

NEAT EVALUATION FOR CAPGEMINI:

F&A Transformation

Market Segment: Overall

Introduction

This is a custom report for Capgemini presenting the findings of the 2024 NelsonHall NEAT vendor evaluation for *F&A Transformation* in the *Overall* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of Capgemini for F&A transformation services, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering finance & accounting (F&A) transformation services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall, and with specific capability in analytics, CFO advisory services, BPS & transformation, and GenAI.

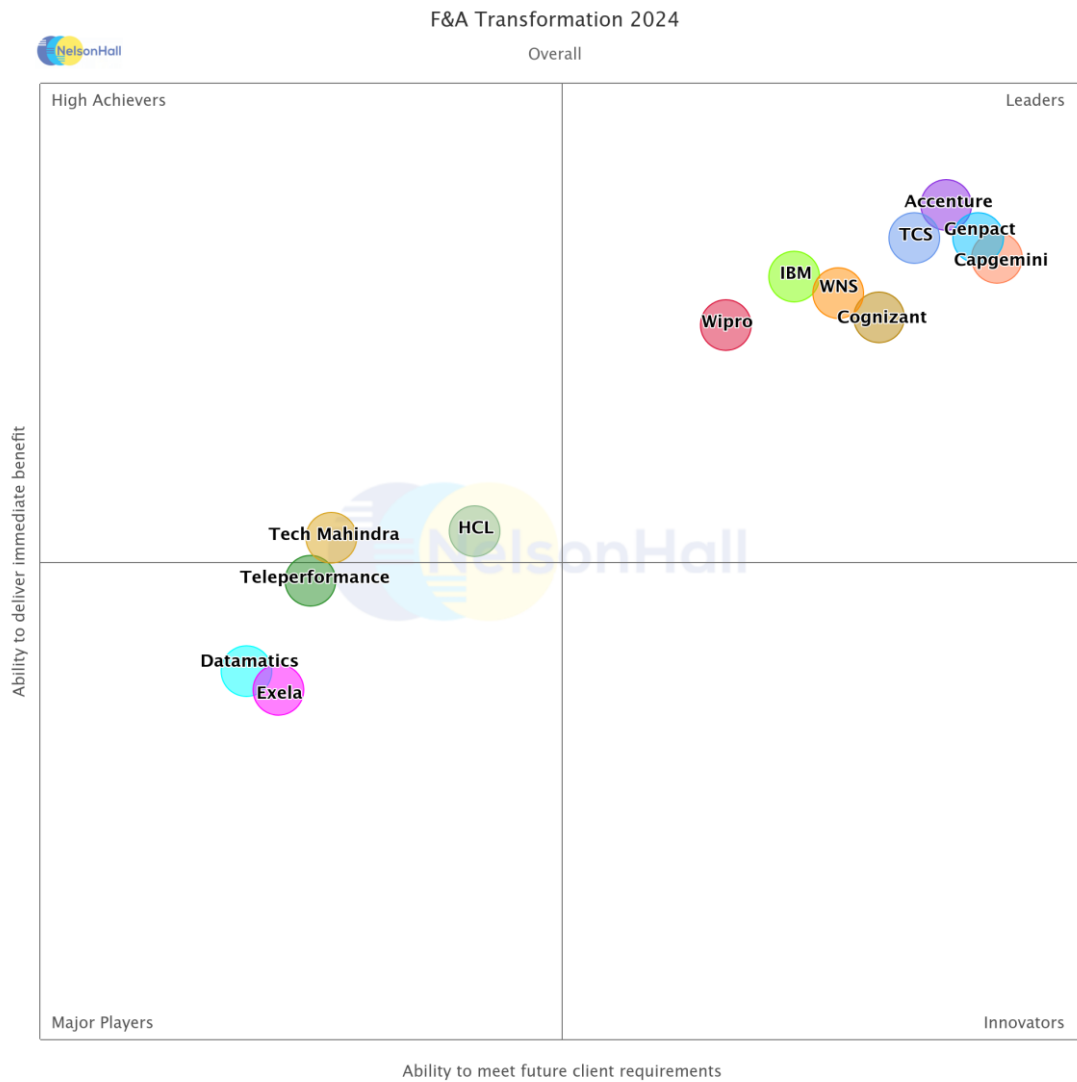
Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Accenture, Capgemini, Cognizant, Datamatics, Exela Technologies, Genpact, HCL Technologies, IBM, TCS, Tech Mahindra, Teleperformance, Wipro, and WNS.

Further explanation of the NEAT methodology is included at the end of the report.



NEAT Evaluation: F&A Transformation (Overall)



NelsonHall has identified Capgemini as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects Capgemini’s overall ability to meet future client requirements as well as delivering immediate benefits to its F&A clients.

Leaders are vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements.

Buy-side organizations can access the *F&A Transformation* NEAT tool (*Overall*) [here](#).



Vendor Analysis Summary for Capgemini

Overview

Capgemini has been offering F&A services for ~27 years, growing its F&A presence in 2003 by acquiring PwC's F&A delivery centers in Krakow, Poland and Guangzhou, China. Capgemini's F&A services are part of the organization's enterprise management services.

Under the umbrella of enterprise management, Capgemini's intelligent F&A operations offering focuses on delivering outcomes at an enterprise level, improving efficiency and top-line growth. The company's F&A offerings focus on transformation as a key element while delivering committed business outcomes.

GenAI is a top investment priority for Capgemini and the company continues to invest in building and developing new offerings that leverage GenAI. The company has identified ~150 potential GenAI use cases for F&A. Manufacturing is one of the most significant focus industries for Capgemini's F&A offerings with a 38% share; however, the overall industry footprint is reasonably distributed.

Capgemini clearly emphasizes transformation-driven F&A engagements. The company has successfully obtained combined consulting and BPS deals, with ~95% of its contracts having both consulting and BPS in scope.

S/4 HANA-driven enterprise-level transformation and GenAI-driven offerings are core to Capgemini's growth and GTM strategy along with a focus on business outcomes.

Capgemini's F&A offerings are broadly categorized into:

- Frictionless finance solution
- Finance advisory and design
- Automation and platforms
- Global business services
- S/4 HANA enterprise transformation
- Change adoption and value realization
- Carbon management.

NelsonHall estimates Capgemini has ~21,000 FTEs delivering F&A BPS and transformation services worldwide, of which ~12,650 are offshore (India, Philippines, Egypt, Morocco); ~1,900 are onshore (North America, EMEA, China); and ~6,500 are nearshore (Poland, Latin America).

Capgemini has ~290 F&A services and transformation clients.

Financials

Although Capgemini doesn't report F&A revenue, NelsonHall estimates F&A BPS and transformation revenue of ~\$750m in CY 2024. Capgemini's F&A operations revenue grew by ~10% yearly, whereas the standalone consulting and transformation revenue grew by 20% from last year.



Strengths

- With a focus on transformation-driven F&A offerings, Capgemini has developed an ecosystem of offerings and enablers and continues to invest in strengthening the offerings in areas such as GenAI, S/4 HANA
- The strength of Capgemini as a group, with the ability and scale to deliver projects and transformation, going beyond just finance, as the enterprise transformation partner across BPS, GenAI, cloud, S/4 HANA
- Focus on strong business outcomes driven by innovation and creativity along with a comprehensive set of ready-to-use assets that can deliver client value
- F&A BPS engagements with transformation and consulting-driven delivery, ~95% of F&A engagements having consulting components embedded
- A strong network of strategic partners coupled with its own and third-party proprietary tools and IP.

Challenges

- ~83% of F&A revenue comes from large clients, and the current focus on mega deals means mid-market companies may find it challenging to engage with Capgemini
- Capgemini should further integrate internal capabilities to deliver a one Capgemini experience and be more aggressive with delivering client outcomes.

Strategic Direction

Capgemini clearly emphasizes transformation-driven F&A engagements, and the company has successfully obtained combined consulting and BPS deals. Additionally, Capgemini has been leveraging its technology capability to cross-sell and upsell BPS and consulting engagements. This also indicates a high level of trust within Capgemini's existing clients. NelsonHall expects that Capgemini will continue to leverage its proven consulting and technology capabilities to focus on winning new mega deals across F&A.

In addition, Capgemini is heavily focused on global business services offerings, where it is looking to support non-BPS clients with finance transformation within their GCC and GBS organization set-up and target operating model.

S/4 HANA-driven enterprise-level transformation and GenAI-driven offerings are the core growth and GTM strategy with a focus on business outcomes and the transformation that must be part of every deal and client engagement. Value play and realization of business outcomes are other key areas within engagement models that will see strong demand. Capgemini will continue to invest in pre-built accelerators and frameworks that can be easily deployed across clients to deliver business outcomes. NelsonHall expects this to grow significantly in the next two years across new contracts and within old or existing client contracts. Capgemini will continue to explore new technology partnerships, with recent examples being Pipefy, YayPay, and Workiva.



Outlook

Capgemini has recently invested significantly in building partnerships and proprietary tools and leveraging wider organizational capabilities to offer F&A services. NelsonHall expects to see:

- A focus on AI and GenAI-based offerings with further investments to strengthen its partnerships with technology/platform partners and the expected launch of proprietary IPs
- The building of some industry-focused offerings that especially target CPG and other manufacturing clients
- Growth in transformation and consulting-led BPS engagements, augmented with digital accelerators and tools
- An emphasized and assertive approach towards value framework and outcome-based engagements with an increased share of F&A BPS revenue coming from outcome-based engagements.



F&A Transformation: Market Summary

Overview

The F&A services vendor landscape has evolved significantly in recent years. Rising client demand for automation and data-driven insights, coupled with vendor solutions powered by proprietary and third-party IPs and digital enablers that utilize automation, AI, and GenAI, has transformed and reimagined F&A services.

Most leading vendors' reimagined offerings now fall into two main categories: transactional and strategic. Transactional services, including PO processing, invoice processing, payment processing, journal entries, helpdesk, period-end closing, and order processing, are experiencing significant automation and data-driven transformation and are becoming increasingly touchless. Consequently, vendors are shifting away from traditional FTE-based and fixed-pricing models, and moving to per transaction pricing in these areas. Elsewhere, vendors are increasingly adopting pure outcome-based or gain-share engagement models for strategic areas such as working capital management, duplicate invoices/payments, and dispute and returns management.

As AI and GenAI become more accessible over the next few years, areas like contract management, helpdesk, reporting and insights, cash flow analysis, and accounts payable will evolve significantly. This is expected to substantially increase automation levels from 30–40% to 60–80% within two to three years.

While P2P remains the most frequently outsourced process by F&A services buyers, followed by O2C and R2R, vendor offerings are set to advance significantly, focusing more on high-end finance services such as tax, treasury, audit, statutory and legal reporting, and derivatives accounting.

Buy-Side Dynamics

The F&A services market is shifting towards a buyer's market, where clients hold considerably more negotiation power than service providers. Leading vendors concentrate on large deals, further amplifying client leverage. With the increased adoption of automation and technology enablers, this trend is expected to deepen, enabling clients to explore additional cost-saving opportunities.

Buyers of F&A services report high satisfaction with their current providers in traditional areas like P2P, O2C, and R2R, though buyers highlight the need for improvements in stakeholder management, speed of transformation, and industry-specific expertise. Satisfaction is notably lower in emerging areas such as treasury and cash management and FP&A.

In a recent NelsonHall buyer survey, all respondents stated that they either have imminent transformation plans or are actively undergoing transformation initiatives. Further, buyers expect F&A vendors to play a key role in driving transformation in areas such as:

- Driving automation, including leveraging AI and GenAI and creating value-add to automate transactions
- Generating real-time, actionable insights using a self-service dashboard in areas such as key account data, P&L insights for CFOs and business leaders
- Leveraging best-of-the-breed technology and bolt-on platforms in areas such as O2C and R2R



- Focusing on continuous accounting, with a real-time month-end closing and reporting activity and a focus on continuous improvements
- Developing standardized global processes with the help of digital interventions.

Market Size & Growth

NelsonHall estimates the global F&A transformation services market to be ~\$12.8 billion in 2024, with a projected CAGR of 3–4% through 2029.

The manufacturing sector holds the largest market share, followed by healthcare and financial services, with these three sectors accounting for ~69% of the total market. However, sectors such as retail, telecom and media, financial services, and healthcare are also expected to show strong demand growth.

Success Factors

Critical success factors for vendors within the F&A transformation market are:

- A focus on driving automation while delivering efficiencies and reduced operations cost
- The ability to partner with technology companies and develop joint offerings, tech-enabled services; the use of partners such as HighRadius, Anaplan, and Trintech, together with companies such as Celonis for process mining, has been another key factor in driving efficiencies and transparency across F&A
- A consulting-led delivery approach that incorporates the vendor's learning from other clients and benchmarking/process insights; this has been a critical aspect of service delivery that clients value highly
- The ability to manage industry-specific F&A activities, such as retail accounting or billing management for energy and utilities clients, is a crucial aspect of F&A delivery
- The ability to manage period-end reporting and closing activities in areas such as accounts payable and R2R while reducing complexities has been a key success factor. Vendors are focusing on achieving T+1 period-end closing for R2R and are working towards a continuous close model, aiming for a near T+0 closing period in the future
- In consulting and advisory, activities such as target operating model design, process assessment, benchmarking, and the ability to provide client-specific insights often serve as gateways to broader engagements. These also serve as proof of concept for the vendor's delivery capabilities.



Outlook

The F&A services landscape is at a pivotal point, with the market poised for a significant evolution. This is characterized by:

- The demand for industry-specific F&A services continuing to grow and vendors looking to build matrix-structured offerings that complement conventional F&A service areas such as P2P, O2C, R2R, and FP&A, as well as bringing added depth to their offerings. This will also increase the avenues for vendors to cross-sell and up-sell their F&A offerings
- The impact of AI and GenAI driving toward more autonomous F&A with machine-enabled delivery. This will also allow vendors and buyers to explore and migrate to alternate pricing and engagement models
- The emphasis on end-to-end F&A delivery driving vendors to partner with the Big Four for audit services. At the same time, the Big Four and other audit and advisory firms are expected to increasingly overlap and expand into each other's domains in the coming years
- Vendors focusing on embedding sustainability, carbon accounting, and ESG reporting, which will become more mainstream
- Migration towards S/4HANA continuing to disrupt the existing landscape, with significant technology-driven vendors such as Accenture, Capgemini, and IBM focusing on cloud migration for clients and using this to extend into other BPS and advisory services, while vendors such as Genpact and WNS will look at optimizing the S/4HANA migration for clients
- Focusing on growth via penetration into the existing client accounts while still targeting new global 2,000 clients across the U.S. and Europe
- As demand and adoption of GBS/GCCs continue to rise, vendors are increasingly exploring GCC/GBS alternatives. Major BPS vendors are leveraging synergies across the CFO's organization and GBS to ensure seamless coexistence.



NEAT Methodology: F&A Transformation

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet future client requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet future client requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders:** vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements
- **High Achievers:** vendors that exhibit a high capability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet future client requirements
- **Innovators:** vendors that exhibit a high capability relative to their peers to meet future client requirements but have scope to enhance their ability to deliver immediate benefit
- **Major Players:** other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.



Exhibit 1

‘Ability to deliver immediate benefit’: Assessment criteria

Assessment Category	Assessment Criteria
Offerings	<ul style="list-style-type: none"> P2P offerings R2R offerings O2C offerings FP&A offerings Consulting and stand-alone transformation offerings CFO advisory offerings Analytics offerings Gen-AI enabled F&A offerings Industry Specific Offerings
Delivery Capability	<ul style="list-style-type: none"> Scale of delivery capability in P2P Scale of delivery capability in R2R Scale of delivery capability in O2C Scale of delivery capability in FP&A Scale of capability, consulting & standalone transformation Scale of delivery capability in CFO Advisory Scale of delivery capability in F&A Analytics Scale of Gen-AI enabled delivery capability in F&A Availability of proprietary tools Delivery capability in support of the Americas Delivery capability in support of EMEA Delivery capability in support of APAC
Client Presence	<ul style="list-style-type: none"> Scale of client base: consulting/transformation Scale of client base: Managed Services Scale of client base: CFO Advisory Scale of client base: Gen-AI enabled F&A offerings Scale of client base: F&A Analytics Number of clients in the Americas Number of clients in EMEA Number of clients in APAC Number of global/multi-country clients
Benefits Achieved	<ul style="list-style-type: none"> Improved process compliance or reduction in cost of compliance Automation and touchless processes Reduction in RTR closing time Reduction in past dues Improved working capital Improved budgeting and planning and forecasting accuracy Touchless reporting capability Reduction in operational cost through productivity

Continued...



Improvement in cycle time and processing TAT
 Increased customer satisfaction or NPS

Exhibit 2

‘Ability to meet client future requirements’: Assessment criteria

Assessment Category	Assessment Criteria
Investments	Investment in analytics tools and capabilities Investment in GenAI tools and capabilities Investment and innovation in Frameworks and delivery models Investment in RPAs and process automations Investment in process mining Investment in building partnership and alliances Investments in building thought leadership across F&A
Ability to Deliver Innovation	Mechanisms in place to deliver client innovation Extent to which client perceives outcome and transformation has been delivered Suitability of vendor to meet future needs of client Innovation in delivery management and engagement commercials Innovation in offerings and delivery, in response to evolving industry requirements
Partners and Technological Advancements	Existing partners and technology alliances - - - Agility and investments towards strategic alliances and partnerships - - - Partner enabled offerings and enablers
Market Momentum	Client wins in the past 12 months

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.



research.nelson-hall.com

Sales Inquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:
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