Everest Group PEAK Matrix® for Finance and Accounting Outsourcing (FAO) Service Providers 2021

Focus on Capgemini
September 2021

Background and scope of the research

Background of the research

Despite the pandemic, the global multi-process FAO market continued to grow at a steady rate of 5-7% in 2020. While there was a negative impact on transaction volumes and large-scale initiatives, especially in the heavily-impacted industries, for around two quarters in 2020, huge demand for digitization and cost takeout / cash unlock, and the need for Business Continuity Planning (BCP), agility, and resilience drove growth in 2020 and still continues to do so in 2021.

Increased openness among organizations to engage with third-party F&A service providers, drive for digital transformation, increasing number of first-time outsourcers (especially in the SMB and mid-market segment), and increasing demand for next-generation technology and high-end F&A work from mature outsourcers is expected to continue driving market growth in 2021. Some of the key means by which providers are differentiating themselves is by offering end-to-end transformative solutions, combined with domain and industry expertise, a design thinking approach, transformation frameworks, and next-generation innovative offerings leveraging automation and analytics. The purpose of this research is to understand and assess FAO service providers based on their vision & capabilities and impact on the FAO market, and to position them on the Everest Group PEAK Matrix®.

In this research, we analyze the global multi-process FAO service provider landscape and its impact on the FAO market. In particular, we focus on:

- FAO PEAK Matrix® 2021 including service provider capability assessment and Star Performer analysis
- Service provider landscape
- Remarks on key strengths and areas of improvement for each FAO service provider

Scope of this report:

Geography	Service providers	Services
Global	28 FAO service providers	Finance and Accounting Outsourcing (FAO)

Key characteristics of Leaders, Major Contenders, and Aspirants

Leaders:

Capgemini, Capgemini, Capgemini, IBM, Infosys, Capgemini, and Wipro

- Leaders have been consistent in the delivery of FAO services – they continue to invest in strengthening their all-round F&A capabilities and have been swift in providing seamless transition during COVID-19. They continue to expand through organic and/or inorganic means, entering new geographies & industries, and serving various client sizes
- They leverage deep industry and F&A domain expertise, superior technology capabilities (augmented by heavy investments in next-generation technologies), innovative engagement models, end-to-end digital transformation and consulting experience, and multi-tower BPS capabilities to differentiate themselves in the market
- They also leverage their scale of operation and wide delivery presence across onshore and nearshore locations to cater to the clients' varied strategic requirements

Major Contenders:

Cognizant, Corcentric, Conduent, Capgemini, DXC Technology, Exela Technologies, EXL, HCL, NTT DATA, Sutherland Global Services, Tech Mahindra, Teleperformance, TMF Group, and WNS

- Major Contenders are increasingly building capabilities in serving different geographies and industry segments – many of them are focusing on specific industry verticals and have developed capabilities to address industry-specific nuances by developing modular solutions
- They are also developing sophisticated digital solutions and have been successful in implementing them across their client base, with some providers relying on third-party vendors to fill capability gaps

Aspirants:

Concentrix, Hexaware, IQ BackOffice, OneSource Virtual, Quatrro Business Support Services, Startek, and Sundaram Business Services

- Aspirants are either focused on particular region(s), industries, F&A process(s), and/or currently have relatively small-scale FAO operations
- They offer innovative point solutions, primarily in transactional F&A processes. While they continue to strengthen digital capabilities, their current set of capabilities and limited scale may not be best-suited to handle end-to-end requirements for large organizations

Everest Group PEAK Matrix®

Finance and Accounting Outsourcing (FAO) Services PEAK Matrix® Assessment 2021 | Capgemini positioned as Leader

Everest Group Finance and Accounting Outsourcing (FAO) Services PEAK Matrix® Assessment 2021[1,2]
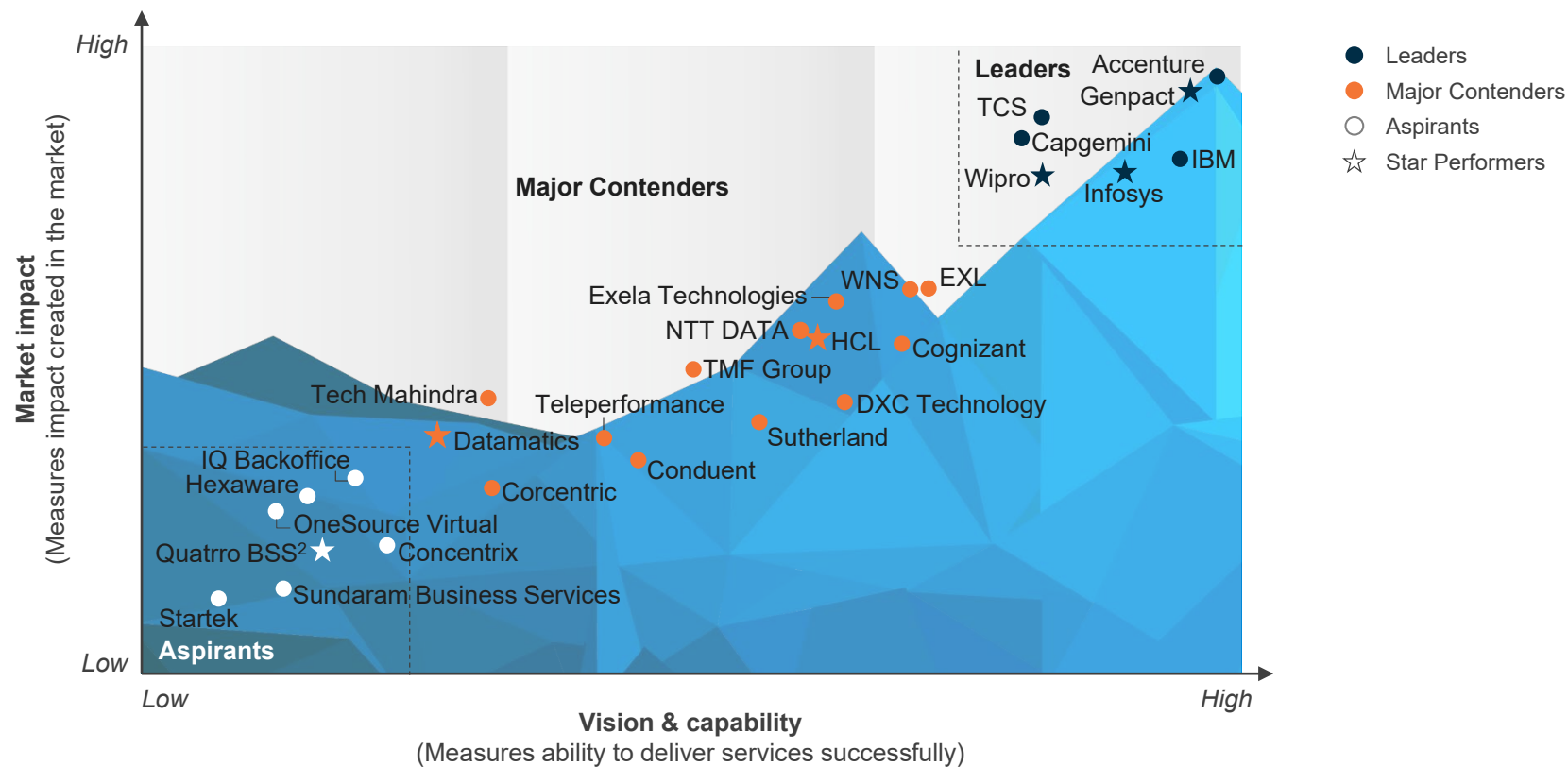
1 Assessment for Concentrix, Hexaware, Startek, and Teleperformance excludes service provider inputs and is based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with FAO clients
2 Quatrro BSS: Quatrro Business Support Services
Source: Everest Group (2021)

# Capgemini | FAO profile (page 1 of 6)
Overview

Key leaders
- **Anis Chenchah,** Head of Business Services
- **David Lumley,** Head of FPIA Practice, Business Services
- **Lee Beardmore,** Chief Innovation Officer, Business Services
- **Grant Meldrum,** Head of FPIA Solutions, Business Services

Recent developments/investments

Technology expansion	
	2020: further incorporation of AI technologies and expansion of the automation foundation through growth in business process management and API-based integration

- **2020:** further incorporation of AI technologies and expansion of the automation foundation through growth in business process management and API-based integration
- **2020:** expansion of insights-related services, especially cloud-native platforms, domain-specific analytics applications, ML algorithms, and custom statistical models
- **2020**: development of specific technology frameworks such as DGEM for S4/HANA
- **2020**: continuing investments in blockchain solutions
- **2020**: adoption of cloud-based solutions – both SaaS applications and cloud-based technology.
- **2020**: developed 890 by Capgemini, a cataloged, quick-access platform for Capgemini's clients with analytical and AI solutions and powerful datasets
- **2020:** leveraged advanced AI/ML for intelligent orchestration, cognitive processing, analytics, and insights
- **2020:** developed an intelligent automation, cloud-ready, technology-neutral, plug-and-play platform, for clients' intelligent automation at scale
- **2020:** partnered with Blackline and Trintech to jointly provide advisory consulting and implementation services in the R2A domain using their SaaS platforms; and with YayPay and Blackline in the Order-to-Cash domains
- **2020:** partnered with Xelix,an invoice intelligence platform, uncovering payment risks and delivering meaningful insights

Others
- **2020:** acquisition of Altran, Purpose, Advectas, WhiteSky Lab, and RXP
- **2020**: introduced Frictionless Enterprise for AI payables, AI receivables, and AI controllership.
- **2020**: introduced AI GRC - a comprehensive portfolio of AI controls to reduce enterprise risk.
- **2020**: further portfolio extension, including FP&A, and sustainability as a service (e.g., carbon accounting)
- **2020**: invested in D-GEM academy, automation academy, and comprehensive internal L&D course catalog, keeping Capgemini at the forefront of the transformation agenda
- **2020**: introduced end to end Integrated Operating Model connecting demand planning to B2C
- **2020:** built new analytical visualizations on F890 analytics platform to demonstrate the impact of decisions on sustainability, community, and carbon accounting to broaden the value reach to CXO
- **2020:** partnered with third-party vendor in the tax and statutory reporting domain

Scale of operations

Number of FAO FTEs over time

16,000	15,800	16,300	17,800
2017	2018	2019	2020
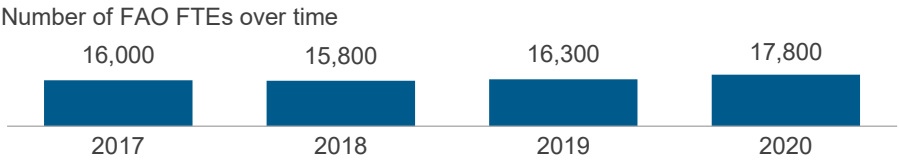
FAO services suite
- Capgemini's F&A practice connects the capabilities, technologies, and assets across the wider functions in an enterprise (customer development, marketing, logistics, planning, and finance) to serve innovation, assets, and intellectual property that is valued and leveraged in positioning compelling outcome-based transformation agendas for its clients
- Its Frictionless Finance delivers AI-augmented order-to-cash (O2C), purchase-to-pay (P2P), record-to-analyze (R2A), and analytics for transformation of clients' finance function to drive frictionless, enterprise-level outcomes, enhanced efficiency, and top-line growth
- It offers a full suite of F&A services including accounts payable, accounts receivable, General Ledger (GL), cash and asset management, T&Es, planning and budgeting, management reporting and analysis, treasury and risk management, tax, capital budgeting, statutory & regulatory reporting and compliance, customer and vendor MDM, advanced analytics for FP&A, and operational insight. It covers solutions for end-to-end P2P, O2C, and R2A processes connected to the wider enterprise processes

Distribution of FTEs across processes

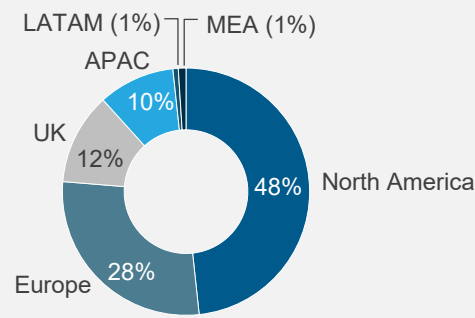|	>1,500 FTEs	500-1,500 FTEs	<500 FTEs

P2P	O2C	R2R	Others
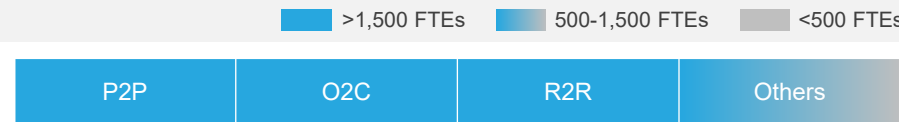
Capgemini | FAO profile (page 2 of 6)
Client portfolio

Major FAO clients:

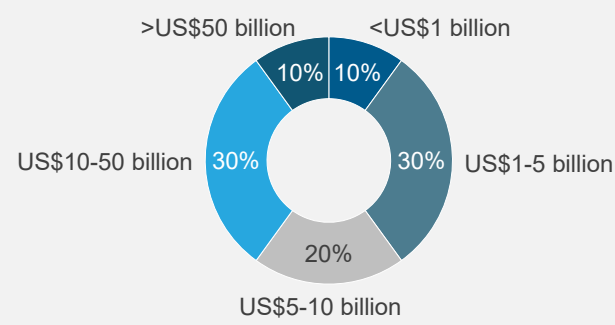| Recently announced FAO engagements (non-exhaustive)		
Time of signing	**Client**	**Contract details**
2020	A German precision mechanical engineering company	Five-year contract
2020	A leading chemical producer and supplier	Five-year contract
2020	A German leading steel producer	Five-year contract
2020	The largest manufacturer of composite structures	Five-year contract

FAO revenue mix by buyer geography (2020)

- LATAM (1%)
- MEA (1%)
- APAC 10%
- UK 12%
- Europe 28%
- North America 48%

FAO revenue mix by buyer industry (2020)

- Others[1] 26%
- Manufacturing 28%
- Travel & logistics (3%)
- Hi-tech & telecom 3%
- Financial services 4%
- Energy & utilities 11%
- CPG & retail 25%
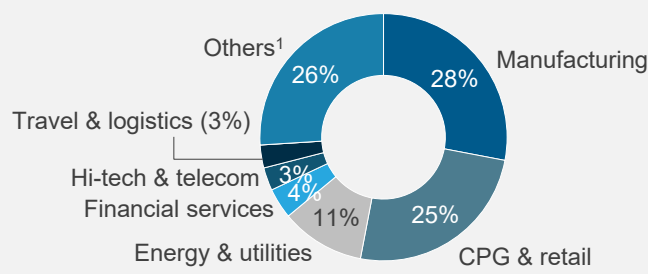
Number of clients by buyer size (2020)

- >US$50 billion 10%
- <US$1 billion 10%
- US$10-50 billion 30%
- US$1-5 billion 30%
- US$5-10 billion 20%

1   Media (14%), government (1%), professional services (11%)

Capgemini | FAO profile (page 3 of 6)
Location landscape

FAO delivery locations

Omsk

Katowice • • Krakow

Toronto •

• Horsham

El Paso •   • Pensacola

Noida

Nanhai

Mumbai   Kolkata

Bangalore • Chennai

Manila

Guatemala City

Salem   Trichy

Campinas

Blumenau •

Capgemini | FAO profile (page 4 of 6)
Technology solutions

FAO technology approach: Capgemini uses in-house platforms and Commercial-Off-The-Shelf (COTS) products to augment the client application landscape.

Solutions	Digital Global Enterprise Model (D-GEM)	Capgemini Intelligent Automation Platform (CIAP)	890 by Capgemini	Digital twin for operations	Intelligent workflow solution
Solution description	• A single platform used to deploy a business and technology architecture, moving clients toward a frictionless enterprise powered by the AI-augmented workforce • Digital operating model standards embedded with proprietary small technology, third-party solutions, RPA, and advanced analytics to deliver CXO grade outcomes in P2P, O2C, and R2A • Benchmarking to guide the right digital operating model	• Cloud-ready, technology-neutral, plug-and-play platform designed to take customers at pace from limited deployments and proofs of concept to intelligent automation at scale	• Analytics (40+ domain & sector solutions), algorithms, and datasets delivered as-a-service to clients • A cataloged platform for quick access to key analytical & AI solutions and powerful datasets • Real-time performance dashboards for specific clients to manage end to end business outcomes, processes, and operations	• Identify an organization's strengths and weaknesses including capacity limitations, bottlenecks, critical point of failure, and interdependencies connecting human and data intelligence across core processes • Measure the impact of potential changes prior to them being implemented to a live environment. • Measure real change outcomes with continuous business mining	• Proprietary framework that underpins Capgemini's Global Process Model (GPM) • Enables a consistent user experience, improves process efficiency, and enhances automation while maintaining separation for control and authorization
Process scope	P2P, O2C, and R2A (Record to Analyze)	P2P, O2C, and R2A	P2P, O2C, and R2A	P2P, O2C, and R2A	Leveraged across four modules that can be implemented within a 12-week period – accounts payable, accounts receivable, GL, and procurement
Technology leveraged	• Capgemini proprietary solution • RPA code • Third-party tools and platforms	• Capgemini proprietary technology • Cloud-based solution • More than 4,500 use cases and 700+ pre-built solutions, accelerators, use-cases, and sector bot agents	• Capgemini proprietary algorithms and third-party SaaS solutions • Pre-built mobile-enabled dashboards and connectors	• Capgemini proprietary algorithms and best practices combined with third-party tools • Business Optix • Celonis	• Combination of business process management, analytics, and integration solutions (from IBM, Microsoft, and Open Source) • Standard integrations to SAP and Oracle ERPs • BPO Open + ServiceNow
Delivery model and pricing	• Bundled into BPO service • Delivered during transition	• Priced by number of robotic artefacts per annum on a minimum 12-month subscription • Built into the BPO service charge	• Analytics solution-dependent	• D-GEM-as-a-Service quarterly subscription • Bundled into BPO service	• Multi-client and cloud-hosted • Bundled into BPO service

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Technology solutions

Solutions	D-GEM AI receivables solution	D-GEM AI payables solution	D-GEM AI controllership solution	D-GEM finance intelligence	D-GEM AI controls
Solution description	• End to end accounts receivable solution with embedded automation, AI, and predictive action to improve DSO, sales, customer experience, and cashflow while reducing value at risk • Includes cash application, collections, dispute management, credit, and customer service functionality • Apps to enable payments for customers, self-service, and reconciliations • AI-augmented and workforce-enabled	• AP solution for touchless processing, DPO, payment discount, predictive spend insights, and user experience to drive buyer behavior + supplier adoption • Real-time payables analytics and dynamic discounting payment strategies • AI controls to prevent duplicate payments/overpayments, missed credit, pricing errors, and fraud in real-time	• End to end R2A solution to drive frictionless close, with focus on real-time access to financial results, including on-demand analytics and insights • Continuous accounting and close • Solution focused on embedding at source AI-enabled controls to provide balance sheet integrity and enable frictionless and fully automated close • Digitally enabled finance users	• Finance solution to support CXO/CFOs in serving performance intelligence against strategic, business, and operational plans • CXO/CFO dashboards and analytics deliver real-time insights related to financial planning, budgeting, forecasting, and actual vs. plan comparison including analytics on carbon accounting	• Solution to provide core process controls across a broad control environment; finance, IT, and security • Access controls & SOD (core ERP solutions) • Continuous controls execution and monitoring • AI fraud risk management • AI controller (balance sheet) • SOX/audit testing • Cybersecurity
Process scope	• O2C including Electronic Invoice Presentment and Payment (EIPP), end to end cash applications, lockbox services, and concierge desk • Collections, credit, dispute, and deductions management • Predictive and behavioral analytics (lead to cash)	• P2P – Supplier Master Data Management, E invoicing, AI cognitive invoice processing, real time audit, payment, service desk payment, and T&E • Predictive analytics that unlocks business value and outcomes • On demand real time dashboards	• R2A – automated accounting, touchless intercompany, ongoing and real-time balance sheet reconciliation and certification, and automated close • Predictive analytics, real-time/on-demand reporting with NLP commentaries	• Cross towers and truly end to end: P2P, O2C, R2A, and FP&A • Reporting, insights, and analytics	• Cross towers and truly end to end: P2P, O2C, R2A, and FP&A • Incorporated into core IT system design
Technology leveraged	• Capgemini proprietary technology + 3P solutions with data orchestration, API, and microservices • Yaypay/Webcollect technology • Blackline Cash technology • Xelix Analytics • RPA, Google Chat, Cisco telephony, LumenVox, and Python	• Capgemini proprietary technology + third-party solutions with API/microservices • Instream, Tradeshift, Basware,Coupa, and Ivalua Technologies • Xelix Analytics • RPA/ML proprietary code	• Capgemini proprietary technology + 3P solutions with data orchestration, API, and microservices • Cadency/Blackline/Workiva • Arria • RPA/ML proprietary code • Blockchain	• Capgemini proprietary algorithms, dashboard, libraries, and 3P tools • F890 platform • Intelligent command center • Workiva/Arria/NLG solutions • Dell Boomi (data connector)	• Capgemini proprietary technology + 3P solutions with custom reporting • Riskified fraud AI solution • Digital Twin (simulation) • Xelix/Inspect/BPO open/ServiceNow • 3P security solutions
Delivery model and pricing	• Outcome-based or subscription-based pricing models • Integrated to core BPO service	• Outcome-based or subscription-based pricing models • Integrated to core BPO service	• Outcome-based or subscription-based pricing models • Integrated to core BPO service	• Outcome-based pricing models • Project-based support • Bundled into core BPO service	• Outcome-based pricing models • Project-based support • Bundled into BPO service

Capgemini | FAO profile (page 6 of 6)
Everest Group assessment – Leader

Measure of capability: ◕ Low ● High

Market impact				Vision & capability				
Market Adoption	Portfolio mix	Value delivered	Overall	Vision and strategy	Scope of services	Innovation & investments	Delivery Footprint	Overall
◕	◕	◕	◔	◕	◕	◔	◔	◕

Strengths

- Capgemini leverages its strong digital ecosystem, comprising both proprietary and third-party partnerships, and consulting practice to offer a comprehensive suite of solutions across end-to-end F&A value chain
- It leverages Digital Global Enterprise Model (D-GEM) – its platform-based architecture – that provides business transformation and benchmarking to guide the right digital operating model for its clients
  - It has embedded AI enablers across receivables, payables, and accounting, reporting, & controllership as well as financial intelligence and GRC on its D-GEM platform
  - It has also developed industry variants for D-GEM and has contextualized D-GEM to specific technologies/platforms (e.g., D-GEM for SAP 4/HANA and D-GEM for Oracle)
- Capgemini is one of the few providers with significantly higher inclusion of Digital Twin capabilities in its service delivery, which it leverages to predict issues, avoid bottlenecks, and enhance communication, transparency, and efficiency in service delivery
- It has strong experience serving clients in manufacturing, retail, energy & utilities, and media & entertainment sectors, primarily in the large-client segment
- One of Capgemini's unique differentiators is its vast experience in serving specific requirements of the UK- and Europe-based clients, besides North America and other geographies
- Capgemini maintains client-centricity (through high onshore/nearshore presence) and follows a relationship-driven approach, which is consistently appreciated by its clients, along with other attributes such as flexibility and faster response times
- Most clients also appreciated Capgemini's seamless transition and ongoing operations support during the pandemic

Limitations

- Capgemini's ability to contextualize its offerings to address industry-specific F&A processes/nuances is limited
- While it has a good digital investment roadmap for advanced analytics leveraging its 890 platform, certain clients highlight lower adoption of advanced analytics use cases
- Its current approach and typical commercial constructs may not be the best-suited for enterprises with small scale of operations and/or high degree of fluctuations in transaction volumes
- Most of its existing clients expect Capgemini to be more proactive in bringing innovation / value adds over and above contractual agreement

Appendix

Everest Group PEAK Matrix® is a proprietary framework for assessment of market impact and vision & capability

Everest Group PEAK Matrix®
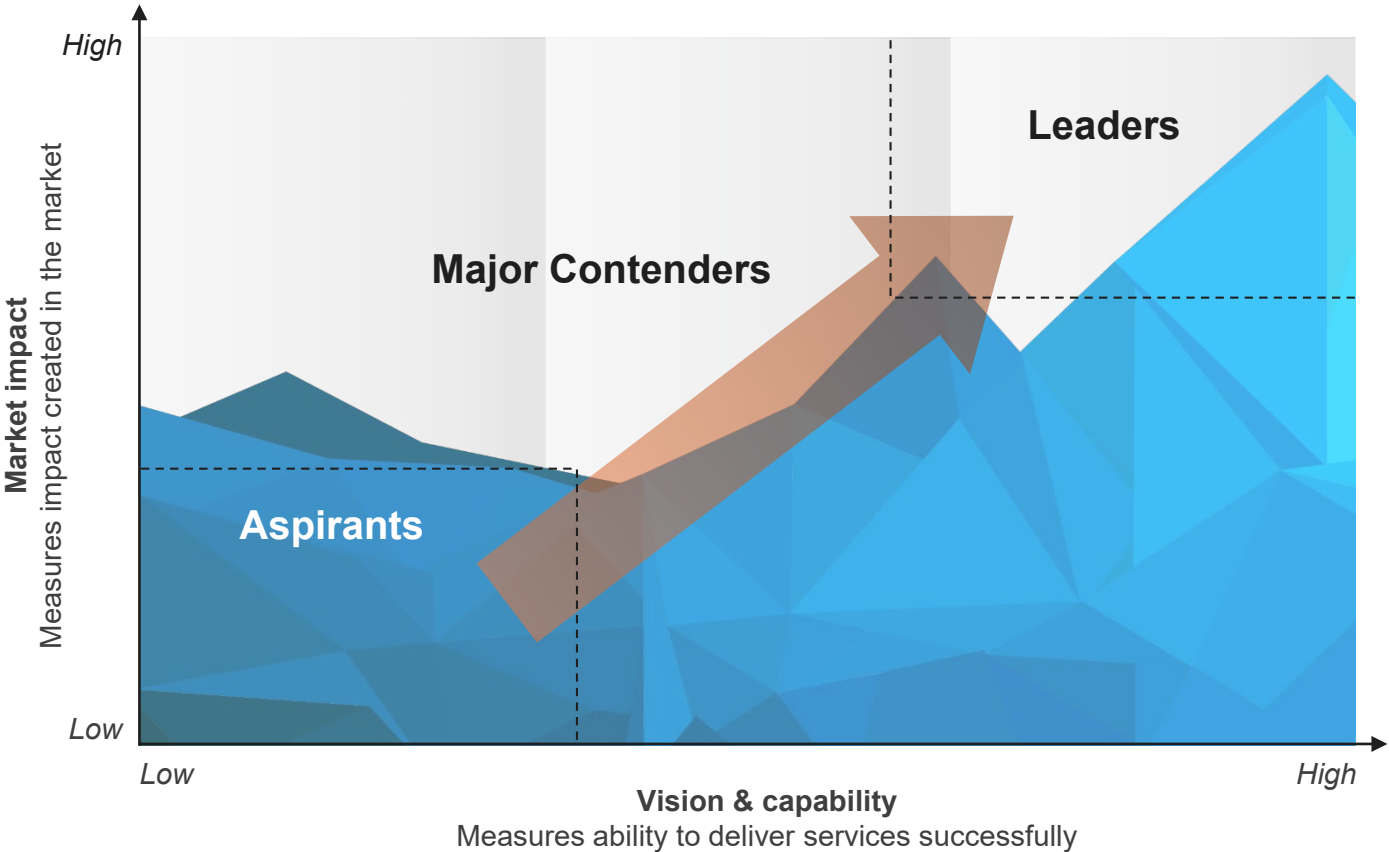
Services PEAK Matrix® evaluation dimensions

Measures impact created in the market – captured through three subdimensions
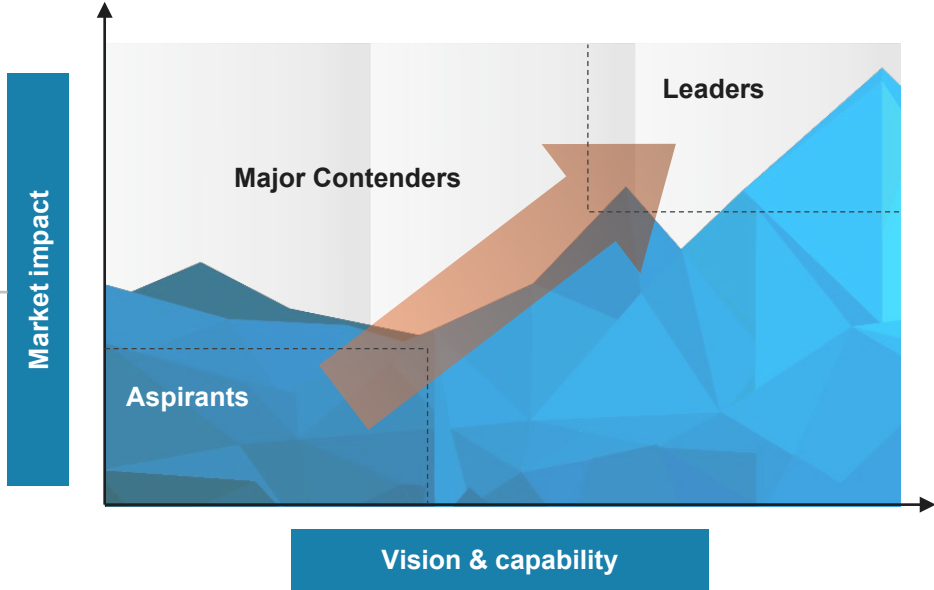
Market adoption

Number of clients, revenue base, YoY growth, and deal value/volume

Portfolio mix

Diversity of client/revenue base across geographies and type of engagements

Value delivered

Value delivered to the client based on customer feedback and transformational impact

Market impact

Leaders

Major Contenders

Aspirants

Vision & capability

Measures ability to deliver services successfully. This is captured through four subdimensions

Vision and strategy

Vision for the client and itself; future roadmap and strategy

Scope of services offered

Depth and breadth of services portfolio across service subsegments/processes

Innovation and investments

Innovation and investment in the enabling areas, e.g., technology IP, industry/domain knowledge, innovative commercial constructs, alliances, M&A, etc.
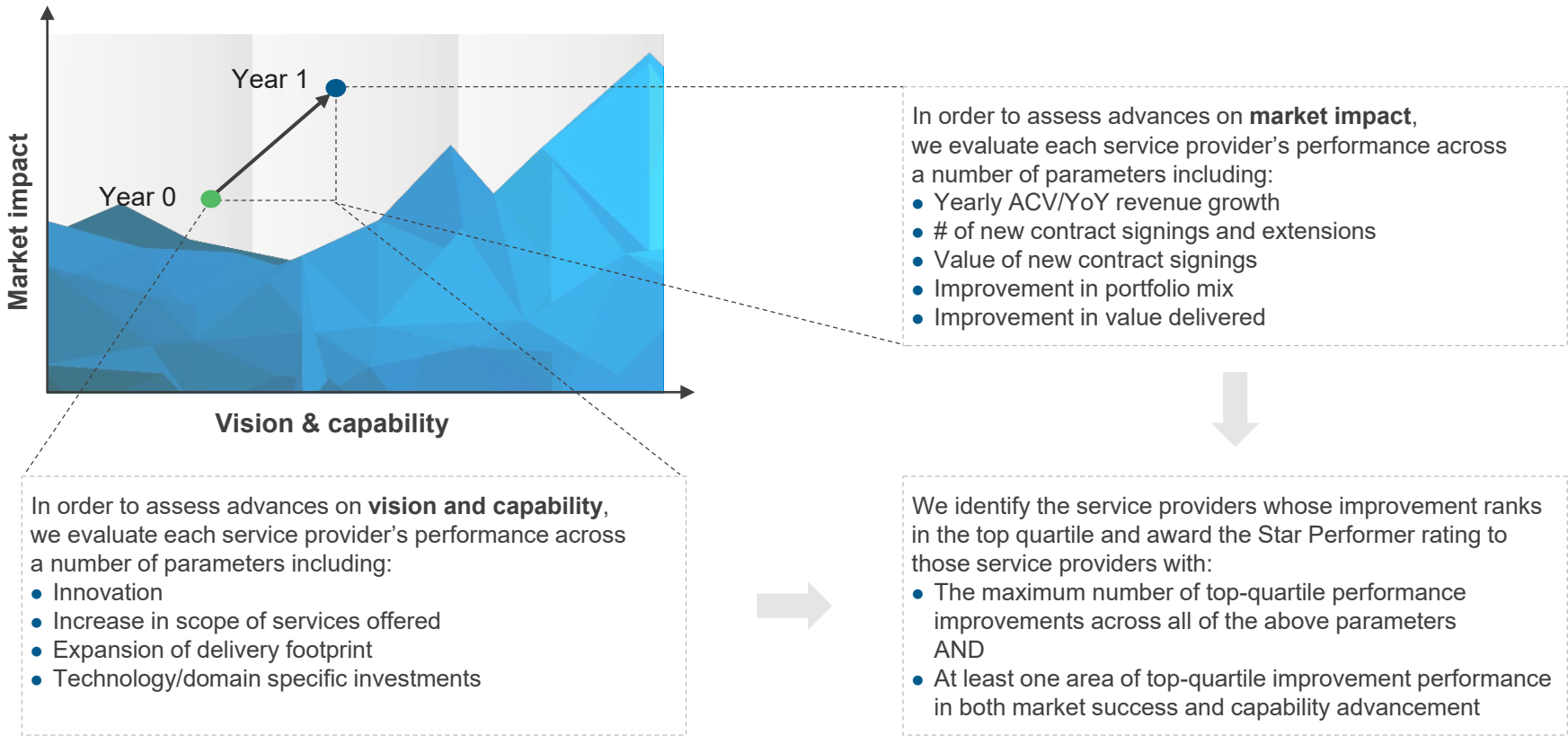
Delivery footprint

Delivery footprint and global sourcing mix

Everest Group confers the Star Performers title on providers that demonstrate the most improvement over time on the PEAK Matrix®

Methodology
Everest Group selects Star Performers based on the relative YoY improvement on the PEAK Matrix®

In order to assess advances on **market impact**, we evaluate each service provider's performance across a number of parameters including:
- Yearly ACV/YoY revenue growth
- # of new contract signings and extensions
- Value of new contract signings
- Improvement in portfolio mix
- Improvement in value delivered

In order to assess advances on **vision and capability**, we evaluate each service provider's performance across a number of parameters including:
- Innovation
- Increase in scope of services offered
- Expansion of delivery footprint
- Technology/domain specific investments

We identify the service providers whose improvement ranks in the top quartile and award the Star Performer rating to those service providers with:
- The maximum number of top-quartile performance improvements across all of the above parameters AND
- At least one area of top-quartile improvement performance in both market success and capability advancement

The Star Performers title relates to YoY performance for a given vendor and does not reflect the overall market leadership position, which is identified as Leader, Major Contender, or Aspirant.

FAQs

Does the PEAK Matrix® assessment incorporate any subjective criteria?
Everest Group's PEAK Matrix assessment adopts an unbiased and fact-based approach (leveraging service provider / technology vendor RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information). In addition, these results are validated / fine-tuned based on our market experience, buyer interaction, and provider/vendor briefings

Is being a "Major Contender" or "Aspirant" on the PEAK Matrix, an unfavorable outcome?
No. The PEAK Matrix highlights and positions only the best-in-class service providers / technology vendors in a particular space. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix at all. Therefore, being represented on the PEAK Matrix is itself a favorable recognition

What other aspects of PEAK Matrix assessment are relevant to buyers and providers besides the "PEAK Matrix position"?
A PEAK Matrix position is only one aspect of Everest Group's overall assessment. In addition to assigning a "Leader", "Major Contender," or "Aspirant" title, Everest Group highlights the distinctive capabilities and unique attributes of all the PEAK Matrix providers assessed in its report. The detailed metric-level assessment and associated commentary is helpful for buyers in selecting particular providers/vendors for their specific requirements. It also helps providers/vendors showcase their strengths in specific areas

What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?
- Participation incentives for buyers include a summary of key findings from the PEAK Matrix assessment
- Participation incentives for providers/vendors include adequate representation and recognition of their capabilities/success in the market place, and a copy of their own "profile" that is published by Everest Group as part of the "compendium of PEAK Matrix providers" profiles

What is the process for a service provider / technology vendor to leverage their PEAK Matrix positioning and/or "Star Performer" status ?
- Providers/vendors can use their PEAK Matrix positioning or "Star Performer" rating in multiple ways including:
  – Issue a press release declaring their positioning. See citation policies
  – Customized PEAK Matrix profile for circulation (with clients, prospects, etc.)
  – Quotes from Everest Group analysts could be disseminated to the media
  – Leverage PEAK Matrix branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)
- The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with the designated POC at Everest Group.

Does the PEAK Matrix evaluation criteria change over a period of time?
PEAK Matrix assessments are designed to serve present and future needs of the enterprises. Given the dynamic nature of the global services market and rampant disruption, the assessment criteria are realigned as and when needed to reflect the current market reality as well as serve the future expectations of enterprises

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With you on the journey

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