



# Everest Group PEAK Matrix™ for Order-to-Cash (O2C) BPO Service Providers

Focus on TCS  
January 2015



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Everest Group recently released its report titled “[Order to Cash \(O2C\) BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2014](#)”. This report analyzes the changing dynamics of the O2C BPO landscape and assesses service providers across several key dimensions.

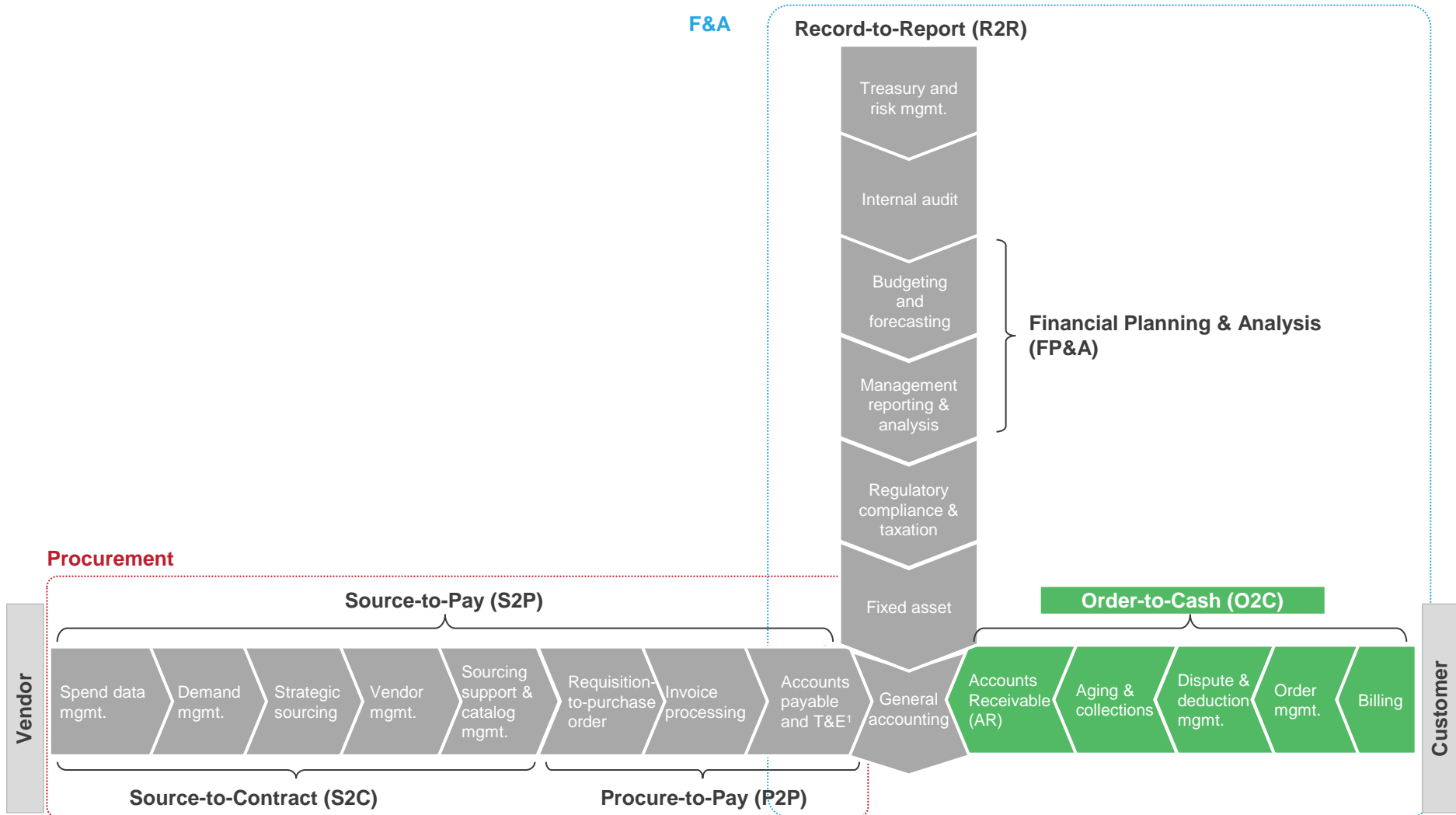
As a part of this report, Everest Group released its classification of 24 service providers on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for O2C BPO into Leaders, Major Contenders, and Emerging Players. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of O2C BPO service providers, based on their absolute market success and delivery capability.

Based on the analysis, **TCS emerged as a Leader**. This document focuses on TCS’ O2C BPO experience and capabilities. It includes:

- | TCS’ position on the O2C BPO PEAK Matrix
- | Detailed O2C BPO profile of TCS

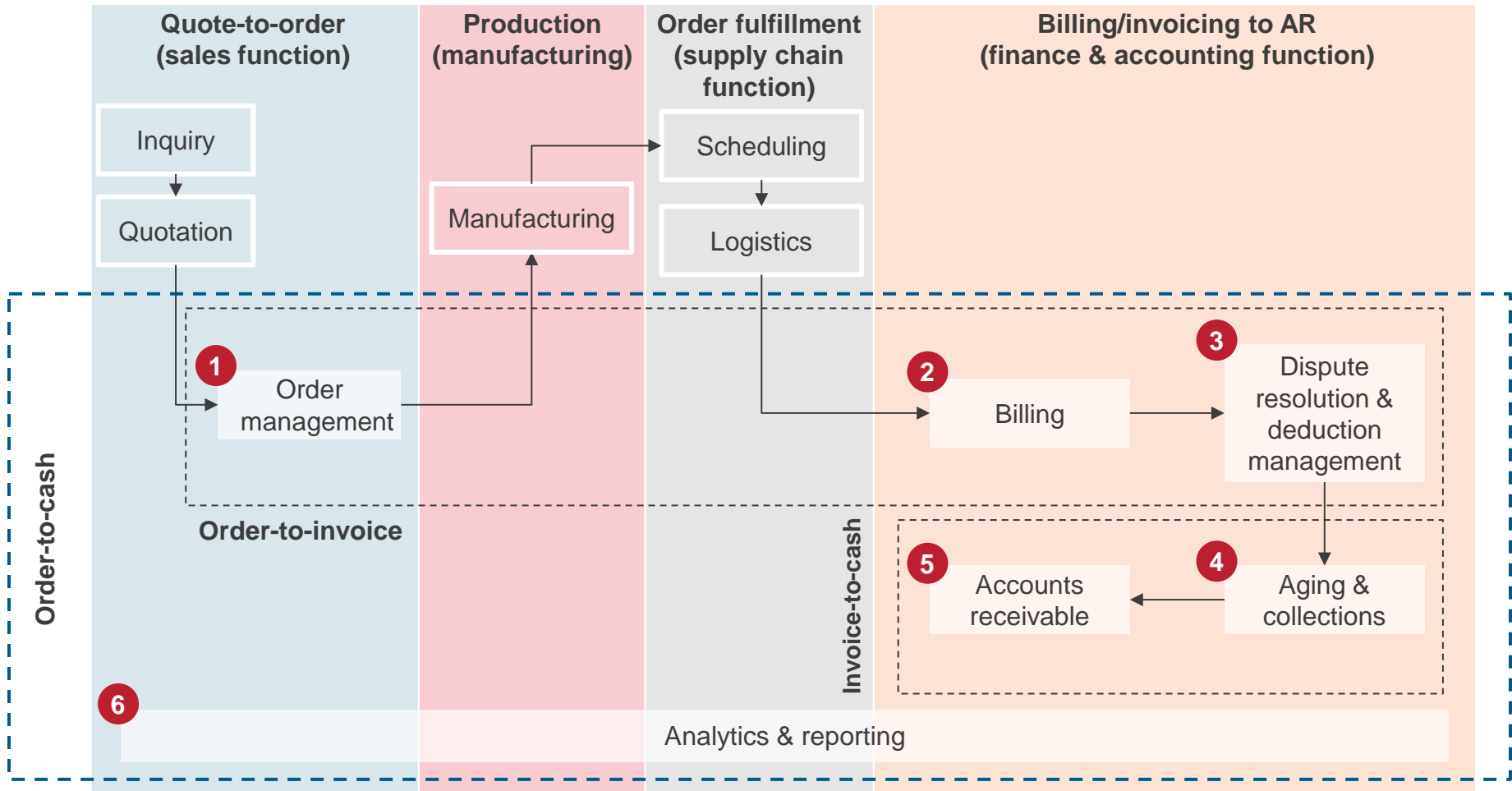
Buyers can use the PEAK Matrix to identify and evaluate different service providers. It helps them understand the service providers’ relative strengths and gaps. However, it is also important to note that while the PEAK Matrix is a useful starting point, the results from the assessment may not be directly 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 has an integrated view of the procurement and F&A value chain and clearly distinguishes between different end-to-end processes



1 Travel & expenses

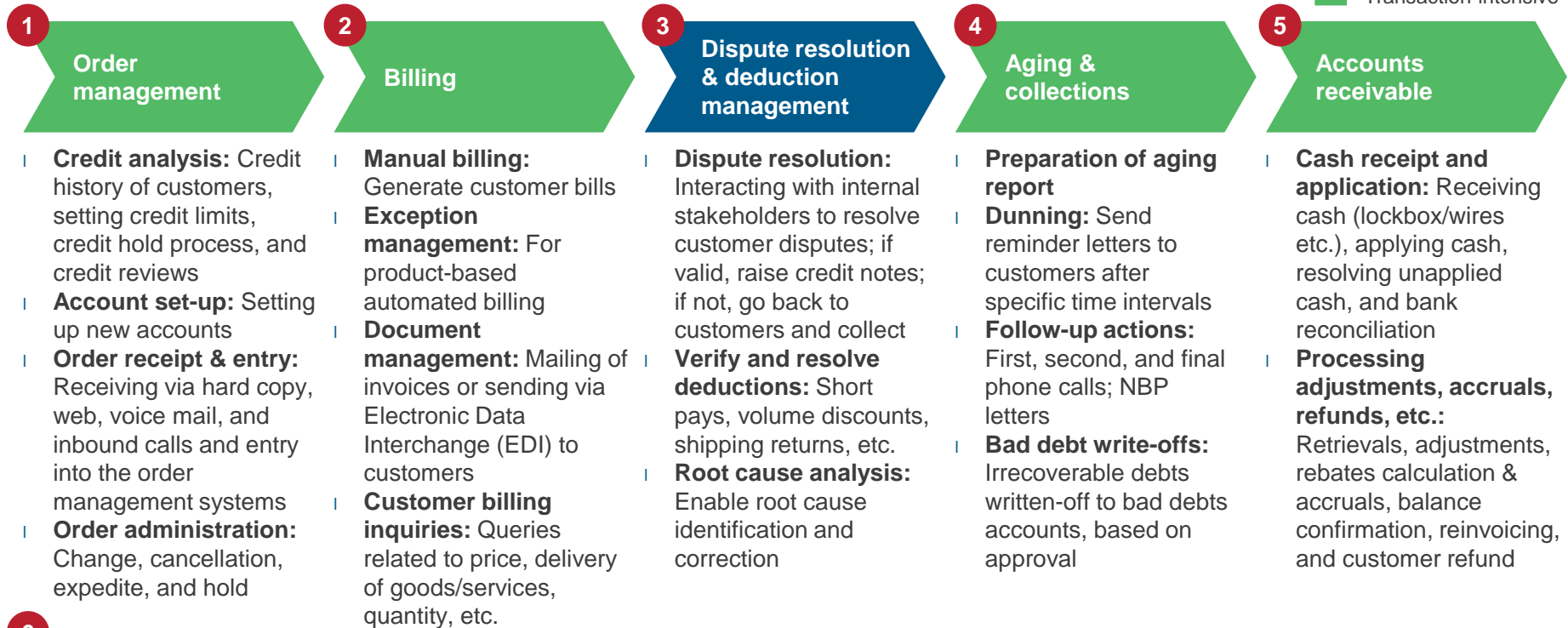
# O2C is an end-to-end business process with links to multiple functions beyond F&A



Note: This is an illustrative process flow. Actual process flow may vary across companies or industries  
Source: Everest Group (2015)

# Everest Group has an in-depth understanding of the entire O2C cycle

## O2C value chain



## 6 Analytics & reporting

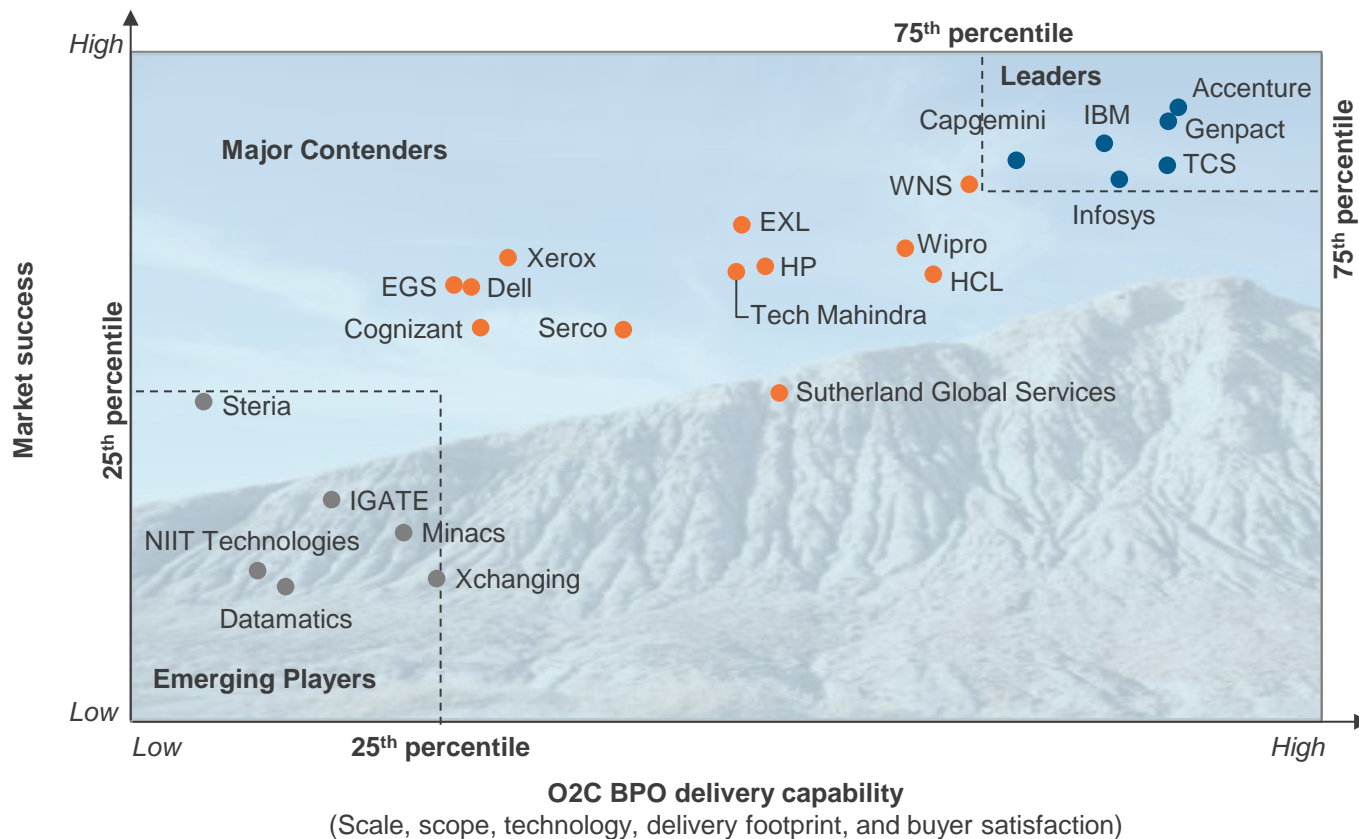
- Reporting/dashboard on process metrics:** Days sales outstanding; past dues; cash collected; dilution management, etc.
  - Business analysis:** Trending of customers; dilution types; self pay; auto cash algorithms, credit research; cash forecast, etc.
- Everest Group's analyses include FAO contracts signed as of 2013 with in-scope O2C processes (will be called as broad-based O2C contracts henceforth)
- The current sample set for the report includes 1,600+ broad-based O2C BPO contracts of which 670+ are active

# Everest Group PEAK Matrix – 2014 O2C BPO market standing

Performance | Experience | Ability | Knowledge

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for O2C BPO

- Leaders
- Major Contenders
- Emerging Players



Source: Everest Group (2015)

# TCS (page 1 of 3)

## O2C BPO services overview

### Company overview

Tata Consultancy Services (TCS) is an IT services, consulting, and business solutions organization. TCS has extensive experience in delivering end-to-end F&A services. The offerings spans Source-to-Pay (S2P) solutions incorporating both TCS' process and technology expertise. An Everest Group PEAK Matrix Leader in PO and FAO services, TCS has clients in all major buyer locations, namely North America, Europe, and Asia Pacific

### Key leaders

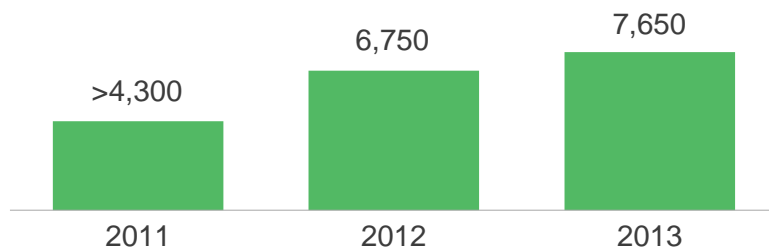
S. Rizvi, Global Head – Enterprise Services, TCS BPS  
Kumar Amitesh, Head Sales – North America, TCS BPS  
Vijay Damle, Head Sales – Europe, TCS BPS

**Headquarter:** Mumbai, India

**Website:** [www.tcs.com](http://www.tcs.com)

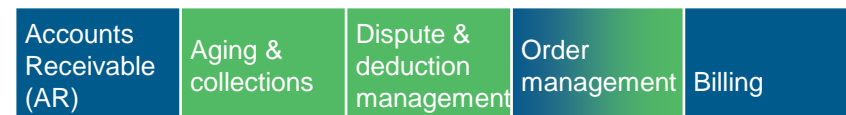
### Scale of operations

Number of O2C BPO FTEs over time



### O2C BPO process-wise scale

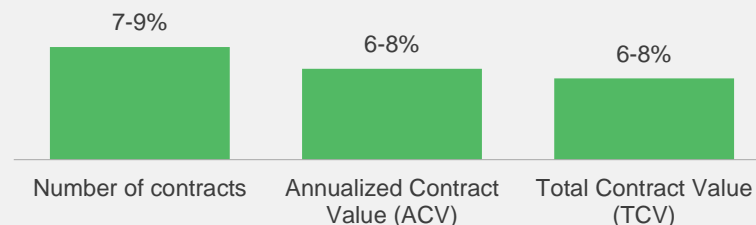
■ >2,000 FTEs ■ 500-2,000 FTEs ■ <500 FTEs



### Market success assessment

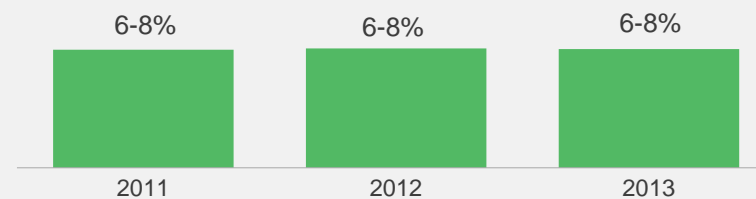
#### Global O2C BPO market share

Percentage (2013)



#### Global O2C BPO market share over time

Percentage share by ACV



Source: Everest Group (2015)

# TCS (page 2 of 3)

## O2C BPO capabilities and client portfolio

### Comparison of TCS' O2C BPO service aspects to industry practices

#### Process scope

- | TCS' O2C BPO services are offered as one of the components of broader PO/FAO contracts
- | TCS has nearly 30% O2C-only BPO contracts. This is higher than industry average of ~23%
- | The process scope of O2C BPO contracts is much broader for TCS as compared to the industry. While TCS has 65-70% broad-based O2C BPO contracts, the industry lags with 50-55%

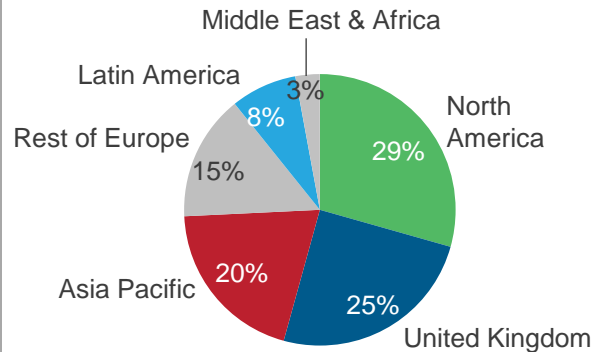
#### Technology leveraged

- | TCS is ahead of most providers in terms of overall technology leverage for O2C BPO
- | TCS has Trapeze F&A automation suite which covers accounts receivable and collections processes. It also offers a number of interaction solutions leveraged for communication with the customers
- | However, a couple of other providers are ahead of TCS in terms of offering more integrated solutions and better process coverage, i.e., beyond efficiency and interaction solutions

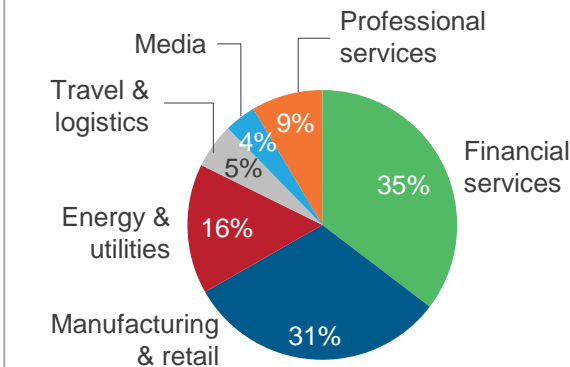
#### Pricing model

- | TCS' leverage of transaction-based pricing is 25-30% which is better than ~20% for the industry
- | However, TCS has very limited leverage of outcome-based pricing which is slowly gaining traction in the industry

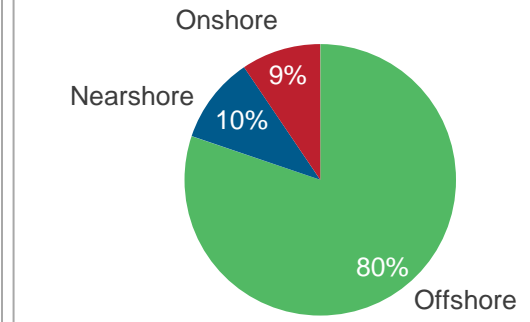
**O2C BPO deal split by signing region<sup>1</sup>**  
2013



**O2C BPO FTE split by buyer industry<sup>1</sup>**  
2013



**O2C BPO FTE split by sourcing location**  
2013



<sup>1</sup> Everest Group estimates based on contractual and operational information till December 2013

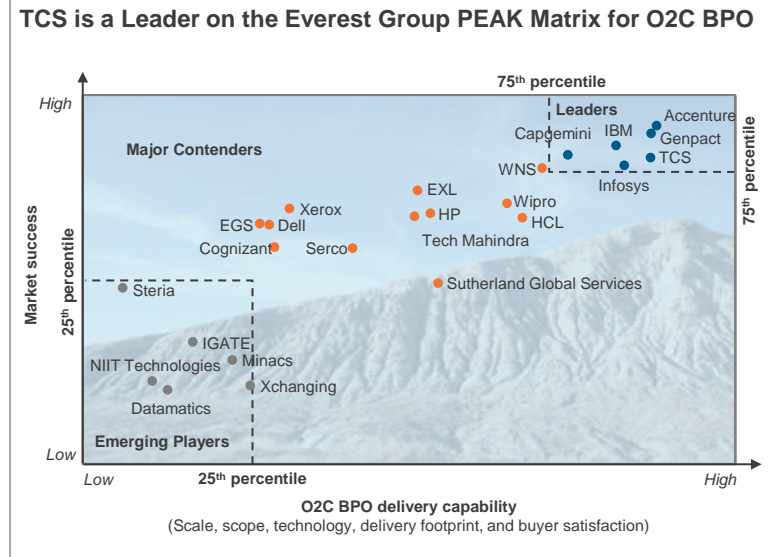
Source: Everest Group (2015)



# TCS (page 3 of 3)

## Everest Group assessment

Delivery capability assessment <sup>1</sup>		
Assessment dimension	Rating	Remarks
Scale	●	Largest in terms of FTE scale; however, behind some leaders in terms of number of contracts and active ACV
Scope	●	Balanced capability across subprocesses and geographies; however, scope exists for diversification in terms of industries served
Technology capability	●	Leaders in terms of technology leverage with tools such as Trapeze automation suite; however, scope for developing proprietary O2C specific solutions
Delivery footprint	◐	FTE-split across regions in line with other Leaders; however, number of regions <sup>2</sup> leveraged is lesser than other Leaders
Buyer satisfaction	●	Buyer satisfaction among the highest; however, there is scope for improvement driver satisfaction



### Overall remarks

- 1 TCS has over 7,500 O2C BPO FTEs and over 60 O2C BPO clients. With this, TCS has been positioned as a Leader on Everest Group's O2C BPO PEAK Matrix
- 1 TCS is one of the most diversified service providers in terms of processes, industries, and geographies served
- 1 The company has strong technology capabilities in core O2C processes, i.e., accounts receivable & collections. TCS leverages its Trapeze automation suite to cover the depth and breadth of the process from the perspective of enhancing efficiency
- 1 However, there is scope to provide more process-oriented solutions in other elements within O2C, e.g., dispute & deduction management. Moreover, TCS can venture into in-house development of O2C-specific solutions
- 1 TCS has higher instances of output-based pricing as compared to the industry. However, it is behind other service providers in terms of leveraging outcome-based pricing models

1 Everest Group estimates based on contractual and operational information till December 2013

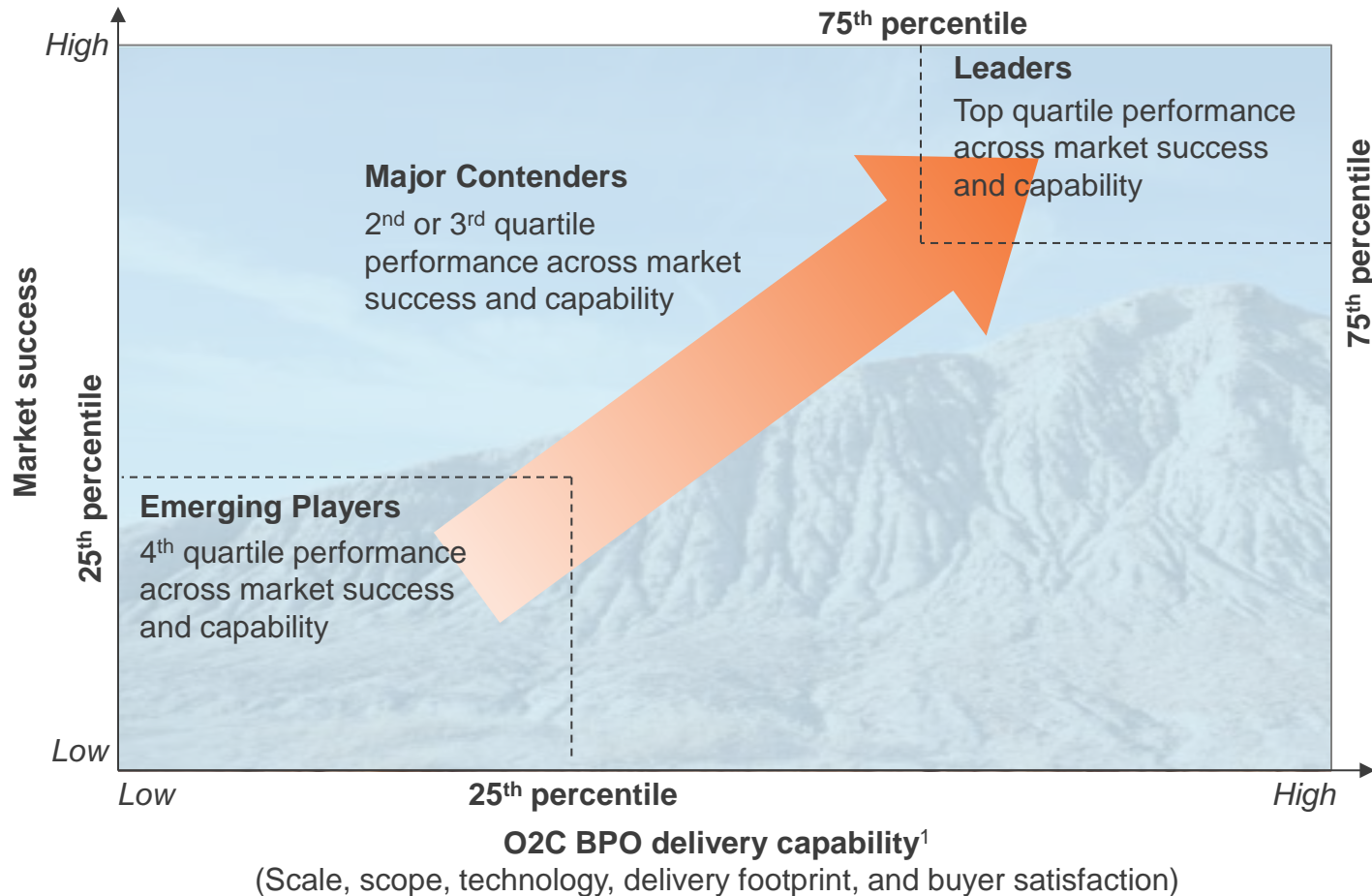
2 North America, Latin America, United Kingdom, Western Europe, Eastern Europe, India, Southeast Asia, Middle East & Africa, and Australia & New Zealand

Source: Everest Group (2015)

# Appendix

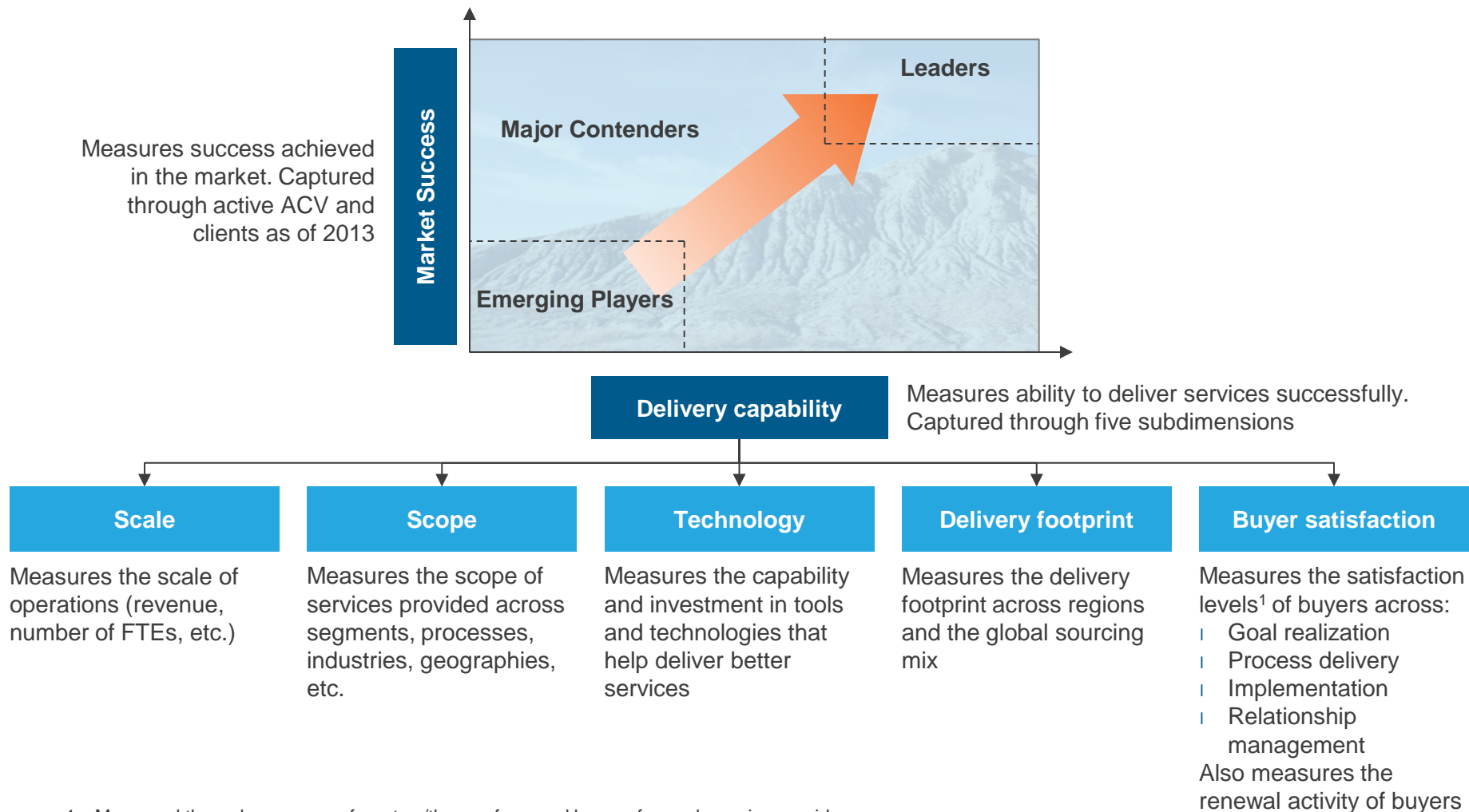
# Everest Group classifies the O2C BPO service provider landscape into Leaders, Major Contenders, and Emerging Players on the Everest Group PEAK Matrix

## Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix



<sup>1</sup> Service providers scored using Everest Group's proprietary scoring methodology described on the following page  
Source: Everest Group (2015)

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



<sup>1</sup> Measured through responses from two/three referenced buyers for each service provider

Source: Everest Group (2015)

## **Does the PEAK Matrix assessment incorporate any subjective criteria?**

- | The Everest Group's PEAK Matrix assessment adopts an objective and fact-based approach (leveraging service provider RFIs and the 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 “Emerging Player” 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. 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 in itself a favorable recognition

## **What other aspects of the PEAK Matrix assessment are relevant to buyers and providers besides the “PEAK Matrix position”?**

- | The PEAK Matrix position is only one aspect of the Everest Group's overall assessment. In addition to assigning a “Leader”, “Major Contender” or “Emerging Player” 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 to the 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 the 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

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## What is the process for a service provider to leverage their PEAK Matrix positioning status ?

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



### At a glance

- | With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of the next generation of global services
- | Through its practical consulting, original research, and industry resource services, Everest Group helps clients maximize value from delivery strategies, talent and sourcing models, technologies, and management approaches
- | Established in 1991, Everest Group serves users of global services, providers of services, country organizations, and private equity firms in six continents across all industry categories

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