

ISG Provider Lens™ Report: Finance and Accounting Outsourcing (FAO) Services - 2016

An ISG report on aligning enterprise requirements and provider capabilities

March 30, 2017

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The research and analysis presented in this report includes research from the former ISG Dynamic RFI program, ongoing ISG Research programs, interviews with ISG Advisors, briefings with services providers and analysis of publicly available market information from multiple sources. The data collected for this report represents information that was current as of May 31, 2016. ISG recognizes that many mergers and acquisitions have taken place since that time but those changes are not reflected in this report.

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Executive Summary

This ISG Provider Lens™ report summarizes months of research focused on Finance and Accounting Outsourcing (FAO) services, key service providers in this space, and the buyers of these services. This report summarizes the relative capabilities of FAO services providers and their abilities to address the requirements of four typical, frequently encountered categories of enterprise user types (“archetypes”). Each archetype represents a unique set of business and technological needs and challenges.

Our research indicates that the FAO market, though traditional in nature, is emerging as an innovative and technology-driven service segment. We see more and more providers with diversified portfolios and capabilities catering to the needs of different enterprise clients in this space. However, rapidly-changing enterprise client needs make it increasingly difficult for service providers to build expertise and offer services around every aspect of FAO. This is due in large part to two core realities regarding the archetypes:

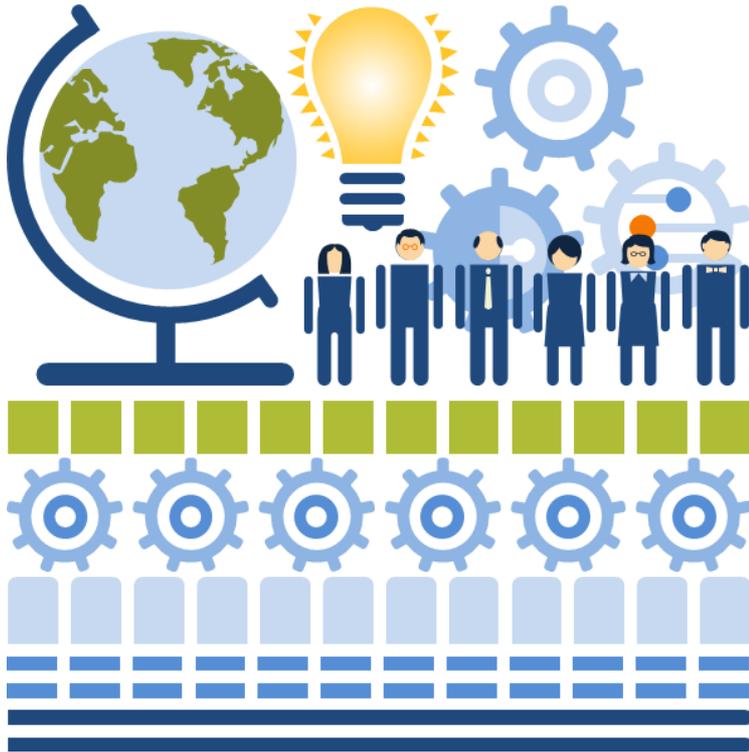
1. The characteristics of each archetype are a moving target over time, because, while the core requirements rarely change, the relative importance of different requirements can vary based on business and/or technological environment changes.

2. Multiple archetypes tend to be present in most enterprises, especially in larger firms. As the requirements of each archetype evolve and adapt based on business and technological changes, so too do the presence and value of each archetype.

This gives CFOs and decision makers a series of choices when it comes to FAO services provider selection. Striking and maintaining the proper balance between archetype requirements and service provider capability is a mandate to achieve optimal business value. Within the ever-evolving outsourcing space, it will be hard to standardize client requirements and map them against one particular client archetype without anticipating future needs. Thus,

1. Service providers need to have a complete understanding of the client’s internal technology landscape and outsourcing objectives. They should be able to relate to the client’s existing archetype and their future requirements. This will enable them to design solutions while providing insights, more as a consulting partner.
2. Enterprise clients need to understand their organizational characteristics to lay out an effective outsourcing plan, analyze suitability and choose service providers based on their requirements.

Note: This report presents services providers’ known capabilities in the context of user enterprises’ typical project needs (i.e., archetypes). This report is not meant to rank providers or to assert that there is one top provider with the abilities to meet the requirements of all clients who identify themselves with a particular archetype. 



Introduction

In the current Finance and Accounting Outsourcing (FAO) market, services providers are expected to change their focus from the traditional approaches of labor arbitrage, increased productivity and continuous improvement to upfront transformation, innovation and emerging technologies. ISG believes disruptive technology is enabling the FAO market to make a shift toward digital labor arbitrage and away from the traditional cost-reduction approach. CFOs are not only expecting cost reduction and improved compliance but have also added predictive analytics and agility to their agenda. They continue to outsource the transactional processes but also are trusting their services providers with non-transactional and more complex processes that require domain expertise.

Clients are requiring higher benchmarking metrics in their SLAs with the help of F&A analytics, which can provide a 360-degree view of functional performances. Technologies like RPA, analytics and cloud-based solutions are important evaluation criteria when selecting an outsourcing provider.

ISG has also observed an emerging contractual pattern of short-term contracts and smaller contractual values, driven by changing regulations and evolving technological advancement. Clients don't want to get locked into a long-term relationship that reduces their flexibility to optimize service delivery in the short term. Clients are also becoming more alert about contractual risks and increasingly prefer contracts with a shared risk-reward pricing model.

The capabilities of 15 providers are assessed in this report. Some services providers that are typically included in our work are not included in this report. Some of these services providers were not able to participate, and some declined to participate. They may be included in future versions of this report, based on merit and on the services providers' willingness to provide current and relevant information. Readers should not make any inferences based upon a services provider's absence from this report.

How to Use this Report

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

This report is organized as follows:

- **Client Archetype Descriptions.** This section identifies and describes each of the four most common user-side archetypes we have identified in our ongoing FAO research and analysis.
- **Methodology.** In this section, we outline and explain how we developed and applied the data, analysis and insights provided in this report.
- **Assessments by Archetype.** These sections first detail each of the four client archetypes, along with the typical characteristics and the significant parameters required to realize the most business value specific to each archetype.

These sections present our assessment of the relevant capabilities and positioning of the 15 providers surveyed and interviewed in relationship to each archetype, i.e., the relative suitability of the providers for each archetype is based on the information they provided to us. These assessments are developed using the data, analysis and comparative methodology described in the subsequent section. 

Client Archetype Descriptions

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

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

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

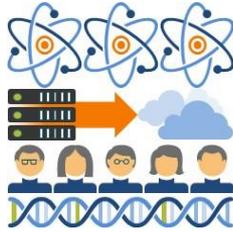
The Four Archetypes in this Report

- 1. Traditional Archetype.** These clients have a basic FAO process requirement, and are trying to drive significant cost savings via transformation and emerging technologies. ISG assumes these clients have a low IT maturity with insufficient in-house IT expertise to address business requirements.
- 2. Vertically Focused Archetype.** These clients have a complicated process structure, and they mostly operate under highly regulated industry standards. Their goal is to achieve a competitive edge and improve business efficiency by leveraging disruptive technologies in aligning the process solution as per industry dynamics. ISG sees these clients as having a mature IT landscape with domain expertise. They want to engage with services providers who have proven domain expertise and advanced technological capabilities.



3. Automation & Transformation-Oriented Archetype.

These clients once pursued traditional outsourcing but are now embracing innovation and optimized processing through transformation and automation. ISG believes they are mostly third-generation outsourcers seeking change in their IT ecosystem and wanting to create a difference with automation and analytics. They have shifted their focus from cost savings to business process optimization. They want to engage with services providers who can not only deliver the obvious but can bring in value for the business. This genre of clients has a higher tolerance for risk and expects a consultative approach from their services partners.



4. **Integrated Solution Archetype.** These buyers are second- and third-generation outsourcers looking for consolidation through an integrated platform solution. They want to achieve business process standardization through a common interacting platform to optimize business and increase revenue with a 360-degree analytical view. ISG believes these buyers have a mature IT landscape and require an end-to-end solution provider. They engage with services providers who have both ITO and BPO expertise. These buyers normally negotiate bundled and long-term contracts with the right mix of transaction-based/FTE-based/outcome-based engagement models in a phased approach. ⚙️

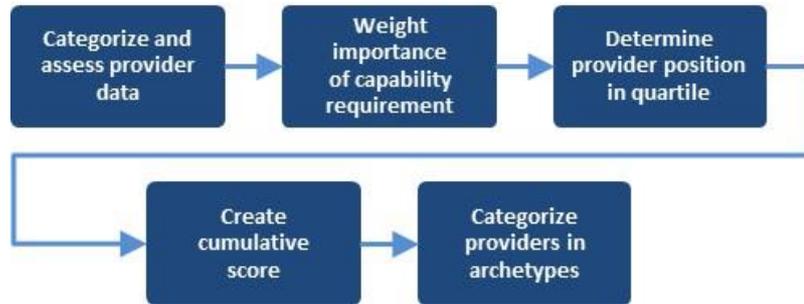


Methodology

As noted above, this report uses four archetypical sets of buy-side client requirements to assess the relative suitability of 15 FAO services providers. Data regarding the providers' capabilities and positioning was provided to ISG via briefings, interviews and surveys with the providers, including information derived from our "Dynamic RFI" provider survey program.

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

Figure 1: Report Methodology



Our general methodology is as follows:

1. The data provided by the services providers was categorized and assessed according to the FAO requirements described for each of the four client archetypes. In cases in which provider descriptions and data were not worded as precisely as our archetype requirements, our FAO analysts relied upon their expertise and experience to classify the provider capabilities.
2. Based upon our advisor and analysts' insights and expertise, each archetype capability requirement was weighted based on its relative importance to that archetype's typical requirements. Weightings for each archetype's requirements add up to a total of 100 percent. Specific weightings are not disclosed in this report. The relative importance of each capability requirement is depicted in illustrations at the beginning of each archetype section using differently sized "wheel" icons.
3. Once the relative ability of each provider was assessed for each of the archetype requirements, each provider was then positioned in a relevant quartile (e.g., top 25 percent, second 25 percent, and so on). The top quartile was awarded a numerical "capability score" of 4/4; the second quartile earned a score of 3/4, the third quartile earned a score of 2/4, and the fourth quartile earned a score of 1/4. ⚙️

4. Provider capability scores from Step 3 were then multiplied by the weightings developed for each client archetype requirement in Step 2. The results for each provider were then summed up to develop a cumulative score for each provider. These cumulative scores are not disclosed in this report.
5. The cumulative scores were then used to identify the providers most suited for each archetype's requirements. These providers are listed alphabetically and briefly profiled in each archetype section. Where relevant, additional providers with noteworthy capabilities are also mentioned (e.g., providers that may have scored well on a specific requirement but not across all the requirements for that archetype).

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

The cumulative score for each of the selected service providers against each archetype requirement is represented using Harvey Balls. For example: if a provider is assessed with a score of 4 out of 4, then a full Harvey Ball is utilized to represent their capability against that requirement. Similarly, if a provider is assessed a score of 1 out of 4, then a one-quarter Harvey Ball is utilized, so on and so forth. Figure 2 illustrates this. 

Figure 2: Provider Capability Scores as Harvey Balls

Score	Harvey Ball representation
Score 4 out of 4	
Score 3 out of 4	
Score 2 out of 4	
Score 1 out of 4	

Source: ISG Research, 2017

Archetypes



Traditional Archetype

These clients have a basic FAO process requirement, and are trying to drive significant cost savings via transformation and emerging technologies. ISG assumes these clients have a low IT maturity, with insufficient in-house IT expertise to address business requirements.

The typical characteristics of this archetype include:

- Outsourcing of core F&A processes that are not well defined for cost savings through labor arbitrage
- Engaging via FTE- or time-and-materials (T&M)-based models for outsourcing

They are looking to:

- Engage with providers with a proven track record and domain expertise
- Utilize pre-built applications and customizations as per standard processes



- Leverage services provider expertise to achieve cost savings

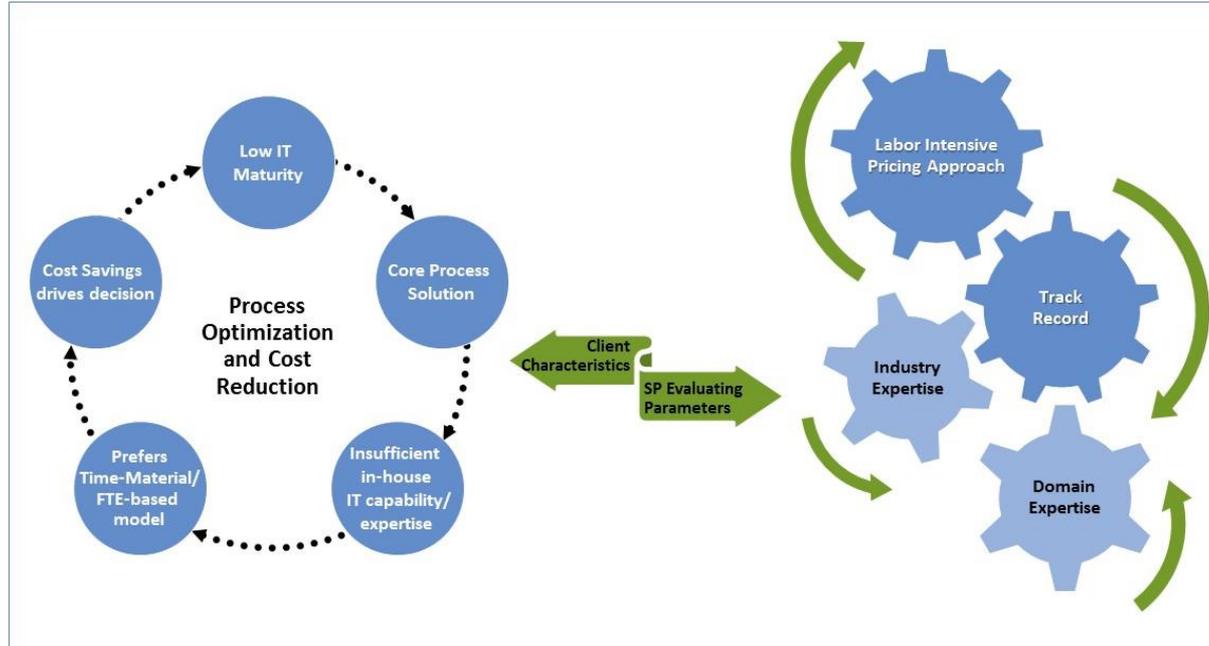
To meet such requirements, FAO services providers must demonstrate capabilities that include the following:

- A labor-intensive pricing approach as measured by different pricing approaches used such as T&M, fixed fee, FTE-based, etc.
- A proven track record of serving the FAO market determined by factors such as revenue generated, clientele and capabilities' strength
- Domain experience through an established client-base and process transactions
- 360-degree service offering capabilities within F&A (i.e. capability to serve complete Order to Cash, Procure to Pay, and Record to Report cycles)

The major parameters driving the service provider evaluation process for a Traditional Archetype are: proposed cost savings, pricing approach of the service provider, domain expertise and track record as displayed by the service provider.

Figure 3 depicts the characteristics of a Traditional Archetype client mapped to the required service provider evaluating parameters.

Figure 3: Client Characteristics and Required Service Provider Evaluating Parameters

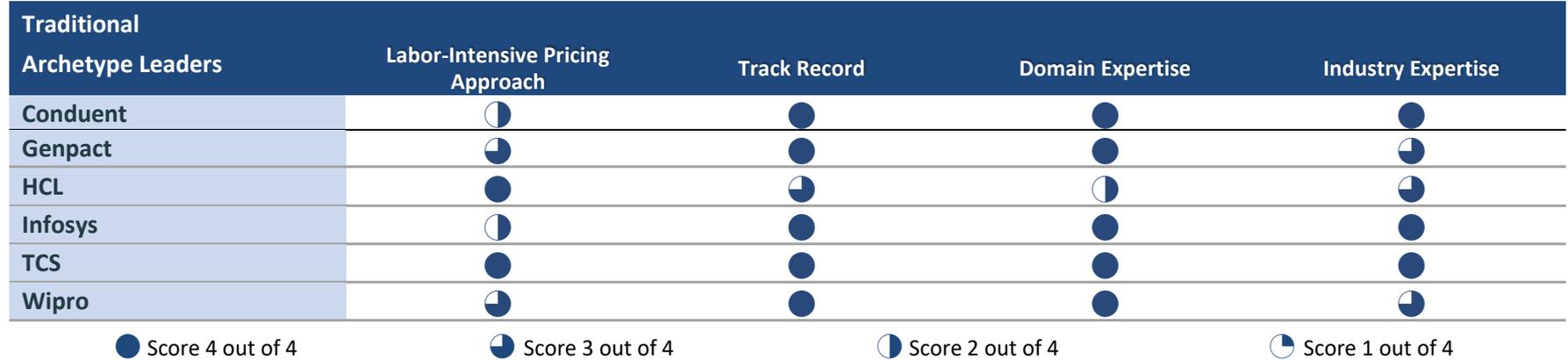


Note: The size of the wheels highlighting different service provider capabilities are based on their relative degree of importance to the archetype.

Of the 15 providers included in our research, we found six that stand out above the others based on our assessment of their capabilities as described in the Methodology section above. The six, referred to as Archetype Leaders, and their relevant capabilities are presented in Figure 4 and briefly examined as follows.

Source: ISG Research, 2017

Figure 4: Traditional Archetype Leader Assessments Across Capability Parameters



Note: The service providers mentioned above are arranged in alphabetical order and are not in any rank order.

Source: ISG Research, 2017

Other Noteworthy Service Providers – Traditional

Obviously, other providers enable and support the requirements of the Traditional Archetype customer, just not to the degree this archetype typically needs. Noteworthy providers (i.e., service providers excelling in one or more capabilities for Traditional Archetype clients) include the following:

Figure 5: Other Noteworthy Service Providers – Traditional Archetype

Labor Intensive Pricing Approach	Track Record	Domain Expertise	Industry Expertise
Cognizant	Arvato	Capgemini	Arvato
Dell	Capgemini	EXL	EXL
EXL	WNS	WNS	WNS
NIIT Technologies			

Source: ISG Research, 2017



Vertically Focused Archetype

These buyers have a complicated process structure and mostly operate under highly regulated industry standards.

The typical characteristics of this archetype include those:

- Looking for a solution customized as per their industry regulation and standards by leveraging disruptive technologies
- Focusing towards improved business efficiency and competitive edge
- Possessing a matured IT landscape

They are looking to:

- Strengthen market presence through industry aligned F&A solutions
- Engage with service provider through outcome-based pricing models
- Create a conjunction between domain expertise and industry knowledge



- Co-innovate and develop intellectual property pertaining to a particular industry

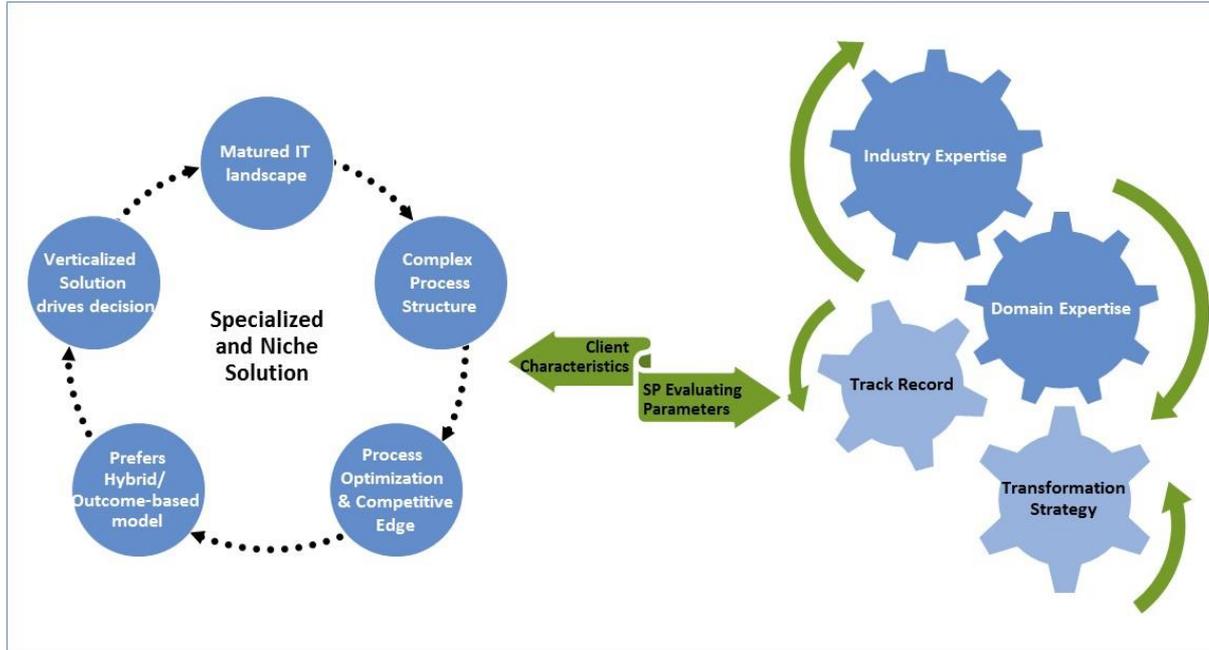
To meet such requirements, FAO service providers must demonstrate capabilities that include the following:

- Experience in crafting solutions based on industry requirements as measured by their number of clients/contracts and FTEs
- Ability to integrate core F&A processes with industry-specific point solutions as per the changing industry regulations and compliances
- Custom-developed industry-specific solutions (for example: revenue accounting and account payable specific to the Airline and Healthcare industries or claims managements solutions and fraud protection solutions specific to the Insurance industry), and revenues from various verticals

The parameters that help define a suitable services provider portfolio or Vertically Focused Archetype depend majorly on: industry expertise, domain specialization and transformation strategy.

Figure 6 depicts the characteristics of a Vertically Focused Archetype client mapped to the required service provider evaluating parameters.

Figure 6: Client Characteristics and Required Service Provider Evaluating Parameters



Note: The size of the wheels highlighting different services provider evaluating parameters are based on their relative degree of importance to the archetype.

Of the 15 total providers included in our research, we found eight standing out above the others based on our scoring of their capabilities as described in the Methodology section above. The eight, referred to as Archetype Leaders, and their relevant capabilities are presented in Figure 7 and briefly examined as follows.

Source: ISG Research, 2017

Figure 7: Vertically Focused Archetype Leader Assessments across Capability Parameters

Vertically Focused Archetype Leaders	Industry Expertise	Domain Expertise	Transformation Strategy	Track Record	Automation Strategy
Arvato	●	◐	◐	◐	◐
Capgemini	◐	◐	●	●	◐
Conduent	●	●	◐	●	●
EXL	◐	◐	●	◐	◐
Genpact	◐	●	●	●	◐
Infosys	●	●	◐	●	●
TCS	●	●	●	●	◐
WNS	◐	◐	◐	◐	◐

● Score 4 out of 4
◐ Score 3 out of 4
◑ Score 2 out of 4
◒ Score 1 out of 4

Source: ISG Research, 2017

Note: The service providers mentioned above are arranged in alphabetical order and are not in any rank order.

Other Noteworthy Service Providers: Vertically Focused

Obviously, other providers enable and support the requirements of the Vertically Focused Archetype customer, just not to the degree our assessment indicates. Noteworthy providers (i.e., service providers excelling in one or more capabilities that meet the need of the Vertically Focused Archetype) are listed in Figure 8.

Figure 8: Other Noteworthy Service Providers: Automation and Transformation-Oriented Archetype

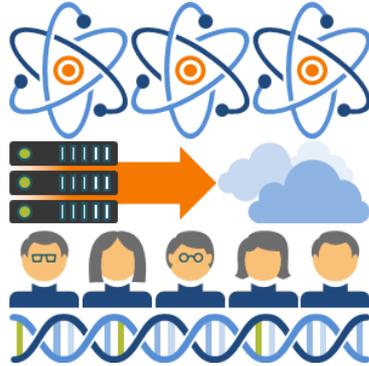
Industry Expertise	Domain Expertise	Transformation Strategy	Track Record	Automation Strategy
Dell	HCL	Cognizant	Cognizant	Dell
HCL	Sutherland	Sutherland	HCL	HCL
	Wipro	Wipro	Wipro	Wipro

Source: ISG Research, 2017



Automation and Transformation-Oriented Archetype

These clients were once traditional outsourcers but are now embracing innovation and optimizing processes through transformation. ISG sees them mostly as third-generation outsourcers that are looking forward to changing their IT ecosystem and creating a difference with automation and analytics.



The typical characteristics of this archetype include those:

- Making automation and analytics-driven decisions
- Looking for opportunities to substitute their CapEx with an OpEx model
- Seeking to innovate to create an edge
- Possessing a mature IT landscape

They are looking to:

- Transform the core F&A processes through automation and leverage other disruptive technologies

- Embrace point solutions like scanning solutions, OCR/ICR solutions, EDI solutions and auto-cash application tools, at different phases of Procure-to-Pay, Order-to-Cash and Record-to-Report
- Outsource through collaboration and co-innovation
- Build strategic relationships with services providers
- Prioritize contracts with an outcome-based or hybrid engagement model

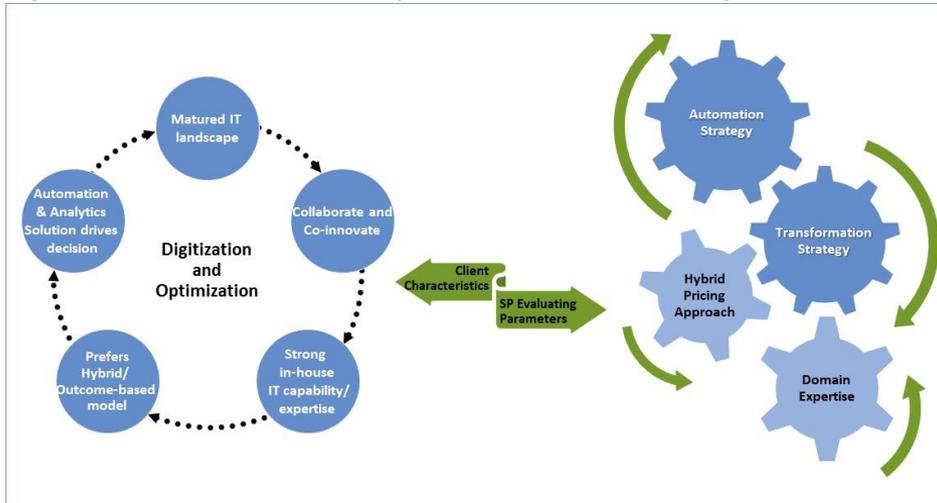
To meet these requirements, FAO services providers must demonstrate capabilities that include the following:

- Skilled workforce in terms of domain and technology expertise
- A consultative and gain-sharing approach, which can be determined by the contractual patterns and the pricing models followed by the services providers
- Experience in developing their automation strategy, which can be determined through the investments made in automation platforms, R&D centers, resource development, partnerships and acquisitions
- A transformation-oriented approach, as measured by their investments in tools, applications, technology and developing skill sets

The most important parameter for an Automation and Transformation-Oriented Archetype is to understand its services provider's transformation and automation strategy. Domain expertise of the services provider is an advantage for this type of buyer. It must leverage both its experience and its services provider's expertise and understanding in disruptive technologies to build a solution or a platform.

Figure 9 depicts objectives of an Automation and Transformation-Oriented Archetype client mapped to the required service provider evaluating parameters.

Figure 9: Client Characteristics and Required Service Provider Evaluating Parameters



Source: ISG Research, 2017

Note: The size of the wheels highlighting different service provider evaluating parameters are based on their relative degree of importance to the archetype.

Of the 15 total providers included in our research, we found eight that stand out above the others based on our scoring of their capabilities as described in the Methodology section above. The eight, referred to as Archetype Leaders, and their relevant capabilities are presented in Figure 10 and briefly examined as follows.

Figure 10: Archetype Leader Assessments Across Evaluating Parameters



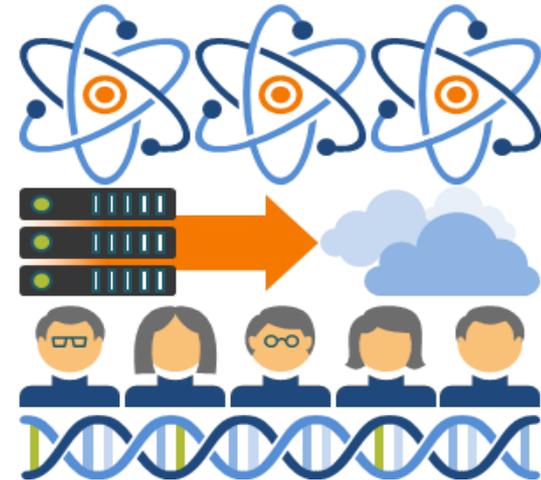
Note: The service providers mentioned above are arranged in alphabetical order and are not in any rank order

Source: ISG Research, 2017



Sutherland has implemented an integrated approach toward transformation, innovation and intelligent automation. This approach is a cumulative model with the right mix of resources and expertise, true end-to-end process capabilities along with automation platforms and tools. Sutherland has created a robotics team consisting of analysts, system engineers, developers and service delivery experts who are responsible for conceptualizing, designing, developing and implementing RPA projects. This team, in collaboration with the F&A solution architects, oversees every process and identifies the areas for possible RPA application. Sutherland has created its own automation suite called SmartLeap RPA. The company

reports that approximately 75 percent of its clients have adopted automation in finance transformation services. In addition, the SCAN ONE platform is another approach toward enhancing its embedded-analytics offering. This coupled with the recent acquisition of analytics provider Nuevora will further advance the scope and depth of Sutherland's analytics and BI capabilities. The company reports that clients have benefitted from improved working capital, increased revenues and margins, as well as significant reductions in Days Sales Outstanding (DSO) and cycle time through Sutherland's digital-enabled offerings.



Other Noteworthy Service Providers: Automation and Transformation-Oriented

Obviously, other providers enable and support at least some of what Automation & Transformation-Oriented Archetype clients require, just not to the degree that our assessment indicates the complete archetype needs. Noteworthy providers (i.e., service providers excelling in one or more capabilities for Automation & Transformation-Oriented Archetype) include those shown in Figure 11.

Figure 11: Other Noteworthy Service Providers: Automation and Transformation-Oriented Archetype

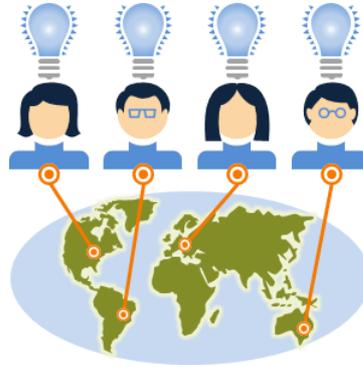
Automation Strategy	Transformation Strategy	Domain Expertise	Hybrid Pricing Approach
Arvato	Cognizant	Arvato	Arvato
Datamatics	EXL	HCL	Datamatics
Dell			Dell
EXL			
HCL			

Source: ISG Research, 2017



Integrated Solution Archetype

These buyers are second and third-generation outsourcers looking for consolidation through an integrated platform solution. They want to achieve business process standardization through a common interactive platform to optimize business and increase revenue with a 360-degree analytical view.



These users are looking to:

- Achieve business process standardization through an integrated platform
- Focus on cost savings and business optimization
- Engage with services providers with end-to-end process cycle know-how

- Employ hybrid or transaction-based engagement models

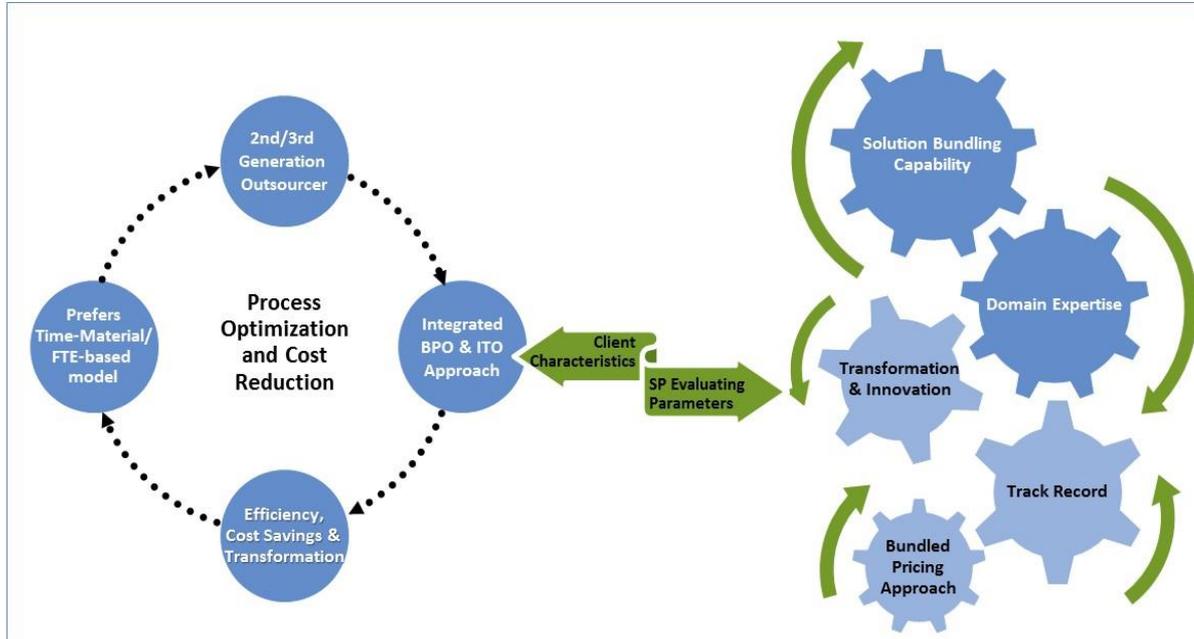
To meet these requirements, FAO service providers must demonstrate capabilities that include the following:

- Experience in integrating both ITO and BPO solutions
- Custom development of application-based solutions or platform-based solutions
- Experience in bundling service offerings and pricing

The integrated solution buyer evaluates a service provider based on its BPO and ITO capabilities. It requires not only an F&A process solution that integrates with a high-end ERP along with compliance and taxation solutions. The parameters that attract this genre of buyer are mostly cost savings and increased efficiency through transformation and innovation. This archetype is the smallest category but is rapidly scaling. The requirements of this buyer type vary from geo-centric configuration to real-time reporting.

Figure 12 depicts objectives of an Integrated Solution Archetype client mapped to the required service provider evaluating parameters.

Figure 12: Client Characteristics and Required Service Provider Evaluating Parameters

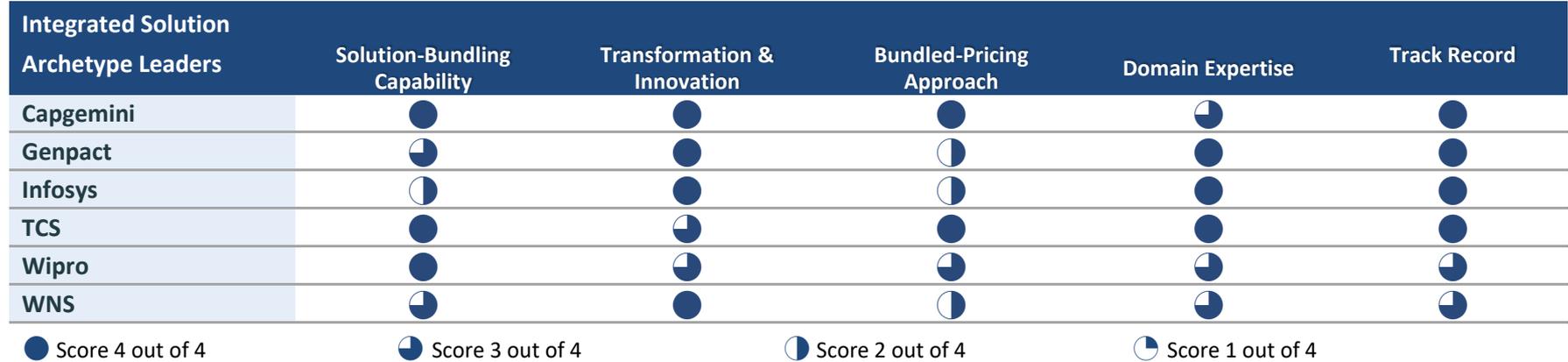


Note: The size of the wheels highlighting different service provider evaluating parameters are based on their relative degree of importance to the archetype.

Of the 15 total providers included in our research, we found six that stand out above the others based on our scoring of their capabilities as described in the Methodology section above. The six, referred to as Archetype Leaders, and their relevant capabilities are presented in Figure 13 and briefly examined as follows.

Source: ISG Research, 2017

Figure 13: Archetype Leader Assessments Across Evaluating Parameters



Note: The service providers mentioned above are arranged in alphabetical order and are not in any rank order.

Source: ISG Research, 2016

Other Noteworthy Service Providers: Integrated Solution

Obviously, other providers enable and support at least some of the Integrated Solution Archetype clients’ requirement, just not to the degree our assessment indicates the complete archetype needs. Noteworthy providers (i.e., service providers excelling in one or more capabilities for Integrated Solution Archetype) are listed in Figure 14.

Figure 14: Other Noteworthy Services Providers – Integrated Solution Archetype

Solution-Bundling Capability	Transformation & Innovation	Bundled-Pricing Approach	Domain Expertise	Track Record
Arvato	Conduent	Arvato	Arvato	Arvato
Cognizant	EXL	Conduent	Conduent	Conduent
EXL	HCL	Datamatics	EXL	HCL
HCL	Sutherland	Dell	HCL	
Sutherland		Sutherland	Sutherland	

Source: ISG Research, 2017



Service Providers Across Archetypes

Figure 15: Leader and Noteworthy Services Providers Summary

 Indicates Leaders
  Indicates Noteworthy Players with the number of check marks indicating degree of alignment with the capability requirements of each client archetype.

Service Providers	Traditional Archetype	Vertically Focused Archetype	Automation & Transformation-Oriented Archetype	Integrated Solution Archetype
Arvato	✓✓	★	✓✓✓	✓✓✓✓
Capgemini	✓✓	★	★	★
Cognizant	✓	✓✓	✓	✓
Conduent	★	★	★	✓✓✓✓
Datamatics			✓✓	✓
Dell	✓	✓✓	✓✓	✓
EXL	✓✓✓	★	✓✓	✓✓✓
Genpact	★	★	★	★

Service Providers	Traditional Archetype	Vertically Focused Archetype	Automation & Transformation-Oriented Archetype	Integrated Solution Archetype
HCL	★	✓✓✓✓	✓✓	✓✓✓✓
Infosys	★	★	★	★
NIIT Technologies	✓			
Sutherland		✓✓	★	✓✓✓✓
TCS	★	★	★	★
Wipro	★	✓✓✓✓	★	★
WNS	✓✓✓	★	★	★

Guidance

This research report has highlighted the multiple archetypes we are encountering in the era of digital IT. The overwhelming pattern emerging across these archetypes is that technology affects organizational decisions now more than ever. As an example, a simple decision to use Salesforce will raise questions like “Should SFDC be your platform for partnering with your ecosystem? And, how do we organize most effectively when today’s platform decision becomes tomorrow’s product decision?”

Therefore, these archetypes not only lend themselves to categorize situations that enterprises find themselves in, but also to differentiate between the various types of problems or opportunities they are intending to solve.

The archetypes also have a definite “crawl, walk, run” pattern to them and require solutions accompanied by the appropriate change management and transformation planning for each stage.

Enterprise Leadership Actions:

- **Assume multiple archetypes.** Focusing services provider selection for the entire enterprise on a single archetype will result in failure. Every enterprise has numerous sets of and multiple types of requirements, which means multiple archetypes will co-exist.

- **Expect archetypes to adapt.** The characteristics of each archetype are a moving target over time, as the relative importance of requirements will vary based on business and/or technological change.
- **Consider the alternatives.** Use this report to help ascertain the most suitable providers, keeping in mind that some of those providers may not be the usual suspects.
- **Expect providers to adapt over time.** Any useful services provider evaluation and comparison is based on a specific moment in time. The pace of competitive change in all aspects of outsourcing, and especially in areas such as FAO, ERP and HR/HCM, means that providers are developing or adopting and adapting more and different capabilities faster than ever.
- **Be flexible in selection.** Striking and maintaining the proper balance between archetype requirements and services provider capabilities is key to enabling optimal value from outsourcing.
- **Be open with providers.** Services providers need to have a complete understanding of their client’s internal technology landscape and outsourcing objectives. They should be able to relate to the client’s existing archetypes and future requirements.

Provider Leadership Actions:

- **Go beyond the technology and solution** and provide the right operating model. The days of a one-size-fits-all delivery model are numbered. Each archetype requires a different delivery model.
- **The skin in the game in each archetype is different.** Offer value-based deals. Success in each archetype is defined differently – and this will impact both key performance indicators and how value is perceived (and priced).
- **Chart your roadmap.** This report represents how ISG sees your offerings today. This is not cast in stone; target your offering and go-to-market approaches based on the archetypes you want to cater to. Tailor the offerings until you have a laser focus on the value each archetype demand.
- **Archetype both client and opportunity.** The archetype patterns in this report can be applied interchangeably to client organizations as well as to individual opportunities within those client organizations; use the insight and guidance in this report to differentiate between them. This will affect how you manage client relationships and how you evaluate each opportunity.
- **Be the change agent that your client needs.** Each archetype addresses a different challenge and a problem or opportunity might be a mix of archetypes. Define your value add not just on the offered solution, but on the way you enable your client's journey from one archetype to the next. 

Appendix

Additional Relevant FAO Service Providers

The capabilities of 15 providers were assessed in this report. Some services providers that are typically included in our work are not included in this report. Of these services providers, some were not able to participate, and

some declined to participate. Providers that serve only certain regions, industries or do not offer a full portfolio of FAO services have not been included in the study. They may be included in future versions of this report, based on merit and on the services providers' willingness to provide current and relevant materials. Readers should not make any inferences about a services provider's absence from this report. 

Other Relevant Service Providers	Headquartered Country
Accenture	Ireland
Aegis	India
API Outsourcing, Inc.	US
CGI Group Inc.	Canada

Other Relevant Service Providers	Headquartered Country
HP Enterprise	US
IBM	US
IQ BackOffice	US
Quattrro	India

Other Relevant Service Providers	Headquartered Country
Serco	UK
Sopra Steria Group	France
Minacs (acquired by Concentrix)	Canada
Tech Mahindra	India
Xchanging	UK

Source: ISG Research, 2017

ISG Provider Lens™ Report: FAO Services

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