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Executive Summary
Introduction to the 2016 HfS Blueprint Report: Finance & Accounting As-a-Service Blueprint

- The Finance & Accounting (F&A) As-a-Service Blueprint for 2016 is an annually refreshed analysis of the business process services and outsourcing market for F&A. This Blueprint builds on the Progressive F&A BPO report we published a year ago, reviewing in more detail the market and service provider adoption of the Eight Ideals of the As-a-Service Economy for redefining the value of sourcing engagements.

- This F&A As-a-Service Blueprint covers market size, trends, and direction, as well as analysis of 18 service providers.

- Unlike other quadrants and matrices, the HfS Blueprint identifies relevant differentials between service providers across a number of facets under two main categories: innovation and execution.

- For this 2016 report, HfS has increased the attention paid to innovation criteria in particular and adopted the new 2016 Blueprint Grid layout to assess service providers. This Grid now recognizes up-and-coming service providers (High Potentials) that are scoring higher on innovation criteria than on execution criteria as the providers invest and collaborate with clients and in services that move to a more business outcome-focused, flexible, and talent- and technology-enabled F&A service.

- The Grid includes a new grouping for established, high-execution service providers (Execution Powerhouses) that have maintained effective delivery operations but need to innovate capabilities and offerings further. That is in addition to the existing rankings for highest overall performance (Winner’s Circle) and a strong combination of innovation and execution performance (High Performers).
# Finance & Accounting As-a-Service Value Chain

In this report, we look at how service providers are supporting the F&A As-a-Service:

<table>
<thead>
<tr>
<th>Procure to Pay</th>
<th>Order to Cash</th>
<th>Record to Report</th>
<th>Controllership Activities</th>
<th>Finance Transformation</th>
</tr>
</thead>
</table>
| • Accounts Payable  
• Travel and Expense  
• Credit Management  
• Payroll Services  | • Cash App/Accounts Receivable  
• Billing/Invoicing  
• Collections  
• Revenue Reporting  | • Fixed Asset Accounting  
• Intercompany Management  
• Risk Management  
• Tax and Treasury  | • Regulatory/Statutory Reporting  
• Management Reporting  
• Risk Management/Treasury  
• Internal Auditing  
• Business Intelligence  
• Financial Planning and Analysis  | • Financial Process Consulting  
• Supporting Innovation Roadmap  
• Change Management and Communications Support  |

<table>
<thead>
<tr>
<th>Analytics</th>
</tr>
</thead>
</table>
| • Finance Analytics  
• Working Capital Analytics  
• Risk and Compliance Analytics |

**ENABLING TECHNOLOGIES**

- Digitization & Robotic Automation  
- Analytics  
- Mobility  
- Social Media  
- Cognitive Computing  
- Artificial Intelligence

**OPERATING MODELS, METHODOLOGIES, AND PLATFORMS**

- Outsourcing  
- Shared Services  
- GBS  
- COEs  
- BPaaS/SaaS/IaaS  
- Design Thinking

**HfS Value Chain Definition:** Value chain refers to the business units that carry out value-creating activities to design, produce, market, deliver, and support a company’s product or service. In this usage, we refer to the range of primary processes and support services that providers offer to their clients.
State of the F&A As-a-Service Market

F&A service buyers fall into three categories:

- **Legacy buyers** looking for a third party to “lift and shift” their current operations and run them at a lower cost over a long contract, usually with minimal process transformation. *These buyers are becoming fewer and farther between.*

- **Progressive buyers** realizing labor arbitrage benefits are finite and broader engagement value depends on a partner with higher quality process expertise, compliance, transparency in operations, an appetite to move to consumption-based pricing, using a combination of talent and technology that keep pace with client needs on a sustained basis. *The growing majority of services buyers are at this stage.*

- **As-a-Service** buyers eager to work with a strategic partner to define and execute against achievable business outcomes as part of a broad transformation and change management effort within their own organization, tapping into talent and technology, both internally and externally. *These are the future-oriented buyers that are in the minority today.*

For the most part, service buyers within enterprise customers are starting to look beyond the efficiency benefits achieved through BPO, largely by standardizing F&A delivery, improved quality of delivery, process standardization and consolidation, and cost savings. These were the critical levers in the last phase of BPO.

In the emerging As-a-Service Economy, the onus in Finance shifts to serving the end user—executives, managers, and staff—and managing proactively the increased transparency and interaction that digital technology is empowering. Service buyers seek greater flexibility in the way finance supports the business with increased productivity that drives business growth without operations growth.

According to our recent research, *Finance In The Digital Age*, approximately three out of four buyers believe that service providers that fail to embed more digital capabilities within their F&A operations will see their value proposition fade away.
# Finance Professionals Buy Into Digital Transformation

**To what extent do you agree / disagree with the following statements?**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree Strongly</th>
<th>Agree Somewhat</th>
<th>Neutral</th>
<th>Disagree Somewhat</th>
<th>Disagree Strongly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprises that embrace digital transformation across business functions will gain more ground than their competitors in the next couple of years</td>
<td>35%</td>
<td>49%</td>
<td>13%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Successful digital transformation impacts the whole service experience for end customers and internal employees, by integrating the front, middle and back office processes</td>
<td>32%</td>
<td>50%</td>
<td>16%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The new wave of digital technologies is fundamentally changing the way that the finance function operates</td>
<td>23%</td>
<td>53%</td>
<td>16%</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Finance professionals who embrace digital technologies will experience faster career progression</td>
<td>25%</td>
<td>51%</td>
<td>19%</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Service providers that fail to embed more digital capabilities within their finance and accounting operations will see their value proposition fade away</td>
<td>28%</td>
<td>46%</td>
<td>18%</td>
<td>6%</td>
<td></td>
</tr>
</tbody>
</table>

Source: “Finance In The Digital Age,” HfS Research, 2016  
Sample: Enterprise Buyers = 160
# Buyers’ Wish List—Be More Data-Driven & Efficient Processes

Thinking about the adoption of digital technologies, how important would you say the following business drivers are to your finance organization?

<table>
<thead>
<tr>
<th>Business Driver</th>
<th>Huge importance</th>
<th>Some importance</th>
<th>Minimal importance</th>
<th>No importance at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve operational insights to increase productivity</td>
<td>35%</td>
<td>57%</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Gain operational efficiency to help staff focus on higher value activities</td>
<td>39%</td>
<td>49%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Break from legacy technology that is holding back our organization</td>
<td>32%</td>
<td>51%</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Create a more analytical culture among staff</td>
<td>31%</td>
<td>52%</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Enhance our collaborative capability with our customers and partners</td>
<td>30%</td>
<td>52%</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Promote more creative thinking and collaboration among staff</td>
<td>23%</td>
<td>59%</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Expand market insights to improve competitiveness and growth opportunities</td>
<td>31%</td>
<td>49%</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>Lessen the need to keep hiring new staff to support business growth</td>
<td>19%</td>
<td>56%</td>
<td>23%</td>
<td></td>
</tr>
<tr>
<td>Improve the mobility experience of employees</td>
<td>23%</td>
<td>47%</td>
<td>29%</td>
<td></td>
</tr>
</tbody>
</table>

Source: “Finance In The Digital Age,” HfS Research, 2016
Sample: Enterprise Buyers = 160
State of the F&A As-a-Service Market: Highlights

- **Nature of Engagement to Encompass Change Management:** During the study, HfS heard a number of references to service providers clearly working to understand better the maturity and readiness of the client environment for change, and the extent of change. There is an increasing focus on change management in transition, and service providers being more active in defining and delivering on shared services and global business services business cases across client organizations. The service provider’s interface to the client is becoming a more critical and strategic role.

- **Productivity Gains in Contracts Increasing:** There is an increasing focus on efficiency gains to ensure there is no “standing still”—that steps will be taken continuously to improve the operations over the length of the engagement. This approach is also driving take up automation because it’s a now a proven way to keep achieving these goals over time. “We have a committed outcome contract that requires productivity and it is in my interest that they can achieve it,” shared a finance executive, “because of my responsibility to internal stakeholders and the business case as well.” We also hear of an increasing number of hybrid contracts that combine transaction or gain-sharing with FTE.

- **New Age Clients Versus Legacy Relationships:** Some service providers are taking a number of steps to work with legacy clients to map a path to the next level of value driven by “digitization”—the use of automation, cloud and mobile technology. A major part of original contracts are the use of client ERP systems, and they are exploring how to better work with or outside of those systems, rather than use it as an excuse to not make changes as at all. The challenge for service providers is to take this approach consistently across clients, which means hiring and training more change agents to be account leaders and and creating a culture of change in the delivery organization.
State of the F&A As-a-Service Market: Highlights

- **Finding and Articulating Problems Could be Better in many instances:** Even if a service provider received high/stellar marks for delivery performance, when it comes to finding problems, articulating, and jointly resolving them, clients express frustration. Service buyers want to know how the work is going, and when there are issues, trouble spots or ideas, to have insight into it. In some service providers, it means addressing the tendency to try to fix something “behind the scenes” so that everything “looks good.” In a real partnership there is dialogue around the realities of what is and is not working. Operations dashboards are becoming more sophisticated, real-time tools to support these discussions.

- **“Digital” Drives Discussion:** Because “digital” is a term open for interpretation, it can serve as a “door opener” for a discussion about what really needs to change not just in the Finance organization, but the impact across an enterprise. Clients are more open to using service provider owned or managed technology when it is integrated in the process and connect with business results, and not for the sake of technology alone. As one executive said, “where tools are strong is where service provider has invested IP and where the tools are deeply embedded into the practice and method.”

- **Early Stages of Robotic Process Automation Uptake:** The use of automation is not new in F&A, as service providers have been developing macros to automate routine tasks, and drive workflow, for example, for quite awhile now. Most of what we see today is in in collections, order processing, invoicing, and reporting. The increased use and potential impact of RPA is part of “every” discussion, according to many of the service providers, who either bring it up proactively, or are responding to questions. But as one service provider put it, “we are thinking too small,” and the use of it could be more widespread and with greater impact. What’s holding back the use of it this way is the lack of understanding among buyer companies for what RPA is and how it is part of a broader business case for driving business outcomes. The most effective use over time will be when it is part of the overall solution design between a service buyer (business and IT) and service provider to drive agreed upon business outcomes.
State of the F&A As-a-Service Market: Highlights

- **The Need for “Intelligent Delivery”:** In the push for “innovation” in service delivery, we hear mixed reviews. While service delivery teams do need to be identifying and addressing trouble spots and raising ideas/suggestions for change, they also need to consider the context and the impact on the end-to-end process. Service providers need to find the right balance of encouraging change, and being sure that delivery teams have the right context and environment for it, with checks and balances.

- **Industry Verticalization Driving More Insightful Work:** Buyers are mixed as to whether or not they value industry-specific capability in their service provider engagement. Some just want standard finance best practices and capabilities. However, for buyers and service providers looking to increase the value of the engagement over time, functional and/or industry context helps increase the relevance of the work. And in some industries, industry knowledge is clearly useful for driving more analytics based work and extending coverage of the value chain, such as into spend analytics and risk and compliance.

- **Mixed Maturity In Analytics:** A handful of service providers have carved out areas in Finance & Accounting where they have developed expertise and momentum, such as IBM in receivables analytics, Accenture in financial planning & analysis and risk & compliance, WNS in working capital, and TCS in finance. Cognizant and Genpact also have developed a strong analytics analytics capability that rounds out the leaders in this area to date. The engagement needs to have a certain level of stability and trust for analytics to be a part of it. Some of the comments we heard from buyers included: “they bring us interesting and insightful views of our business and we just have not been able to do something with it,” because the organization has other priorities; “we are looking to stabilize our operations before we get into analytics;” and “they are learning how to present to us well... what’s relevant to our company and the level of detail versus executive summary...” Also, companies need to be willing to share data and “allow” insights, e.g., “how come you are giving our data to a service provider”? 
State of the F&A As-a-Service Market: Highlights

- **Increasing Workforce Flexibility still a Core Benefit:** In places where clients have felt the impact of attrition, turnover, and inappropriate staffing (where the skills are not the right level to meet the desired results), service providers have been quick to respond and adjust, whether at the account or delivery level. The F&A sourcing market has mature recruiting and on-boarding in this area, driven by high levels of turnover for so many years. We also see increased attention to career path definition and training for use of automation and analytics based on employee interests and skills as well. However, there is still an untapped opportunity for service providers to create more dynamic environments for employees (current, potential, and contractor) to opt in, self-select, or find and apply for engagement openings and initiatives that match their skills, interest and experience.

- **F&A sourcing having Positive Impact on Career Development for in-house staff:** We heard from a number of service buyers that one of their drivers for sourcing was to create a more interesting career path for their finance employees. Either in larger enterprises or in mid-market where the finance team is smaller, they recognize that service providers who specialize in finance across many organizations can have the focus and resources to offer more advanced training and career options. In the increasingly technological and analytical nature of the work, there are a number of options emerging for careers in business process services—those that want to be business process efficiency experts and those that want to take an analytical path, for example.

- **Business Process Services:** While experienced sourcing professionals are increasingly appreciating the value of service providers’ capability and exploring beyond a cost reduction and labor arbitrage value proposition, broadly speaking, too many people still think of BPO as labor arbitrage and not as services. To drive increased value for a business over time, this perspective needs to change, particularly in procurement organizations and legal teams.
State of the F&A As-a-Service Market: Service Providers

- **As-a-Service Winners** are service providers that are in collaborative engagements with clients, and making recognizable investments in future capabilities in talent and technology to continue to increase the value over time. These providers are also leading in incorporating analytics as a service into Finance contracts.
  - Accenture, Capgemini, Genpact, IBM, TCS, WNS

- The **High Performers** all execute well, are investing in future capabilities, but need to gain more consistency and traction among clients in defining and delivering against business outcomes, and using analytics:
  - Cognizant, HCL, HPE, Infosys, Wipro

- The **Execution Powerhouses** are all strong in operational excellence and increasingly combining talent and technology effectively, but are still in more of a “directive” and transaction-oriented relationship with clients:
  - arvato, Sutherland, Xchanging

- OneSource Virtual has **High Potential**, just entering the Finance market with a native As-a-Service approach.

- **Aegis** also participated in our study, and we see this company making traction in execution and innovation, just a little further behind than its peers.

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**AS-A-SERVICE ECONOMY**

Use of operating models, enabling technologies and talent to drive business outcomes through outsourcing. The focus is on what matters to the end consumer.

HfS uses the word “economy” to describe the next phase of outsourcing as a new way of engaging and managing resources to deliver services.

**The 8 Ideals of the As-a-Service Economy:**

1. Write Off Legacy
2. Design Thinking
3. Intelligent Engagement
4. Brokers of Capability
5. Intelligent Automation
6. Accessible and Actionable Data
7. Holistic Security
8. Plug-and-Play Digital Services

Source: *Beware of the Smoke: Your Platform Is Burning* by HfS Research, 2015
Journey to Finance As-a-Service

HfS Blueprint Reports
There Is Room for Improvement in Finance Operations Performance

Service Buyers: How satisfied are you with the operational performance of your F&A processes as of today? (Very Satisfied)

<table>
<thead>
<tr>
<th>Category</th>
<th>&gt; $5Bn</th>
<th>&lt; $5Bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit</td>
<td>13%</td>
<td>25%</td>
</tr>
<tr>
<td>Financial Planning &amp; Analysis</td>
<td>13%</td>
<td>19%</td>
</tr>
<tr>
<td>Order to Cash</td>
<td>10%</td>
<td>17%</td>
</tr>
<tr>
<td>Overall</td>
<td>8%</td>
<td>15%</td>
</tr>
<tr>
<td>Procure to Pay</td>
<td>8%</td>
<td>15%</td>
</tr>
<tr>
<td>Record to Report</td>
<td>6%</td>
<td>13%</td>
</tr>
<tr>
<td>Treasury, Budgeting</td>
<td>6%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: “Finance In The Digital Age,” HfS Research, 2016
Sample: Enterprise Buyers = 160
Anticipated Impact from Digital Technologies Is a Driver for Change

Service Buyers: To what degree do you think the adoption of digital technologies will impact the following in the next two years?

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Huge impact</th>
<th>Some impact</th>
<th>Minimal impact</th>
<th>No impact at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cycle time optimization</td>
<td>34%</td>
<td>53%</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Agility of the business to drive changes in operating model</td>
<td>28%</td>
<td>49%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Cost and productivity</td>
<td>26%</td>
<td>65%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>User experience in finance processes</td>
<td>26%</td>
<td>54%</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Leveraging financial and non-financial data for better decision making</td>
<td>25%</td>
<td>62%</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Internal and external customer experiences of finance processes</td>
<td>21%</td>
<td>54%</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>Operational risk management</td>
<td>19%</td>
<td>53%</td>
<td>25%</td>
<td></td>
</tr>
</tbody>
</table>

Source: “Finance In The Digital Age,” HfS Research, 2016
Sample: Enterprise Buyers = 160
What are the primary obstacles to your firm achieving more F&A business impact through digital?

- Lack of budget: 51%
- Lack of process standardization: 48%
- Co-ordination between IT and business: 38%
- Dealing with legacy systems: 33%
- Middle management incentives: 29%
- Failure to align digital to business outcomes: 22%
- Senior management incentives: 22%
- Senior management don't see benefit: 20%
- Change management: 16%
- Lack of service provider capability: 13%
- Lack of IT department capability: 12%

Source: “Finance In The Digital Age,” HfS Research, 2016
Sample: Enterprise Buyers = 160
Service Buyers Could Improve the Quality and Outcomes by Changing the Nature of their Outsourcing Engagement

Which of the following actions (select two) would improve the quality and outcome of your current sourcing initiative(s)?

- Letting go and giving up more higher-value work to our service provider(s) 28%
- Threatening to entertain competitive bid(s) to force your current provider(s) to up their game 13%
- Bring back more work in-house and improve it ourselves 9%
- Roll out an automation strategy in tandem with our provider 45%
- Bring in a specialist advisor to recalibrate our relationship(s) and get us on the right course for As-a-Service 4%
- Not a lot – we paid for “cheap and cheerful” and that’s what we’re stuck with 2%

Source: The HfS Working Summit for Service Buyers, December 2015
Sample: 53 Enterprise Outsourcing Leads
Analytics, Creativity, Automation and End-to-end Process Capability Dominate Talent Requirements in Finance

To what extent are the following talent requirements increasing in importance to gain more value from your finance professionals?

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Increasing significantly</th>
<th>Increasing somewhat</th>
<th>No change / decreasing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analytical skills to improve operations / productivity</td>
<td>45%</td>
<td>43%</td>
<td>11%</td>
</tr>
<tr>
<td>Proactively identifying new ways of doing things</td>
<td>37%</td>
<td>51%</td>
<td>12%</td>
</tr>
<tr>
<td>Understanding / using automation</td>
<td>35%</td>
<td>51%</td>
<td>13%</td>
</tr>
<tr>
<td>Improving end-to-end processes</td>
<td>34%</td>
<td>57%</td>
<td>9%</td>
</tr>
<tr>
<td>Influencing senior executives</td>
<td>32%</td>
<td>51%</td>
<td>17%</td>
</tr>
<tr>
<td>Defining business outcomes</td>
<td>30%</td>
<td>58%</td>
<td>11%</td>
</tr>
<tr>
<td>Understanding Lean principles</td>
<td>25%</td>
<td>54%</td>
<td>21%</td>
</tr>
<tr>
<td>Application of design thinking</td>
<td>21%</td>
<td>52%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Source: “Finance In The Digital Age,” HfS Research, 2016
Sample: Enterprise Buyers = 160
Welcome to the As-a-Service Economy

HfS uses the word “economy” to emphasize that the emerging next phase of outsourcing is a more flexible, outcome focused way of engaging and managing resources to deliver services. Operating in the As-a-Service Economy means architecting use of increasingly mature operating models, enabling technologies and talent to drive targeted business outcomes. The focus is on value to the consumer.

I. THE OPTIMUM OPERATING MODEL

Outsourcing | Shared Services
GBS | BPaaS/SaaS/IaaS | Crowdsourcing

II. EMPOWERING TALENT TO MAKE IT ALL POSSIBLE

Capabilities over Skills | Defining Outcomes | Creativity | Data Science

III. A BURNING PLATFORM FOR CHANGE

Globalization of Labor | High-growth Emerging Markets | Disruptive Business Models | Consumerization

IV. TECHNOLOGY TO AUGMENT KNOWLEDGE LABOR

Digitization & Robotic Automation | Analytics | Mobility | Social Media | Cognitive Computing
Journey to the As-a-Service Economy

- Moving into the As-a-Service Economy means changing the nature and focus of engagement among enterprise buyers, service providers, and advisors
- “As-a-Service” unleashes people talent to drive new value through smarter combinations of talent and technology focused on business results beyond cost reduction

**Fixed Assets**

1. **Write Off Legacy**
2. **Design Thinking**
3. **Brokers of Capability**
4. **Collaborative Engagement**
5. **Intelligent Automation**

**Leveraged Assets**

6. **Accessible & Actionable Data**
7. **Holistic Security**
8. **Plug-and-Play Digital Services**

**LEGACY ECONOMY**

**CHANGE MGMT Ideals**

**SOLUTION Ideals**

**AS-A-SERVICE ECONOMY**
F&A Has Yet to Significantly Incorporate the Ideals of the As-a-Service Economy

<table>
<thead>
<tr>
<th>IDEAL</th>
<th>AS-A-SERVICE IDEAL DEFINITION</th>
<th>NON EXISTENT</th>
<th>INITIAL</th>
<th>EXPANSIVE</th>
<th>EXTENSIVE</th>
<th>ALL PERVASIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Write Off Legacy</td>
<td>Using platform based solutions, DevOps, and API ecosystems for more agile, less exception oriented systems and processes</td>
<td></td>
<td></td>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design Thinking</td>
<td>Understanding the business context to reimagine processes aligned with meeting client needs</td>
<td></td>
<td>2016</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brokers of Capability</td>
<td>Orienting governance to source expertise from all available sources, both internally and externally, to address capability gaps</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2016</td>
</tr>
<tr>
<td>Collaborative Engagement</td>
<td>Ensuring relationships are contracted to drive sustained expertise and defined outcomes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2016</td>
</tr>
<tr>
<td>Intelligent Automation</td>
<td>Using of automation and cognitive computing to blend analytics, talent, and technology</td>
<td></td>
<td></td>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accessible &amp; Actionable Data</td>
<td>Applying analytics models, techniques and insights from big data, real-time</td>
<td></td>
<td></td>
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<td></td>
<td>2016</td>
</tr>
<tr>
<td>Plug and Play Digital Business Services</td>
<td>Plugging into “ready to go” business-outcome focused, people / process / technology solutions with security measures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2016</td>
</tr>
</tbody>
</table>
How As-a-Service Is Taking Shape in F&A: Writing Off Legacy

Legacy technology investments that limit agility and create exceptions addressed by adding internal and external FTEs

Using platform-based solutions, DevOps, and API ecosystems for more agile, less-exception-oriented systems

- In the Finance operations world, ERP systems have been king for many years. Significant investment have gone into implementing and in many cases, customizing these systems. “Writing off Legacy” is not about abandoning these systems, but in exploring and using, as the finance organizations look at corporate objectives and strategy, platform-based solutions that integrate with the system of record, making the data more accessible and extensible, and interfacing and integrating with other technologies. Service providers are developing partner ecosystems with technology providers, wrapping around technology and business services, to be able to both tap into existing systems (e.g., SAP and Oracle in many cases) and leverage newer proprietary and third party options (e.g., Coupa, BlackLine, TradeShift), investing in platform support where they didn’t in the past.

Examples:

- With its LeanDigital approach, Genpact has evolved its traditional Lean Six Sigma process excellence focus. LeanDigital provides a framework for working with clients to use design thinking for identifying, aligning and addressing issues and opportunities. It’s a transformative approach to align digital technology and talent with desired business outcomes from F&A delivery.

- An EXL client described how they are developing an integrated network of their own and EXL tools and resources. EXL works in their SAP system, uses an EXL tool for indexing in accounts payable and expense auditing, and has incorporated a number of automation macros to address a variety of tasks. Now they are working in partnership with an RPA third party provider to explore the use of RPA for general ledger processing. For each problem they are looking to address, they consider the tools, technologies, and capabilities of each party for the best combination to reach the objective.
How As-a-Service Is Taking Shape in F&A: Design Thinking

Resolving problems by looking first at the process as the source of the solution  
Understanding the business context to reimagine processes aligned with meeting client needs

- Design Thinking provides a new way to think and engage as partners. It helps shift the focus of work and engagement from “internal” to “external”—to the end consumer—for deals stuck in “holding pattern,” engagements that have reached levels of consistent “green” in SLAs, and are questioning the next level of value, for executives that realize that there should be more and better use of digital technology such as automation, analytics, and cloud-based solutions. We are seeing very little, “Nascent,” use of Design Thinking in F&A today, and we believe there is an opportunity to use it as a way to establish joint initiatives and change the nature of engagement in F&A. However, both the service buyer and service provider have to be interested in engaging this way.

Examples:

- IBM is one of the more mature users of Design Thinking, even having a designer with F&A expertise. They are infusing it into early stages of engagement, as well as in more established relationships. In one example, working with a client that wanted more than a low cost solution for the business, and a partner willing to invest in the success, IBM and the client started using Design Thinking in the proposal process and the orals sessions, and committed to fund innovation that would push the boundaries on analytics and cognitive, iterating on solutions in set sessions over time. In another session, IBM and a client explored how to reduce the close cycle.

- Over the past few months, Infosys been “infusing” design thinking into its organization through training and also through top-down messaging on changing the culture to being more of a “learning environment.” They shared examples of using this approach to define and address trouble spots and bottlenecks in accounts receivable and accounts payable, ultimately redesigning processes that have impacted cash flow.
How As-a-Service Is Taking Shape in F&A: Brokers of Capability

Focusing governance and operations staff on managing to the letter of the contract and the decimal points of service levels  

Orienting governance to source expertise from all available sources, both internally and externally, to address capability gaps

- Being a broker of capability is about articulating a business problem or opportunity, the desired outcomes, and then coordinating and facilitating across internal and external entities to reach those results. In our research, we spoke to many finance, shared services, and global business services leaders who fill these roles in their companies and with their service providers. One finance executive described his career path as starting in a controller role, moving into a project management lead for implementing shared finance services, then director of BPO services, increasingly facilitating across internal business unit leaders and external third party service providers to set and manage expectations for results. These professionals, in both clients and service providers, as the linchpins in the emerging As-a-Service Economy, and we see an increasingly “Expansive” network of brokers in F&A.

Examples:

- We have heard many stories from Capgemini and clients of brokers of capability in action, and alignment of brokers between the two companies to advance the value of the operations and engagement. In clients, these brokers are typically in a shared services leadership role, or a global process owner, and have decision making authority, and manage the partnership to achieve outcomes, not just address contractual terms and conditions.

- With the increasing number of alliances between service providers and technology vendors to deliver digitally business process services, we see brokers of capability playing critical roles in companies like Cognizant (with BlackLine) and Xerox (with TradeShift) to coordinate between clients, their own organizations and third parties. One caution we heard here from a client is for the service provider to be sure to set appropriate expectations and manage which party is accountable for what activity and business outcome.
How As-a-Service Is Taking Shape in F&A: Collaborative Engagement

At the core of the As-a-Service Economy—linking the solution ideals to the change management ideals that make a solution effective over the long term—is collaborative engagement. As such, the service providers that are considered “partners” by service buyers are typically leaders in moving the industry toward Finance As-a-Service. Traditionally, business process outsourcing work has been directive from service buyers to service providers and managed strictly by procurement organizations. As more business units and global shared services centers take responsibility for relationships, HfS is seeing a move over time to more collaboration where trust and experience are in place, often through shared outcomes and results. The adoption of practices of collaborative engagement is “Expansive” in F&A today as there is still a mix in the market on simple cost and efficiency play versus solving challenging business issues.

Examples:

- “Our relationship is a partnership,” said one client of the engagement with EXL. EXL takes initiative to explore complicated scenarios and problems, and potential solutions that can use either client, EXL, or partner capability, and shared investments. Central to this success is the time and effort clients believe EXL takes to understand their business.

- Often asked what WNS stands for, the CEO’s current response is “we nurture specialists,” and from what we hear from clients, the service provider also nurtures “service buyers.” WNS is organized by industry business units, with close integration within the company, allowing them to be very flexible and responsive to clients, especially over the length of the engagement as trust builds.
How As-a-Service Is Taking Shape in F&A: Intelligent Automation

Operating fragmented processes across multiple technologies with significant manual interventions

Using automation and cognitive computing to blend analytics, talent, and technology

- As a market, F&A is in the “Initial” stages in using what we call Intelligent Automation—using software and technology to do routine tasks, and enhancing it through machine learning and natural language processing, and moving up the curve with artificial intelligence. All service providers have been using macros and “mini-bots” on what they can manage without touching the client IT environment for years, and are increasingly applying it more aggressively across activities for standardized processes to increase predictability, speed, and quality. As they do so, staff are often being retrained or shifted to new engagements.

- Clients also are increasingly using automation, and exploring RPA. What we are not hearing a lot of is on joint or collaborative effort for a strategy or use of RPA. The hesitation to do so seems to vary as to whether it is because of limitations on the client side or disinterest in engaging in joint efforts that could cannibalize their current work on the service provider side. At the HfS Summit in late 2015, 45% of the attending service buyer executives said they believe a joint automation effort could drive a new level of value in their engagement.

- We heard many references to pilots underway for RPA, and some discussion on how to collaborate with IT departments of clients, which will be necessary to get full benefit from autonomies in the future. We see RPA today primarily in accounts payable workflow, collections, reporting, and invoice processing. According to a US F&A executive, “When cognitive tools really kick in, that will change F&A. We'll be able to train software to do a lot of the problem solving and error spotting that we do manually today that is so time consuming.”
How As-a-Service Is Taking Shape in F&A: Intelligent Automation (continued)

Operating fragmented processes across multiple technologies with significant manual interventions  Using automation and cognitive computing to blend analytics, talent, and technology

Examples:

- TCS has made the most proactive progress working with RPA in a way that clients recognize and discuss. Examples include procure-to-pay, reconciliation in T&E, and applications in collections and invoicing, as well as reconciliation and month-end close to speed the process and accuracy in record-to-report. TCS has shown the greatest appetite to "cannibalize" its revenues to prove to clients it can have weave RPA effectively into their processes.
- HPE has been augmenting the success of its Autoflow tool by proactively working with RPA vendors and consultants, such as Virtual Operations across its major F&A BPO clients. HfS is impressed with effective way HPE has embedded RPA into its F&A delivery so seamlessly.
- Clients specifically referenced the automated operational support and change management in place at Xchanging, with automation applied to training and support as well as for tasks and activities that drive business results.
- Xerox, EXL, Capgemini, IBM, HCL, EXL, Cognizant, and Wipro are partnering with F&A-specific RPA vendors and SaaS platforms to help with automation, for example: Basware for accounts payable, BlackLine for record-to-report, and Coupa for spend management.
- Wipro was early to the game in applying automation to order management in particular, and is exploring the use of artificial intelligence via Holmes, for dynamic scanning and OCR, and to detect fraud.
- In addition to what we are seeing as more “standard” automation, Accenture has pilots underway in artificial intelligence such as using IPSoft Amelia as a virtual assistant at the F&A Help Desk.
How As-a-Service Is Taking Shape in F&A: Accessible and Actionable Data

Performing ad-hoc analysis of unstructured data with little integration or business context → Applying analytics models, techniques, and insights from big data in real-time

- The most effective analytics – analysis of data for insight that leads then to plan and action – starts with aggregated, cleansed, and standardized processes and data. It typically builds on where a service has established a level of trust, operational stability, and depth of industry or functional expertise. The greatest take up of analytics in this way has in accounts receivable, financial reporting and compliance, and financial planning and analysis. Most analytics work today is building on the data presentation and reporting that’s pretty well established in sourcing activity in F&A today, so we see the industry at “Expansive” stage of this Ideal. A number of service providers are hiring data scientists, developing visualization tools with simulation capability, and rolling out internal and external training programs and partnerships for talent development in specialty areas.

Examples:
- Accenture is embedding analytics into all of its F&A work, with a comprehensive suite of F&A “apps” for analytics, including Intelligent Collections, Disputes Predictor, Period End Accelerator, and Call Flow Forecaster. It is also increasingly using its Operations Navigator as means for real-time monitoring, visualization, and analysis. For example, analysts using Payable Optimizer can simulate payment adjustments to identify opportunities and guide decisions on optimizing working capital without harming vendor relationships.

- Starting with the area in which it has the deepest and broadest expertise, Sutherland has embedded predictive analytics into order-to-cash. For example, teams use statistical modeling, forecasting, and simulation in collections to calculate the likelihood of payment and to reduce costs by prioritizing debtors. By doing so, the service provider can focus on high-balance, low-collectability customers while at the same time applying soft-touch treatments to high-collectible and low-balance.
How As-a-Service Is Taking Shape in F&A: Holistic Security

Responding reactively with post-event fixes; little focus on end-to-end process value chains  Proactively managing digital data across a service chain of people, systems, and processes

- Holistic Security is the proactive management across internal and external people, process, and technology. Often the focus is on the systems, but in business process services and in sourcing engagements, people and process become a significant factor in managing and securing data. There is a very deep and ingrained protection of data in finance. We consider this Ideal at the “Initial” stage of development for operating in the As-a-Service Economy, not because there is a lack of attention to security but because the desire for absolute control and this almost paranoiac state about keeping service providers “away” from data is keeping the industry from more advanced RPA, analytics, insight, and collaboration. We see increasing levels of maturity around education, training, and compliance management, which is more and more critical to establishing trust and enabling more interactive and analytical based engagements. However, clients and service providers need to jointly strategize on how to create a shared culture for holistic security in order to continue the drive to “digital F&A.”

Examples:
- TCS employs a simple, comprehensive, and straightforward model for what the service provider terms “customer safety”: human security (pre, during, and post employment), physical security (e.g., electronic and biometric controls), and IT security. TCS does periodic info evaluation with vulnerability assessments to identify potential for fraud, and to keep data integrity and confidentiality.

- Xerox shared that client concerns are primarily around the cloud security and data compliance, and it has been a particular focus of this service provider that works with a lot of public sector organizations in particular.
How As-a-Service Is Taking Shape in F&A:
Plug-and-Play Business Services

Undertaking complex and often painful technology transitions to reach a steady state  

Plugging into “ready to go” business outcome–focused, people, process, and technology with security measures

- While Finance is heavily dependent on ERP systems, plug and play business services can unlock value by interfacing with these systems, and making them more extensible and valuable. Plug-and-play also is well positioned for smaller but growing companies, and in support of replacing systems for companies going through mergers. It does require business executives to drive the business case and coordinate with IT and procurement to be successful. As an industry, we need to make it easier to use “plug and play,” contractually. The F&A business process services is in the “Initial” stages of using Plug & Play Business Services. Many service providers are shaping, partnering, developing, and offering options, and it is a matter of readiness and momentum among clients.

Examples:
- OneSource Virtual is entering the market as a BPaaS provider with Workday at the core. OSV combines Workday’s Accounts Payable functionality with a proprietary invoice capture tool and a Workday based proprietary rules engine. “Shared automation” is the foundation of the offering.
- Capgemini has experienced take up of its “as-a-stack” offering for financial management by clients in the mid-tier. This approach brings together infrastructure, applications, and business services for F&A. Its acquisition of iGATE and ITOPS (framework for IT + business services) enables Capgemini to its extend offerings in this area.
- Xerox Accounts Receivable is available as SaaS or BPaaS for order-to-cash, addressing customer and risk management to improve DSO and cash flow. The “package” Includes a mix of automation and manual activity; a payment application for allocation based on customer profiles and algorithms; deduction and dispute management with audit trails; collections management prioritized with workflow and performance management.
Research Methodology
Research Methodology

Data Summary

- Data was collected in Q4 2015 and Q1 2016, covering buyers, providers and advisors/influencers of Finance & Accounting Business Process Outsourcing Services.

Participating Service Providers

This Report is Based On:

- **Tales from the Trenches:** Interviews with buyers who have evaluated service providers and experienced their services. Some contacts were provided by service providers, and others were interviews conducted with HfS Executive Council members and participants in our extensive market research.

- **Sell-Side Executive Briefings:** Structured discussions with service providers regarding their vision, strategy, capability, and examples of innovation and execution.

- **Publicly Available Information:** Thought leadership, investor analyst materials, website information, presentations given by senior executives, industry events, etc.
# HfS Blueprint Scoring: Finance As-a-Service

## EXECUTION

<table>
<thead>
<tr>
<th>Category</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Quality of Account Management Team</td>
<td>15%</td>
</tr>
<tr>
<td>Incorporate Feedback</td>
<td>15%</td>
</tr>
<tr>
<td>Quality of Service Delivery</td>
<td>15%</td>
</tr>
<tr>
<td>Embedding Automation</td>
<td>10%</td>
</tr>
<tr>
<td>Industry Depth / Tailored Solutions &amp; Services</td>
<td>5%</td>
</tr>
<tr>
<td>Analytics &amp; Generating Actionable Data</td>
<td>15%</td>
</tr>
<tr>
<td>Ability to Attract &amp; Retain Key Skills</td>
<td>15%</td>
</tr>
<tr>
<td>Flexible Pricing Models and Contracting</td>
<td>10%</td>
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## INNOVATION

<table>
<thead>
<tr>
<th>Category</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Strategy/Move to Intelligent Automation in F&amp;A</td>
<td>10%</td>
</tr>
<tr>
<td>Investing in Future Talent and Technology (staff, skills, tools)</td>
<td>15%</td>
</tr>
<tr>
<td>Innovation</td>
<td>10%</td>
</tr>
<tr>
<td>Usefulness &amp; Quality of Technology to Support Business Processes</td>
<td>15%</td>
</tr>
<tr>
<td>Vision for the Future of Finance As-a-Service</td>
<td>15%</td>
</tr>
<tr>
<td>Intelligent/Collaborative Engagement</td>
<td>15%</td>
</tr>
<tr>
<td>Ability to Find &amp; Articulate Problems/Use of Analytics</td>
<td>10%</td>
</tr>
<tr>
<td>Strategy and Capability for Plug &amp; Play Business Services</td>
<td>10%</td>
</tr>
</tbody>
</table>
### Execution Definitions

<table>
<thead>
<tr>
<th>EXECUTION</th>
<th>How well does the service provider execute on its contractual agreement, and how well does the provider manage the client/provider relationship?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of Account Management Team</td>
<td>How engaged is the executive and management team in defining and managing the delivery of business services?</td>
</tr>
<tr>
<td>Incorporate Feedback</td>
<td>How has the service provider taken feedback and incorporated it into the solution and delivery?</td>
</tr>
<tr>
<td>Quality of Service Delivery</td>
<td>What is the clients’ overall impression of the quality of service?</td>
</tr>
<tr>
<td>Generating Actionable Data</td>
<td>Is the service provider generating data through client work that is accessible and actionable by the client or by itself on behalf of or in partnership with clients?</td>
</tr>
<tr>
<td>Embedding Automation</td>
<td>Is the service provider using automation?</td>
</tr>
<tr>
<td>Industry Depth / Tailored Solutions and Services</td>
<td>How well does the service provider tap into industry (same or cross) practices and expertise? Any industry specific solutions or services?</td>
</tr>
<tr>
<td>Ability to Attract &amp; Retain Key Skills</td>
<td>Do service buyers have access to the skills and capability needed to deliver relevant, continuous, quality work? The workforce management and development capability of the service provider.</td>
</tr>
<tr>
<td>Flexible Pricing Models and Contracting</td>
<td>How competitive and flexible are service providers in determining contract pricing? Are they willing to make investments in clients for long-term growth?</td>
</tr>
</tbody>
</table>
# Innovation Definitions

<table>
<thead>
<tr>
<th>INNOVATION</th>
<th>Innovation is the combination of improving services and business outcomes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy/Move to Intelligent Automation In F&amp;A</td>
<td>Is the service provider moving up the maturity curve of automation with robotic process automation, cognitive computing, artificial intelligence, etc.?</td>
</tr>
<tr>
<td>Investing in Future Talent and Technology</td>
<td>Is the service provider investing in developing talent with an eye toward capabilities that will impact value in the future? Is the service provider investing in the use of digital technologies in solutions? And the talent to use it?</td>
</tr>
<tr>
<td>Innovation</td>
<td>Has the service provider shared or recommended ideas or initiatives that have resulted in step change?</td>
</tr>
<tr>
<td>Usefulness &amp; Quality of Technology to Support Business Processes</td>
<td>How effectively does the service provider use the digital technologies social, mobile, automation, and cloud to deliver solutions and results?</td>
</tr>
<tr>
<td>Vision for Finance As-a-Service</td>
<td>Does the service provider have, share, and engage in dialogue regarding the future of F&amp;A in sourcing (e.g., Finance As-a-Service)?</td>
</tr>
<tr>
<td>Ability to Find &amp; Articulate Problems/Use of Analytics</td>
<td>How effectively does the service provider identify and articulate problems and issues, and provide suggestions or partner to explore solutions? Is the service provider offering or providing analytics?</td>
</tr>
<tr>
<td>Collaborative/Intelligent Engagement</td>
<td>Does the service provider work as a partner in collaboration and increase the value of the engagement over time? Or does it mostly take direction and deliver based on KPIs? Is design thinking in use?</td>
</tr>
<tr>
<td>Strategy and Capability for Plug and Play Business Services</td>
<td>What digital platforms does the service provider use to deliver Finance As-a-Service? Are they integral to the service provider’s offering(s) or add-ons? How pervasive is the uptake of these digital platforms by clients today? What is the service provider’s future digital platform strategy? How effectively does the service provider partner with third parties or integrate acquisitions for impact?</td>
</tr>
</tbody>
</table>
Service Provider Analysis
Guide to the Blueprint Grid

To distinguish service providers that show competitive differentiation in a particular line of delivery with progress in realizing the “As-a-Service Economy” of business outcome–oriented, on-demand talent and technology services, HfS awards these providers the “As-a-Service Winner’s Circle” designation.

<table>
<thead>
<tr>
<th>Category</th>
<th>EXECUTION</th>
<th>INNOVATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As-a-Service Winner’s Circle</strong></td>
<td>Collaborative relationships with clients, services executed with a combination of talent and technology as appropriate, and flexible arrangements.</td>
<td>Articulate vision and a “new way of thinking,” have recognizable investments in future capabilities, strong client feedback, and are driving new insights and models.</td>
</tr>
<tr>
<td><strong>High Performers</strong></td>
<td>Execute some of the following areas with excellence: worthwhile relationships with clients, services executed with “green lights,” and flexibility when meeting clients’ needs.</td>
<td>Typically, describe a vision and plans to invest in future capabilities and partnerships for As-a-Service, and illustrate an ability to leverage digital technologies and/or develop new insights with clients.</td>
</tr>
<tr>
<td><strong>High Potentials</strong></td>
<td>Early results and proof points from examples in new service areas or innovative service models, but lack scale, broad impact, and momentum in the capability under review.</td>
<td>Well-plotted strategy and thought leadership, showcased use of newer technologies and/or roadmap, and talent development plans.</td>
</tr>
<tr>
<td><strong>Execution Powerhouses</strong></td>
<td>Evidence of operational excellence; however, still more of a directive engagement between a service provider and its clients.</td>
<td>Lack of evident vision and investment in future-oriented capability, such as skills development, “intelligent operations,” or digital technologies.</td>
</tr>
</tbody>
</table>

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HfS Blueprint Grid: Finance & Accounting As-a-Service

**INNOVATION**

- **High Potentials**
  - OneSource Virtual

**EXECUTION**

- **High Performers**
  - Aegis
  - HCL
  - Xerox
  - Cognizant

- **Execution Powerhouses**
  - HPE
  - Infosys
  - Wipro
  - arvato
  - Sutherland

**AS-A-SERVICE WINNER’S CIRCLE**

- Accenture
- Genpact
- TCS
- IBM
- EXL
- Capgemini
- WNS

**Building All Capabilities**

- Execution Is Ahead of Innovation
**EXECUTION**

- **Actual Delivery of Services**: With consistent, quality delivery and a way of addressing feedback and continuous improvement that clients appreciate, arvato, HCL, HPE, and Sutherland stand out here. Xchanging clients appreciate the diagnostics and steady continuous improvement over time.

- **Using Automation**: Every service provider is now commonly automating routine activities, introducing it into existing and new accounts. IBM, Capgemini, Genpact, and Xerox are the most advanced in incorporating RPA into work they manage. HPE has a standout strategy for moving forward here.

- **Talent Development**: For a market that is looking to better leverage digital technologies and is always on the hunt for increased efficiency and productivity, there is a surprising lack of unique focus on talent development. Accenture stands out here with its training in automation and industry skills, as does WNS in India, and Infosys’ specific effort to change its culture with design thinking.

- **Accessible and Actionable Data and Analytics**: We see momentum in the market around embedded and analytics as a service, particularly with Accenture, Cognizant, EXL, Genpact, IBM, TCS, and WNS. This approach builds on a long-term value in the engagement.

- **Vertical Capabilities**: For service buyers looking for providers with industry depth and context, a number of service provider have, and are continuing to build out, vertical capability. Examples: WNS in Travel/Transport, Cognizant and Sutherland in Healthcare, and Aegis in manufacturing.

**INNOVATION**

- **Vision for Finance As-a-Service**: Accenture, EXL, Genpact, and IBM clearly articulate a forward-thinking vision for F&A that brings together analytical talent and technology-based solutions.

- **Using Technology to Support Business Processes**: The use of technology to support business processes has come a long way in the past few years in F&A, both proprietary (e.g., Infosys) and increasingly through partnership (e.g., Cognizant EXL, and Xerox).

- **Introducing Intelligent Automation into F&A**: Moving beyond macros and workflow and into RPA and cognitive is still relatively new in F&A. Accenture, IBM, and TCS are most advanced in both the use of RPA in Finance and experimenting with cognitive computing.

- **Intelligent and Collaborative Engagement**: Cornerstone of increasing value in the engagement over time is collaboration. Cognizant, EXL, and IBM clients all gave examples of alignment and shared objectives and solutions.

- **Plug and Play Business Services**: These services focus on the outset on addressing a specific activity and outcome in Finance, and Aegis in procure-to-pay utility model, Capgemini with As-a-Stack, HCL with its Finance Enterprise-As-a-Service, Xerox with its Accounts Receivable offering are all examples of early traction. Wipro has made acquisitions for industry specific capability in this area, in healthcare and capital markets. And now, OneSource Virtual is entering the market with its Workday-centric BPaaS solution, based on its own experience.
Accenture

Winner’s Circle

Investing to progress its talent, embrace Intelligent Automation and evolve to business outcomes-driven F&A solutions As-a-Service

Blue Print Leading Highlights

- Talent Development
- Applying Intelligent Automation
- Intelligent and Collaborative Engagement
- Solutions for Accessible & Actionable Data
- Investing in Future Talent and Technology
- Vision for Finance As-a-Service

Value Chain Coverage:

- Procure to Pay
- Order to Cash
- Record to Report
- Finance Transformation
- Analytics

Acquisitions / Partnerships

Acquisitions:
- 2015: Cloud Sherpas, FusionX
- 2014: I4C Analytics, PureApps, Hytracc
- 2013: ChangeTrack Research, Procurian

Partnerships:
- Marriott for Accenture Hospitality Services
- ServiceNow for a self service platform
- SAP ARIBA
- IPsSoft Amelia, Automation Anywhere, and BluePrism for Intelligent Automation
- Workday Financial Management
- NetSuite for BPaaS
- Duke and MIT Universities for innovation

Strengths

- Evolution to As-a-Service Underway: 25 years into BPO, Accenture is investing in talent and technology to embrace As-a-Service delivery. HfS hears from clients an appreciation for the firm’s depth of consultative F&A process talent, capable delivery staff and technical expertise. It has proven ability to service FP&A queries using mobile and desktop apps is a genuine “As-a-Service” attribute that leverages talent, technology and consumption pricing.

- Intelligent Automation Focus: Accenture has targeted specific areas of F&A for RPA, such as ServiceNow in R2R to streamline email requirements, integrate workflow, and data load into client ERP systems; and proprietary Radix for automation and workflow in P2P. A move into AI includes a pilot virtual assistant, IPSof’s Amelia, at the F&A Vendor Help Desk. An App Exchange is a “library” of more than 900 reusable automation and business process solutions. Multiple successful implementations of RPA software tools, such as Automation Anywhere, Fusion and Blue Prism.

- Training As-a-Service Talent: “Automation 101” is mandatory training for all BPO delivery professionals to identify processes that can be automated and increase their focus on value-driven tasks. Accenture also rolled out SolutionLIVE Marketplace as a unique way to allocate work. Clients appreciate this kind of effort from Accenture that also helps address attrition and increase employee engagement.

- Integrating Operational and Risk Management Analytics: Accenture Operations Navigator is evolving from a KPI report tool to a real-time analytics dashboard with up-to-the-minute data and visualization. Accenture uses it to identify bottlenecks and opportunities for automation. We’d like to see it integrate the significant amount of risk and compliance analytics work Accenture does in F&A As-a-Service.

Challenges

- Where To Invest in its Legacy Client Base: Accenture has a well-established enterprise client base dating back to the early days of outsourcing. Some of these clients are ready for change, while others are “stuck” in the legacy model, with many still held hostage to legacy ERP systems, making it challenging to take advantage of Accenture’s technology capabilities in F&A and delink headcount from cost. Accenture needs to prioritize its client base to nurture those ready for change by investing in pilots and roadmaps, as it has many resources and partnerships to leverage.

- Shared Problem Finding: HfS heard, Accenture “could do more to find problems and bring them to our attention,” which could be addressed by infusing Design Thinking into the account management, making it a shared effort.

- Resistance to Mid-Market: The enterprise market is slow to change, even when it is ready, and HfS sees increased movement in mid-market F&A ($1bn-$3bn clients), which Accenture has not proactively targeted, and is increasingly ripe for As-a-Service. However, investments in firms such as Cloud Sherpas, with mid-market experience, should help evolve the mindset and approach as the enterprise sector becomes increasingly saturated.

Client Profile

- Targets G2000 companies
- 180 F&A BPO clients, including: BP, Canon, Microsoft, NCR, TDC

Target Industries:

- Financial Services, Healthcare & Life Sciences, Manufacturing, Technology, Telecom, Retail, Consumer Goods, Public Services, Natural Resources, Travel & Transportation, Hospitality, Utilities

Service Delivery Operations

- Headcount: 24,600+
- Delivery Centers (25): North America – 5% (USA, Canada), Latin America – 5% (Argentina, Brazil, Costa Rica), Europe – 15% (UK & Ireland, Continental Europe) and 70% Asia-Pacific, including China, Philippines – 60%, Others – 7% (including Mauritius, South Africa, Sri Lanka, Bangladesh)

Proprietary Technologies

- Accenture Operations Navigator 2.0: analytics dashboard
- Radix™: workflow platform
- Accenture SolutionLIVE Marketplace: to manage and allocate work
- Accenture Cognitive Engine (ACE)
- Intelligent Text Analyzer Platform (ITAP): to review structured and unstructured data from multiple sources
- Digital Workforce Platform: to support invoicing, cash apps, period close, master data, analytics, budget and forecasting
- Accenture Global Productivity Hub: tracks and measures agent performance including shrinkage
- F&A Vendor Helpdesk: artificial intelligence service desk Accenture Unified Desktop: automate transaction processing including vendor portal downloads, posting invoice data through Optical Character Recognition (OCR) to ERP

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Excerpt for Accenture

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Market Direction and Recommendations
Where to Next for F&A As-a-Service

We see the following as the major trends that will foster the future evolution to Finance As-a-Service over the next 2–3 years:

- **Increasing Interest in Making A “Cultural Match”**: Companies will always be subject to changes in leadership, and as service providers are an increasingly integral part of a company’s operations, it’s critical to have alignment over time on the context, direction, and alignment between the service buyer and the service provider. As one executive put it, “we will have change in our leadership and the challenge is to have new leaders on both sides continue to build on what we have started...that we don’t have to start over.”

- **Investments in Talent and Technology**: Effective use of technology to drive new business results and impact is in the appropriate combination with talent. We see an increasing number of service providers offering education and training opportunities to increase analytical, industry, and automation capability of BPO professionals. This investment will pay off in driving new levels of value with clients, and also in better engaging and retaining staff who tend to turnover quite quickly in this industry.

- **Analytics Embedded and As-a-Service**: Where service buyers and service providers have partnered to stabilize and standardize processes, with the increasing use of automation to integrate data sources and drive predictable and higher quality data, and noting the increase in sophistication in visualization and reporting tools, we see an increasing number of both service provider-driven and collaborative efforts to embed and better drive analytical insights and action plans in F&A engagements.
Where to Next for F&A As-a-Service (continued)

We see the following as the major trends that will foster the future evolution to Finance As-a-Service over the next 2–3 years:

- **Continued Centralization and Standardization:** Over the next few years, more F&A work will get centralized and include hybrid delivery. A number of service providers have been working with shared services centers for years (e.g., Accenture, Capgemini), and others have recently gained momentum and experience (e.g., Wipro). Across the board, we see service providers investing and partnering for transformation capability and tools and technology for dealing with disparate management information systems, better visualization tools and partnerships, and more automation and real-time reporting capability.

- **BPaaS Rising:** The mid-market and smaller companies are already starting to transition to true “finance in the cloud” solutions, such as Workday or Salesforce FinancialForce. Process standards, security controls, workflows, and automation are native to these solutions, and enable companies to be up and running with finance platforms quickly, and with much less of a capital outlay. As the industry gets more experience and comfort in defining shared business outcomes, these SaaS offerings are forming the basis for the rise of “business process as a service” (BPaaS): solutions that are designed and contracted to deliver specific business outcomes by a provider that defines and manages the processes, supporting technology, and the talent executing the work. These solutions can be attractive options to established enterprises looking for a new standard because of M&A or faster access to a ready service for regional expansion, for example.
Service Providers Need to “Reimagine” Finance and Be Willing to Take Risks to Move into Finance As-a-Service

**Service Providers: How aggressively is your company taking the following measures to generate more digitally-aligned engagements with your clients?**

- Aggressively pursuing this strategy with hard investments
- Opportunistically pursuing, with some investments
- Not doing enough to get ahead of this
- Doing very little and hoping the old model keeps us alive for the foreseeable future

<table>
<thead>
<tr>
<th>Measure</th>
<th>Aggressively</th>
<th>Opportunistically</th>
<th>Not Doing Enough</th>
<th>Doing Very Little</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investing in a robotic process automation platform</td>
<td>38%</td>
<td>33%</td>
<td>13%</td>
<td>16%</td>
</tr>
<tr>
<td>Taking short term revenue sacrifices with existing clients to invest in Digital capabilities that add productivity /</td>
<td>32%</td>
<td>37%</td>
<td>29%</td>
<td>2%</td>
</tr>
<tr>
<td>Investing in analytics talent</td>
<td>32%</td>
<td>45%</td>
<td>10%</td>
<td>13%</td>
</tr>
<tr>
<td>Aggressively pursuing risk-sharing deals with clients to co-create Digital solutions we can industrialize</td>
<td>31%</td>
<td>38%</td>
<td>23%</td>
<td>8%</td>
</tr>
<tr>
<td>Investing in millennials with a Digital culture and mindset</td>
<td>30%</td>
<td>36%</td>
<td>25%</td>
<td>9%</td>
</tr>
<tr>
<td>Investing in Digitally-savvy transformational consultants</td>
<td>29%</td>
<td>27%</td>
<td>24%</td>
<td>21%</td>
</tr>
<tr>
<td>Investing in a cognitive computing platform</td>
<td>27%</td>
<td>24%</td>
<td>37%</td>
<td>11%</td>
</tr>
<tr>
<td>Actively targeting acquisitions to add new Digital capabilities</td>
<td>25%</td>
<td>37%</td>
<td>22%</td>
<td>16%</td>
</tr>
<tr>
<td>Targeting re-bids with low-margin offers to steal away high-potential clients</td>
<td>11%</td>
<td>56%</td>
<td>22%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: “Finance In The Digital Age,” HfS Research, 2016
Sample: Enterprise Buyers = 160
Focus On How to Better Use Digital To Impact Business Outcomes Will Drive Take Up of Finance As-a-Service

<table>
<thead>
<tr>
<th>IDEAL</th>
<th>AS-A-SERVICE IDEAL DEFINITION</th>
<th>NON EXISTENT</th>
<th>INITIAL</th>
<th>EXPANSIVE</th>
<th>EXTENSIVE</th>
<th>ALL PERVERSIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Write Off Legacy</td>
<td>Using platform based solutions, DevOps, and API ecosystems for more agile, less exception oriented systems and processes</td>
<td>2016</td>
<td>2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design Thinking</td>
<td>Understanding the business context to reimagine processes aligned with meeting client needs</td>
<td>2016</td>
<td>2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brokers of Capability</td>
<td>Orienting governance to source expertise from all available sources, both internally and externally, to address capability gaps</td>
<td>2016</td>
<td>2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collaborative Engagement</td>
<td>Ensuring relationships are contracted to drive sustained expertise and defined outcomes</td>
<td>2016</td>
<td>2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intelligent Automation</td>
<td>Using of automation and cognitive computing to blend analytics, talent, and technology</td>
<td>2016</td>
<td>2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accessible &amp; Actionable Data</td>
<td>Applying analytics models, techniques and insights from big data, real-time</td>
<td>2016</td>
<td>2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Holistic Security</td>
<td>Proactively managing digital data across service chain of people, systems &amp; processes</td>
<td>2016</td>
<td>2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plug and Play Digital Business Services</td>
<td>Plugging into “ready to go” business-outcome focused, people / process / technology solutions with security measures</td>
<td>2016</td>
<td>2019</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2016-17 Recommendations: Enterprise Buyers

- **Move Faster and Deeper to As-a-Service Offerings from Service Providers:** As an enterprise buyer keep pushing your service provider(s) to move to an As-a-Service model that goes beyond labor arbitrage to include and offer you a broader set of choices for what solutions you adopt and how they interact with your own retained organization. Don’t settle for a long-term fixed model of solution delivery for finance services, but push your service provider(s) to be flexible and agile so that future services offerings better align to your own potential future needs.

- **Adopt Design Thinking:** Don’t dismiss design thinking as something that is a fad with little benefit for your own operations. The opportunities to sit down with your service provider(s) to better understand the business context in which your current processes operate and what can be done to realign or reimagine these processes to achieve different and/or better results is always an exercise worth undertaking.

- **Increase the Trust:** Push your service provider(s) to be more collaborative, more visionary, more inclusive and share with you. In turn, provide that same approach to the service provider(s). Extend this same new mindset to how you think of data and physical security to make sure that your policies on security aren’t keeping you from increasing the value of your sourcing engagements. Realize that achieving the resulting business outcomes is easier in a close partnership than in a closed-off zero-sum mindset relationship. So, work with your service provider(s) in a manner that facilitates long-term success as well and ask for it in return.
2016-17 Recommendations: Service Providers

- **Be Proactive With As-a-Service Offering Design and Execution:** At HfS, we are strong believers in the rapid move of BPO away from legacy “lift and shift” models toward an As-a-Service solution design and delivery world. As shown in our recent study, *Finance In The Digital Age* Finance executives are challenged to better manage regulatory compliance and financial reporting, better use financial and non-financial data, make the close cycle more efficient, and have paperless audit trails. Work with them to broker better combinations of talent and technology to drive business results.

- **Take A Chance With Design Thinking:** While we have seen very little take up of Design Thinking in Finance, it is a way to bring together service buyers and service providers to refresh or reimagine an existing/legacy engagement. It also is a way to set the scene with a new client. As we explored in an HfS webinar panel discussion, you don’t need to be a designer to do design thinking. You do need to be willing to take a risk.

- **Implement Robotic Process Automation in Finance:** Robotic process automation (RPA) is certainly the topic of the moment in process delivery circles, but other than invoicing and order management, the application of RPA inside end-to-end processes remains limited in finance and accounting. HfS believes that RPA is a means to an end for finance delivery by decoupling labor and growth, especially in transactional support, and service providers that adopt these technologies extensively will gain traction in the next few years.

As a Finance executive rationalized, “While in finance we can create the most compelling business cases for digital, the organization is more likely to channel investment into things that more directly translate to revenue growth.”

This creates more of an imperative for service providers to help define and drive the business case, and also show value by being willing to put the first foot forward and invest in upgrading their own digital-driven F&A capabilities to show impact.

For more insight on challenges service buyers are facing, refer to the HfS study, *Finance In The Digital Age*, April 2016.
### Additional Materials: F&A Blogs, Webinars, and Research

#### BLOGS

**Short Read Online:**
- Rescuing BPO From It’s Trough of BPO Boredom
- It’s Time We Started Being As-a-Service
- Why It’s Time For Robotic BPO To Break The Mold of Legacy BPO Engagements
- Confusion As-a-Service: The Massive Disconnect Between Vision and Reality
- Are Service Providers and Advisors Doing Enough to Get Digital Into F&A?

#### RESEARCH PAPERS

**Download With Free Registered Access:**
- Finance In The Digital Age
- Beware of the Smoke: Your Platform is Burning
  The Evolution to the As-a-Service Economy Poses Major Opportunities and Threats to Enterprises
- The BPO Profession in 2015: Today’s Accidental Career Path, Tomorrow’s Capability Broker
- HfS Blueprint 2015: Progressive Finance & Accounting Business Process

#### POVs (POINTS OF VIEW)

**Download With Free Registered Access:**
- The Current Impact Of RPA in F&A BPO Engagements
- F&A BPO Service Metric Analysis
- The Role of Analytics for The CFO: A #CFOEXCHANGE Session
  The Road Less Traveled: Getting on the Path to As-a-Service
- The Rise of Design Thinking
- Insights From Early BPO Adopters of Robotic Process Automation

#### WEBINAR REPLAY

- Evolving to a Balanced Finance As A Service Model
- Where is the Action Today in Intelligent Automation?
- Why Design Thinking Can Save the Service Industry From Obsolescence

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**Note:** More than 75% of our published research is accessible for free and requires just a few check boxes in our simple registration to download. View all of our F&A research [here](#).
About the Authors
Phil Fersht
Founder and CEO, HfS Research – Cambridge, MA

Overview

- Phil Fersht is Founder and Chief Executive Officer of leading global analyst authority for the services industry, HfS Research. He is an acclaimed author, analyst and visionary in Global Business Services and Outsourcing, the Digital Transformation of enterprise operations and talent strategies. Fersht coined the term "The As-a-Service Economy" which is HfS Research's vision for the future of the global services and outsourcing industry and has become widely adopted by the global services industry.

- Fersht founded HfS Research in 2010 and has masterminded the development of the HfS organization as a leading analyst for the firm, in addition to steering the business operations. He is also author and creator of the most widely-read and acclaimed blog in the global services industry, entitled “Horses for Sources” and now entering its ninth year, attracting over a million visits per year across the globe. At HfS, he directs the firm's research, advisory and global knowledge community, which today totals over 100,000 professionals and is served by a respected global analyst team.

- Under Fersht's stewardship, HfS Research has become the leading industry analyst firm for growing influence and value, based on the results of 1093 industry participants in the 2014 Analyst Value Survey. He was named "Analyst of the Year 2011" by the Institute of Industry Analyst Relations (IIAR), winning the premier analyst award for a second successive year - the most coveted global award for industry analysts in technology and services industry. In 2012, the International Institute of Analyst Relations (IIAR) awarded HfS research as Most Innovative Analyst Firm.

- Fersht contributes regularly to media such as Wall St Journal, Business Week, Economist, The Times of India and CIO Magazine and is a regular keynote speaker at major industry events, such as NASSCOM, Sourcing Interests Group and the HfS Blueprint Sessions.

Previous Experience

- Over the past 20 years, Fersht has lived and worked in Europe, North America and Asia, where he has advised on hundreds of operations strategy, outsourcing, and global business services engagements. During his career, Phil Fersht has worked at Gartner Inc. (AMR Research), directing the firm's BPO and IT Services practices and served as market leader for Deloitte Consulting's BPO Advisory Services, where he led numerous outsourcing and offshoring advisory engagements with Fortune 500 enterprises. He began his career with IT analyst IDC.

Education

- He received a Bachelor of Science, with Honors, in European Business & Technology from Coventry University, United Kingdom and a Diplôme Universitaire de Technologie in Business & Technology from the University of Grenoble, France. He also has a diploma from the Market Research Society in the United Kingdom.
Overview

Barbra Sheridan McGann is Executive Vice President, Business Operations Research, at HfS Research. Barbra’s scope of work covers the business process outsourcing and emerging “As-a-Service Economy,” as well diving into themes such as talent and design thinking, and industry and functional areas of Healthcare, Life Sciences, and Public Sector.

Barbra’s experience in this industry includes:

- Researching, analyzing and advising on market and competitive moves and meaning
- Developing organic and inorganic strategies to drive growth of new and mature offerings with business process services
- Building partnerships and strategies for joint success

Her work history includes 20 years at Accenture; and prior years in marketing and not-for-profit management.

Education

Barbra earned a Bachelor of Arts degree in English with Honors, and was recognized for outstanding leadership in Volunteerism with the Chet Pagni Service Award, from the University of San Diego. She’s also completed post-graduate executive leadership work at Northwestern University and Smith College.
Overview

- Hema Santosh is a Principal Analyst at HfS supporting research in finance and accounting and related business services, and global in-house delivery centers. She has held senior research positions for organizations such as, Information Services Group, Accenture, Wipro and ITFinity Solutions. Her journey as a research professional has evolved over 14 years by working across facets of MIS, business planning, market forecast, market analysis, competitive intelligence and large strategic initiatives.

- Hema understands the nuances and dynamics of the BPO and Technology industry. Her experience ranges from custom research, quantitative studies to qualitative secondary research conducted among financial services, government and media & telecommunication industries.

Education

- She holds a Bachelor’s degree in Commerce from the University of Mumbai, an MBA specializing in Marketing from Manipal University and a certificate in full time ‘Management Program for Women Entrepreneurs’ from the Indian Institute of Management (IIM), Bangalore.

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About HfS Research

HfS Research is The Services Research Company™—the leading analyst authority and global community for business operations and IT services. The firm helps enterprises validate their global operating models with world-class research and peer networking.

HfS Research coined the term The As-a-Service Economy to illustrate the challenges and opportunities facing enterprises needing to re-architect their operations to thrive in an age of digital disruption, while grappling with an increasingly complex global business environment. HfS created the Eight Ideals of Being As-a-Service as a guiding framework to help service buyers and providers address these challenges and seize the initiative.

With specific focus on the digitization of business processes, intelligent automation and outsourcing, HfS has deep industry expertise in healthcare, life sciences, retail, manufacturing, energy, utilities, telecommunications and financial services. HfS uses its groundbreaking Blueprint Methodology™ to evaluate the ability of service and technology providers to innovate and execute the Eight Ideals.

HfS facilitates a thriving and dynamic global community of more than 100,000 active subscribers, which adds richness to its research. In addition, HfS holds several Service Leaders Summits every year, bringing together senior service buyers, providers and technology suppliers in an intimate forum to develop collective recommendations for the industry and add depth to the firm’s research publications and analyst offerings.

Now in its tenth year of publication, HfS Research’s acclaimed blog Horses for Sources is the most widely read and trusted destination for unfettered collective insight, research and open debate about sourcing industry issues and developments. Horses for Sources and the HfS network of sites receive more than a million web visits a year.

HfS was named Analyst Firm of the Year for 2016, alongside Gartner and Forrester, by leading analyst observer InfluencerRelations.