roadmap design
7. Have a portfolio of referenceable case studies



Quadrants by Region

As a part of this ISG Provider Lens™ quadrant study, we are introducing the following four quadrants in Finance and Accounting Outsourcing Services 2024:

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



The research phase falls in the period between May 2024 and June 2024, during which survey, evaluation, analysis and validation will take place. The results will be presented to the media in October 2024.

Milestones	Beginning	End
Survey Launch	April 30, 2024	
Survey Phase	May 2, 2024	June 3, 2024
Sneak Previews	August 2024	September 2024
Press Release & Publication	October 2024	

Collecting client testimonials via the Star of Excellence Program requires early client referrals (no official reference needed) because CX scores have a direct influence on the provider's position in the IPL quadrant and the awards.

Please refer to the [link](#) to view/download the ISG Provider Lens™ 2024 research agenda.

Access to Online Portal

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

Research Production Disclaimer:

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



ISG Star of Excellence™ – Call for nominations

The Star of Excellence™ is an independent recognition of excellent service delivery based on the concept of “Voice of the Customer.”

The Star of Excellence™ is a program, designed by ISG, to collect client feedback about service providers’ success in demonstrating the highest standards of client service excellence and customer centricity.

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

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

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

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

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

Here is the email address:

ISG.star@isg-one.com



ISG Star of Excellence



Methodology & Team

The ISG Provider Lens 2024 – Finance and Accounting Outsourcing Services research study analyzes the relevant software vendors/ service providers in the global market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

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The research and analysis presented in this report includes research from the ISG Provider Lens program, ongoing ISG Research programs, interviews with ISG advisors, briefings with services providers and analysis of publicly available market information from multiple sources. The data collected for this report represents information that ISG believes to be current as of April 2024, for providers who actively participated as well as for providers who did not. ISG recognizes that many mergers and acquisitions have taken place since that time, but those changes are not reflected in this report.

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



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ISG Provider Lens Advisors Involvement Program

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

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

The QCRT advisors:

- Help define and validate quadrants and questionnaires,
- Advise on service provider inclusion, participate in briefing calls,
- Give their perspectives on service provider ratings and review report drafts.

ISG Advisors to this study



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Invited Companies

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

* Rated in previous iteration

Accenture*
Aegis
Arvato
Auxiz
Capgemini*
CES
Coforge
Cognizant*
Concentrix
Conduent*
Connex Global
Consero Global
Corcentric*
Datamark*
Datamatics*

Deloitte*
Exela Technologies*
EXL*
EY
Firstsource
Genpact*
HCLTech*
IBM*
Infosys*
Innova Solutions
Invensis*
IQ BackOffice*
KPMG
Nexdigm*
OneSource Virtual*

Quattro
QX Global
Riverty*
Sopra Steria
Sutherland*
TCS*
Tech Mahindra*
Teleperformance*
TMF Group*
Wipro*
WNS*
Worxpertise*
Xceedance*



*ISG Provider Lens™

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

For more information about ISG Provider Lens™ research, please visit this [webpage](#).

*ISG Research™

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*ISG

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Founded in 2006, and based in Stamford, Conn., ISG employs 1,600 digital-ready professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data.

For more information, visit isg-one.com.





APRIL, 2024

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