



Everest Group PEAK Matrix™ for FAO Service Providers

Focus on TCS
July 2016



Everest Group recently released its report titled “[Finance and Accounting Outsourcing \(FAO\) – Service Provider Landscape with PEAK Matrix™ Assessment 2016](#)”. This report analyzes the changing dynamics of the FAO landscape and assesses service providers across several key dimensions.

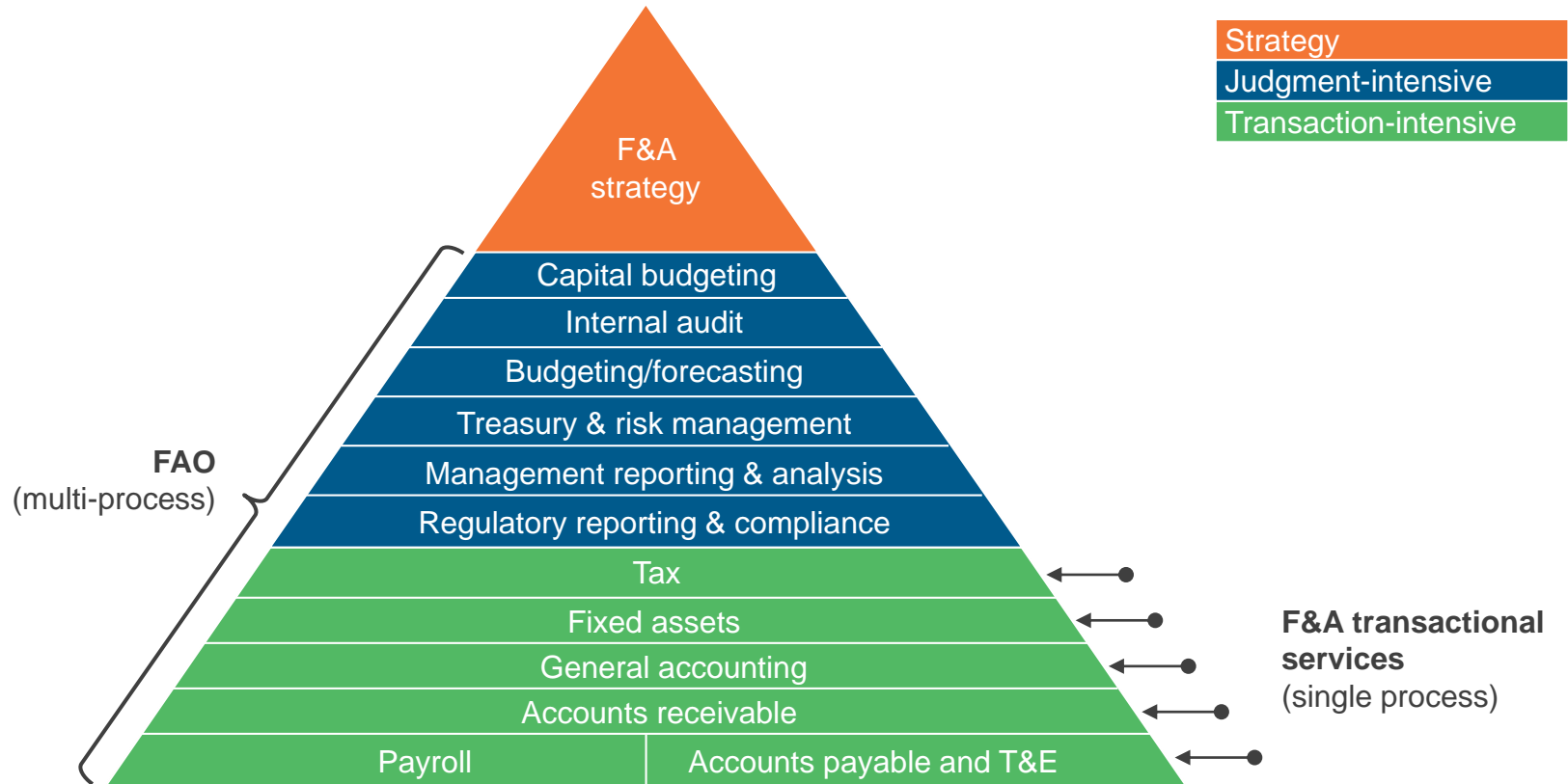
As a part of this report, Everest Group updated its classification of 26 service providers on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for FAO into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of FAO service providers based on their absolute market success and delivery capability. Everest Group also identified five service providers as the “2016 FAO Market Star Performers” based on the strongest forward movement demonstrated on the PEAK Matrix year-on-year.

Based on the analysis, **TCS emerged as a Leader**. This document focuses on TCS’ FAO experience and capabilities and includes:

- TCS’ position on the FAO PEAK Matrix
- Detailed FAO profile of TCS

Buyers can use the PEAK Matrix to identify and evaluate different service providers. It helps them understand the service providers’ relative strengths and gaps. However, it is also important to note that while the PEAK Matrix is a useful starting point, the results from the assessment may not be directly prescriptive for each buyer. Buyers will have to consider their unique situation and requirements, and match them against service provider capability for an ideal fit.

Everest Group's research is guided by a framework that distinguishes multi-process FAO from single process Finance and Accounting (F&A) transactional services



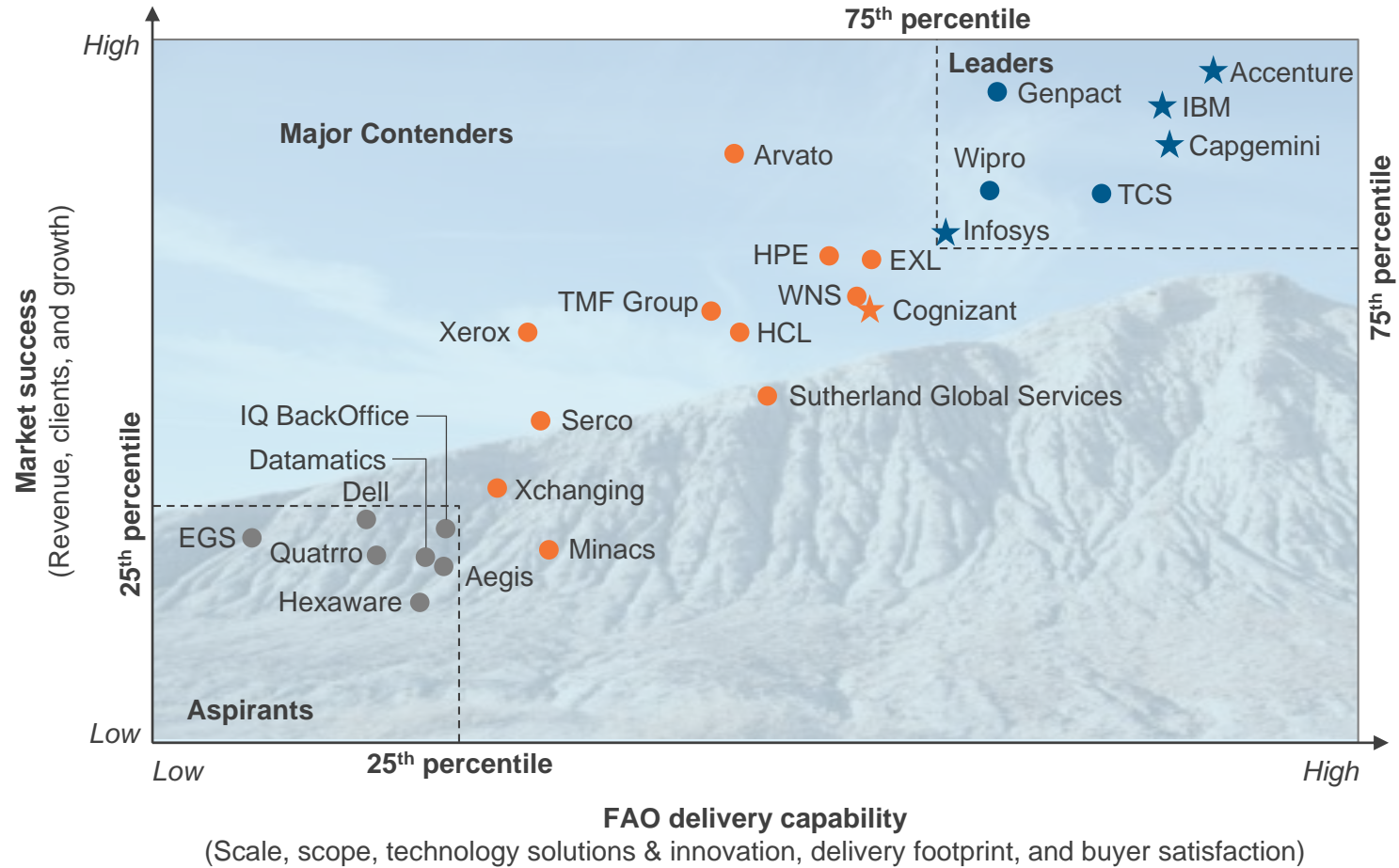
- Everest Group's analyses include multi-process FAO contracts with a minimum of two F&A processes, over US\$1 million in Annualized Contract Value (ACV), and a minimum contract term of three years
- Everest Group's analyses includes 1000+ active multi-process FAO contracts signed as of December 2015

Source: Everest Group (2016)

Everest Group PEAK Matrix – 2016 FAO market standing

Performance | Experience | Ability | Knowledge

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for FAO



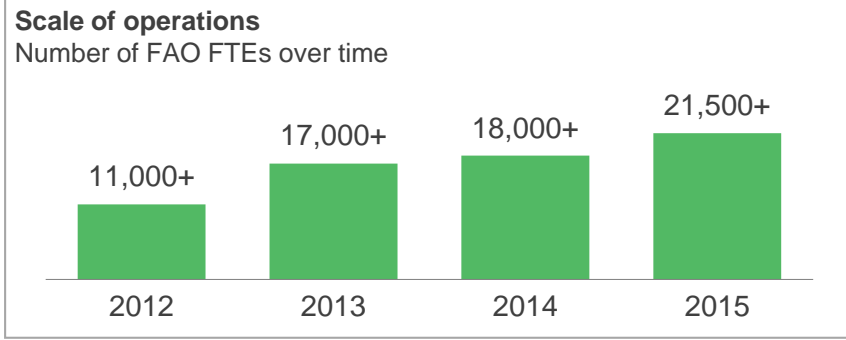
Source: Everest Group (2016)

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FAO service capabilities

Key FAO leaders

- Dinanath Kholkar, Global Head, TCS BPS
- Syed Rizvi, Global Head, Enterprise Services
- Vikas Srivastava, Head, F&A BPS



Areas	Recent developments/investments
Service scope expansion	<ul style="list-style-type: none"> • 2015: Created a global “CFO Operations” team to provide strategic solutions across the finance function • 2014: Strategic partnerships to provide enhanced F&A solutions with Tranzproz Translation, Merrill Brink, OB10, Caniu Governance, Risk, & Compliance (GRC) Management, Top Image Systems, Williams Lea, Swiss Post Solutions, and SEO Valley Solutions • 2014: EntSol relationship as a strategic implementation partner for Ariba
Technology expansion	<ul style="list-style-type: none"> • 2015: ignioTM - TCS Neural Network Platform automates and optimizes global “CFO Operations” • 2014: TCS Financial Analytics Platform • 2014: Increased penetration of automation across multiple industries • 2014: Launched T&E mobility solution • 2013: Partnership with Kofax and Recon tool in R2R process • 2013: Launched P2P platform – TCS Accounts Payable Platform (TAP)
Delivery footprint expansion	<ul style="list-style-type: none"> • 2013: TCS, in partnership with GE, launched a first all-female business process services center in Riyadh, the Kingdom of Saudi Arabia

FAO service suite

- TCS ValueBPSTM approach enables superior business outcomes by leveraging operations redesign, RPA, IT-BPS synergy, BPM, analytics & insights, and platform solutions
- TCS provides “Touch-less and Intelligent” F&A services that covers AP, AR, GL, cash management, fixed asset management, payroll, management reporting & analysis, treasury & risk management, budgeting/forecasting, tax, and internal audit. FP&A, MDM, analytics, and CFO risk services also under coverage
- TCS leverages its FORETM process maturity assessment and transformation methodology for providing a roadmap to implement best-in-class processes
- TCS offers FAO services in three models– platform-based: Business Process-as-a-Service (BPaaS), SaaS-enabled technology transformation, and transactional F&A

■ >1,500 FTEs
 ■ 500-1,500 FTEs
 ■ <500 FTEs

P2P	O2C	R2R	Others
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Source: Everest Group (2016)

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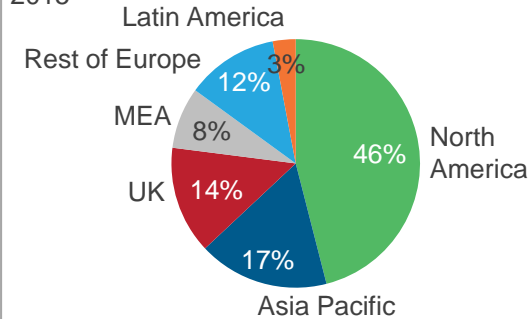
FAO client portfolio

Major FAO clients: Global 500 telecommunication company, Fortune 50 manufacturer, global Fortune 500 European bank, leading research company, Leading renewable energy company in Australia, top four consultancy provider, leading death care services provider in United States, global Fortune 100 diversified manufacturer, leading life assurance company in United Kingdom, global 500 electricity & gas distribution company, global fortune 100 Latin American bank, top-10 global shipping & container company, UK-based large integrated energy retailer, leading bank in Qatar, Fortune 50 insurer, a leading Australian large diversified company, a major American airline

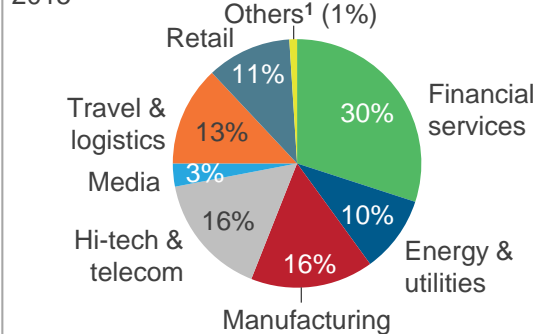
Recently-announced FAO engagements (non-exhaustive)

Time of signing	Client	Contract details
Q3 2015	U.S.-based packaging company	TCS to provide F&A services in multi-year contract
Q3 2015	Leading Australian large diversified company	TCS to provide end-to-end F&A services and TCS Account Payable (TAP) platform
Q4 2015	Leading European manufacturer of rubber & plastic products	Multi-year contract to provide F&A services
Q1 2015	U.S.-based telecom company	Multi-year contract to provide P2P and analytics services
Q2 2015	Major American airliner	TCS to provide P2P services with TAP platform in multi-year contract

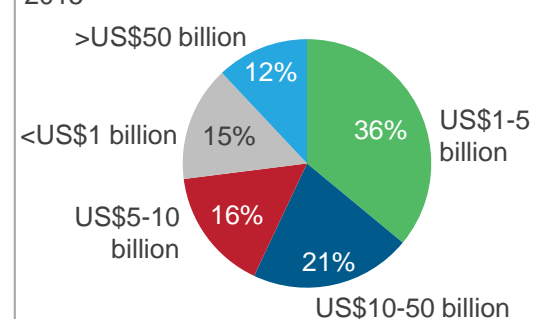
FAO revenue by signing region
2015



FAO revenue by buyer industry
2015



FAO revenue by buyer size
2015



1 Others includes hospitality and professional services industry

Source: Everest Group (2016)

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FAO delivery locations



Source: Everest Group (2016)

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FAO technology solutions

FAO technology approach: Leverages proprietary and Oracle-based solutions for FAO service delivery

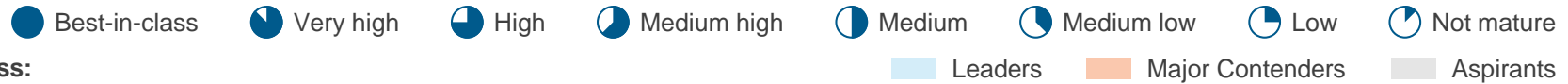
	Technology augmentation solutions	Modular F&A platform BPO	E2E F&A platform BPO
Solution description	<ul style="list-style-type: none"> • Add-on solutions that can integrate or supplement core customer environment • RPA: Driving automation without changing underlying systems or processes • Self-service reporting portal: Solution for all F&A reporting • ignioTM - TCS Neural Network Platform, automates and optimizes global “CFO Operations” to increase finance agility, reduce operational risk, and enhance CFO decision making & support 	<ul style="list-style-type: none"> • Specific business cycle processing on TCS cloud-hosted, multi-client technology • Integrated, uniform, global systems to supplement customers’ core systems • Serving large global customers with disparate and/or legacy ERP systems • E2E collection activities from profiling and segmentation of accounts to reporting • Business intelligence and analytics helping CFOs manage expenditure, cash flow, and investments 	<ul style="list-style-type: none"> • F&A processing on TCS-hosted, multi-client technology on cloud • Focused on serving mid-market buyers around the world in a burning need for transformation • Enables reduced capital expenditure and provides utility-based OPERating EXpenditure (OPEX) model
Process scope	<ul style="list-style-type: none"> • Industry-agnostic payables and receivables workflows • Industry-specific utilities for reconciliation, planning, and analytics • Process management, workflow, data management system, and OCR Reporting 	<ul style="list-style-type: none"> • P2P • Collections • Analytics 	<ul style="list-style-type: none"> • E2E F&A outsourcing: P2P, O2C, and R2R
Technology leveraged	<ul style="list-style-type: none"> • Home-grown modules • Proprietary 	<ul style="list-style-type: none"> • Proprietary 	<ul style="list-style-type: none"> • Oracle EBS for core F&A; other Oracle technologies include AME, OBIEE, API/interfaces, and 10g
Delivery model & pricing	<ul style="list-style-type: none"> • Add-on cost per associate (typically included in the contract) 	<ul style="list-style-type: none"> • Transaction pricing • Mixed FTE and transaction pricing 	<ul style="list-style-type: none"> • Pay-per-transaction, bundled-in FTE pricing, and client access fees • Minimal upfront fees

Source: Everest Group (2016)

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Everest Group assessment

Measure of capability / market success:



Delivery capability ¹						Market success ¹
Scale	Scope	Technology and innovation	Delivery footprint	Buyer satisfaction	Overall	

Strengths

- Through its ValueBPSTM framework, which attempts to look at F&A operations from a holistic lens, TCS drives significant business outcomes and process efficiencies for its clients
- TCS has robust technology and analytics capabilities with various platform-based solutions such as TCS Financial Analytics Platform, TCS Collections Platform, and TCS Accounts Payable Platform
- Strong automation capabilities with a host of in-house RPA tools covering multiple F&A processes
- TCS leverages its specialized change & transition management methodology to help clients minimize any disruptions during the transition period
- Strong industry expertise in a diverse set of sectors and a healthy mix of buyer geographies spread across both mature and emerging markets
- TCS is appreciated by its clients for its responsiveness, flexibility, and engagement at the executive level

Areas of improvement

- TCS can use creative problem solving skills to address various client challenges that are not straight forward
- Clients have stated that scope exists for TCS to proactively suggest improvement opportunities and implement industry best practices
- TCS has an offshore-heavy footprint and although investments are being made, it needs to further increase its onshore and nearshore presence. Clients have cited that TCS faces challenges in setting up operations outside of India

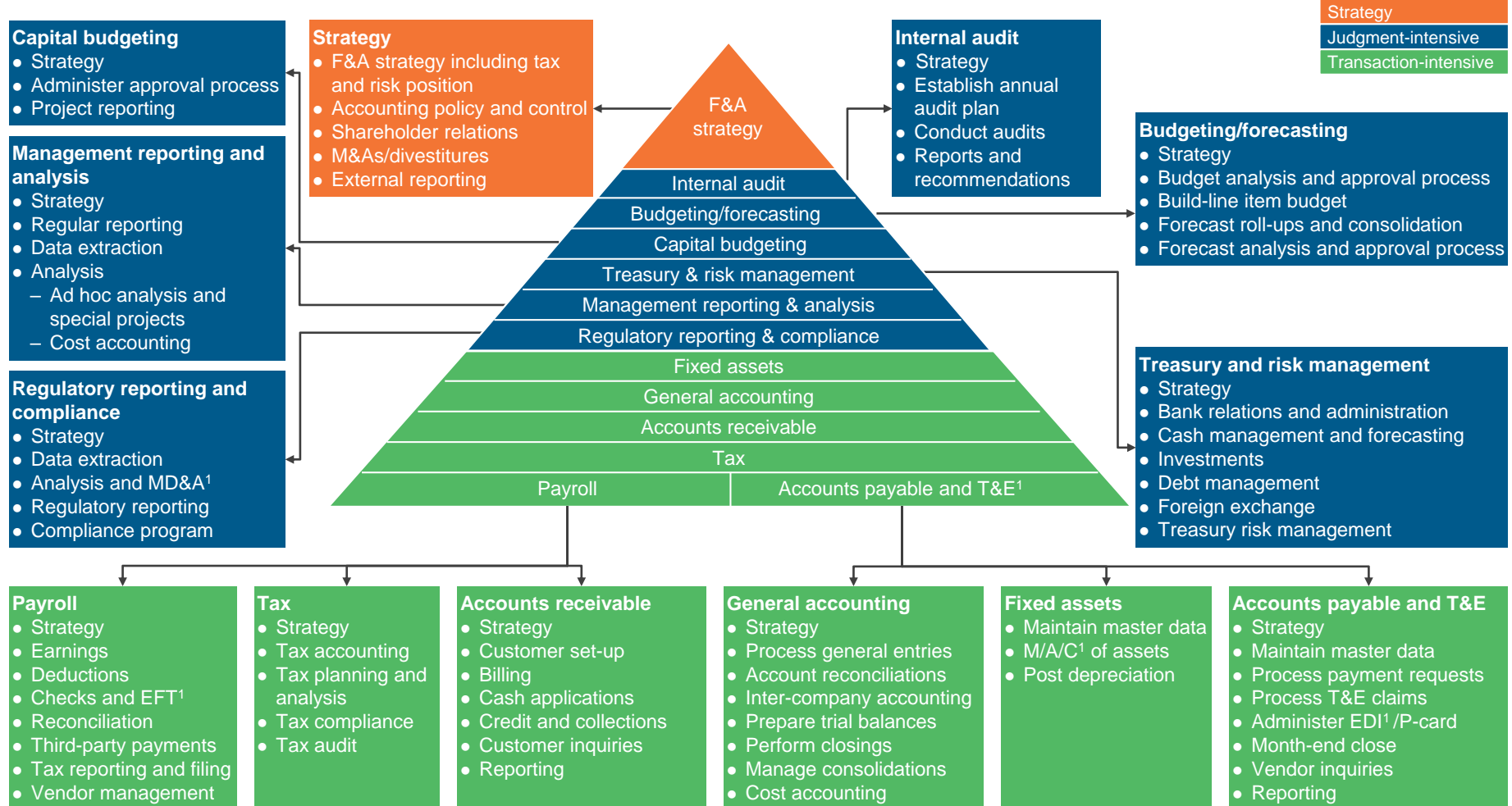
¹ Based on contractual and operational information as of 2015

Source: Everest Group (2016)

Appendix

The scope of FAO services includes both transaction-intensive and judgment-intensive processes

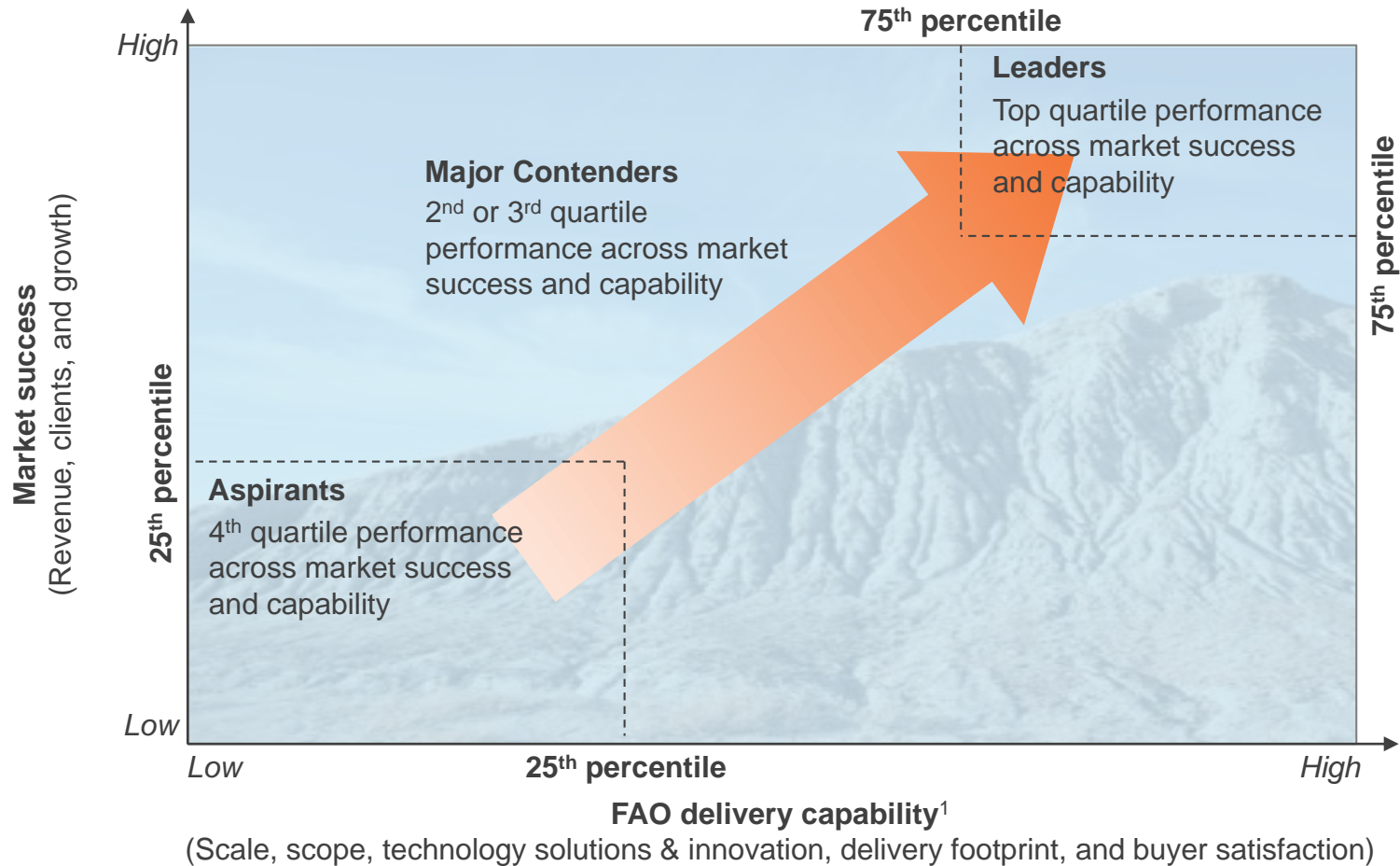
Functional definition of FAO



¹ Defined in Appendix

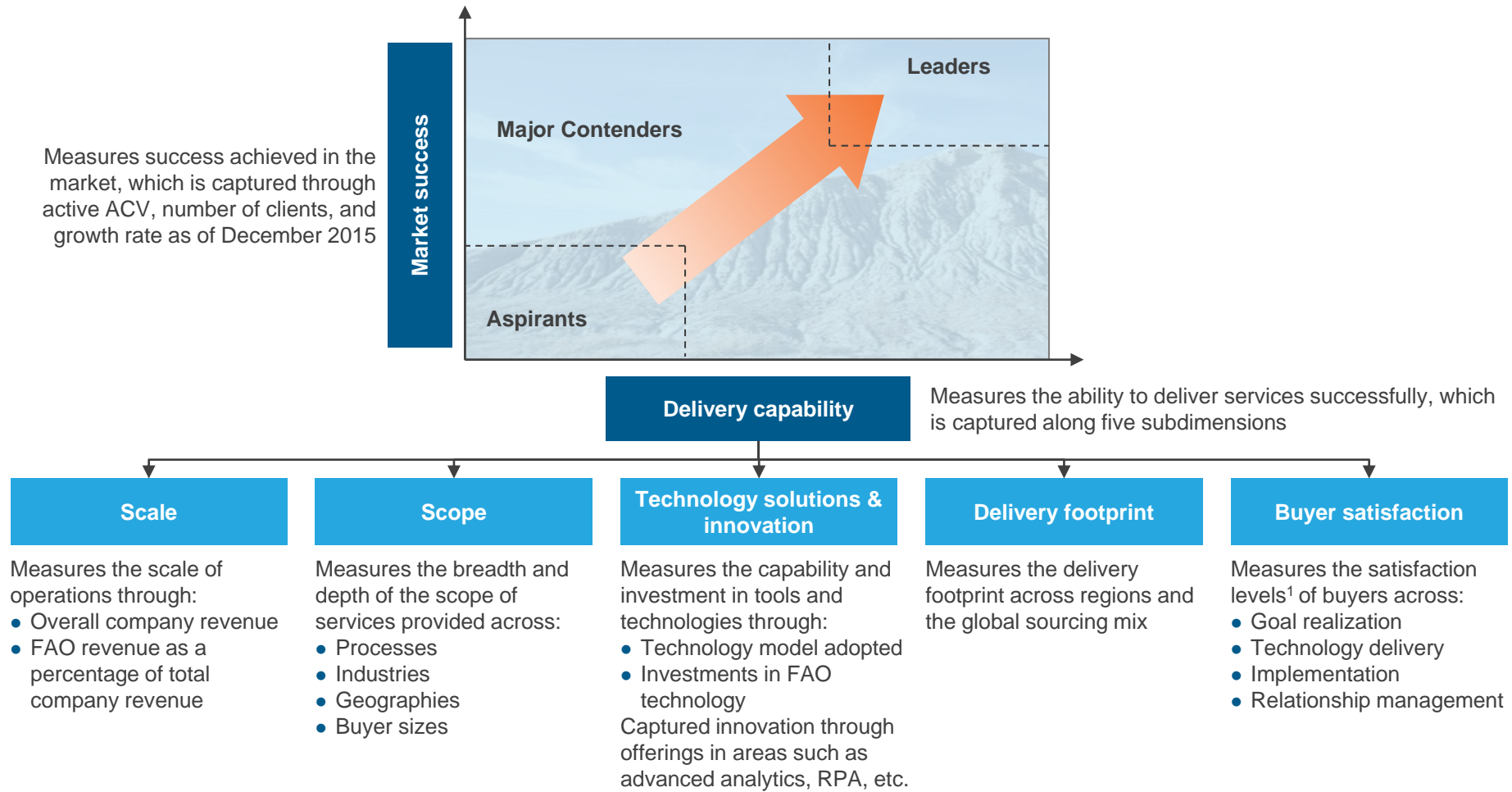
Everest Group classifies the FAO service provider landscape into Leaders, Major Contenders, and Aspirants on the Everest Group PEAK Matrix

Everest Group Performance | Experience | Ability | Knowledge (PEAKTM) Matrix



¹ Service providers scored using Everest Group's proprietary scoring methodology described on the following page
 Source: Everest Group (2016)

Service providers are positioned on the PEAK Matrix based on evaluation across two key dimensions

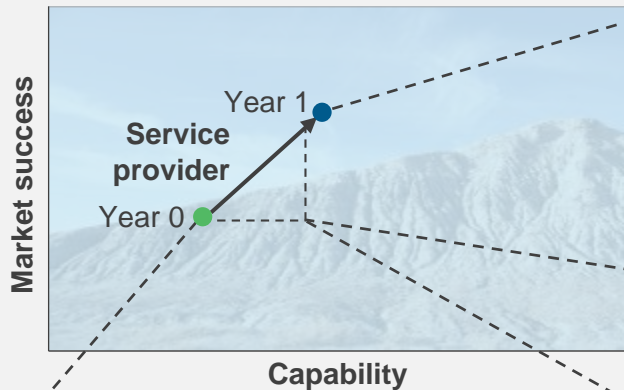


¹ Measured through responses from two/three referenced buyers for each service provider
 Source: Everest Group (2016)

Additionally, Everest Group confers the “Star Performers” title on providers that demonstrate the strongest forward movement over time on the PEAK Matrix

Methodology

Everest Group selects FAO Star Performers based on the relative YOY movement of each service provider on the PEAK Matrix



In order to assess advancements on market success, we evaluate the performance of each service provider on the PEAK Matrix across a number of parameters including:

- Yearly ACV growth
- Number of new contract signings
- Expansion in overall contractual portfolio

In order to assess advancements on capability, we evaluate the performance of each service provider on the PEAK Matrix across a number of parameters including:

- FAO-specific technology investments
- Incremental penetration of technology in contracts
- Innovation

The top quartile performers on each of the specified parameters are identified and the “Star Performer” rating is awarded to the service providers with:

- The maximum number of top quartile performances across all of the above parameters and
- At least one area of top quartile performance in both market success and capability advancement

2016 FAO Star Performers

The “Star Performers” title relates to YOY performance for a given service provider and does not reflect the overall market leadership position. Those identified as “Star Performers” may include “Leaders”, “Major Contenders”, or “Aspirants”

Does the PEAK Matrix assessment incorporate any subjective criteria?

- Everest Group's PEAK Matrix assessment adopts an objective and fact-based approach (leveraging service provider 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 briefings

Is being a “Major Contender” or “Aspirant” on the PEAK Matrix, an unfavorable outcome?

- No. PEAK Matrix highlights and positions only the best-in-class service providers in a particular functional/vertical services area. 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”?

- 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 for their specific requirements. It also helps providers 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 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 to leverage their PEAK Matrix positioning status ?

- Providers can use their PEAK positioning rating in multiple ways including:
 - Issue a press release declaring their positioning/rating
 - Customized PEAK profile for circulation (with clients, prospects, etc.)
 - Quotes from Everest Group analysts could be disseminated to the media
 - Leverage PEAK 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**



From **insight** to **action**.



About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empowers clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com and research.everestgrp.com.

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