



Topic: Everest Group PEAK Matrix™ for Procure-to-Pay (P2P) BPO Service Providers

Focus on TCS
December 2014



Everest Group recently released its report titled “**Procure-to-Pay (P2P) Outsourcing – Service Provider Landscape with PEAK Matrix™ Assessment 2014**”. This report analyzes the changing dynamics of the P2P BPO landscape and assesses service providers across several key dimensions.

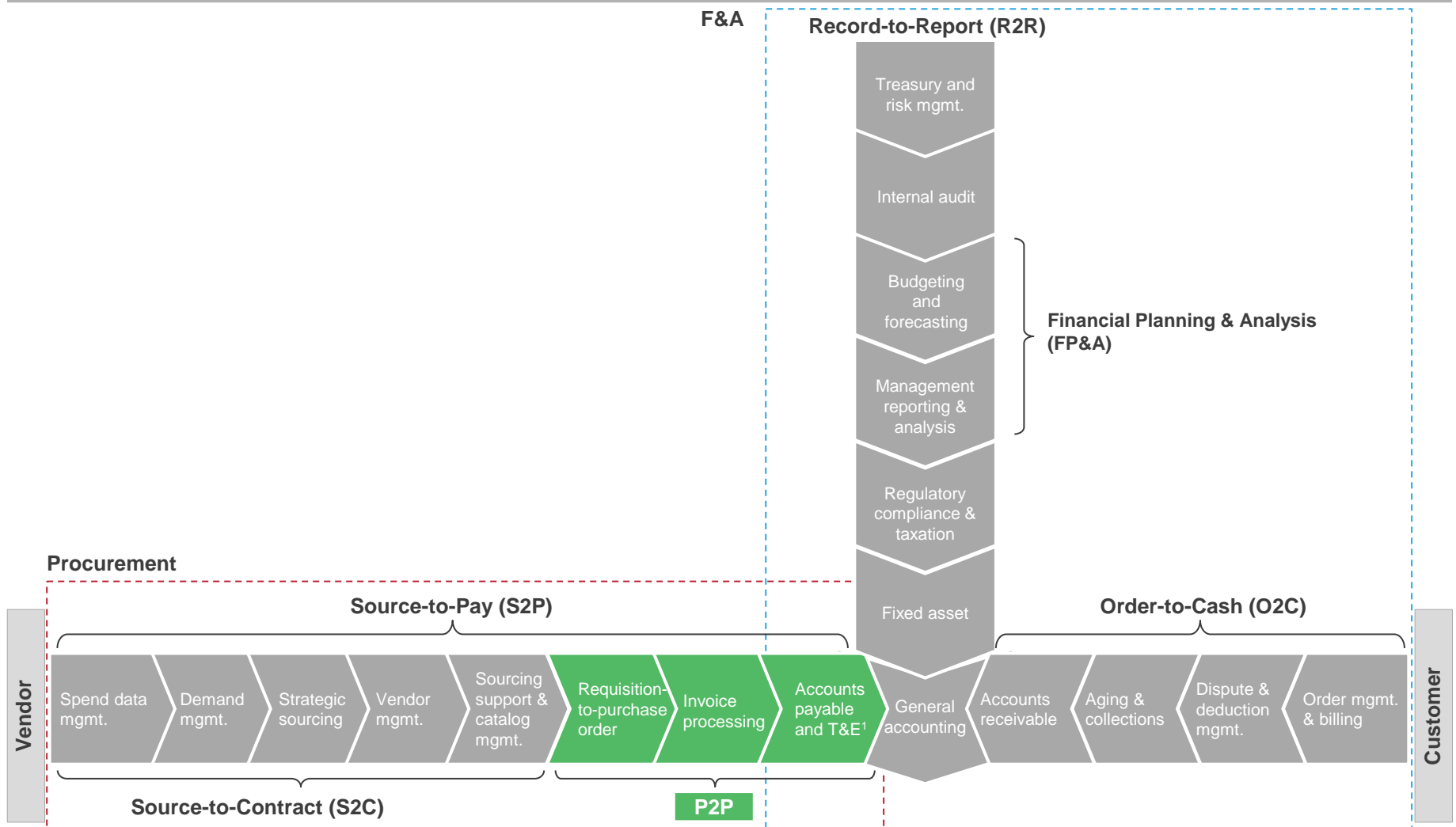
As a part of this report, Everest Group released its classification of 30 service providers on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for P2P BPO into Leaders, Major Contenders, and Emerging Players. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of P2P 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’ P2P BPO experience and capabilities. It includes:

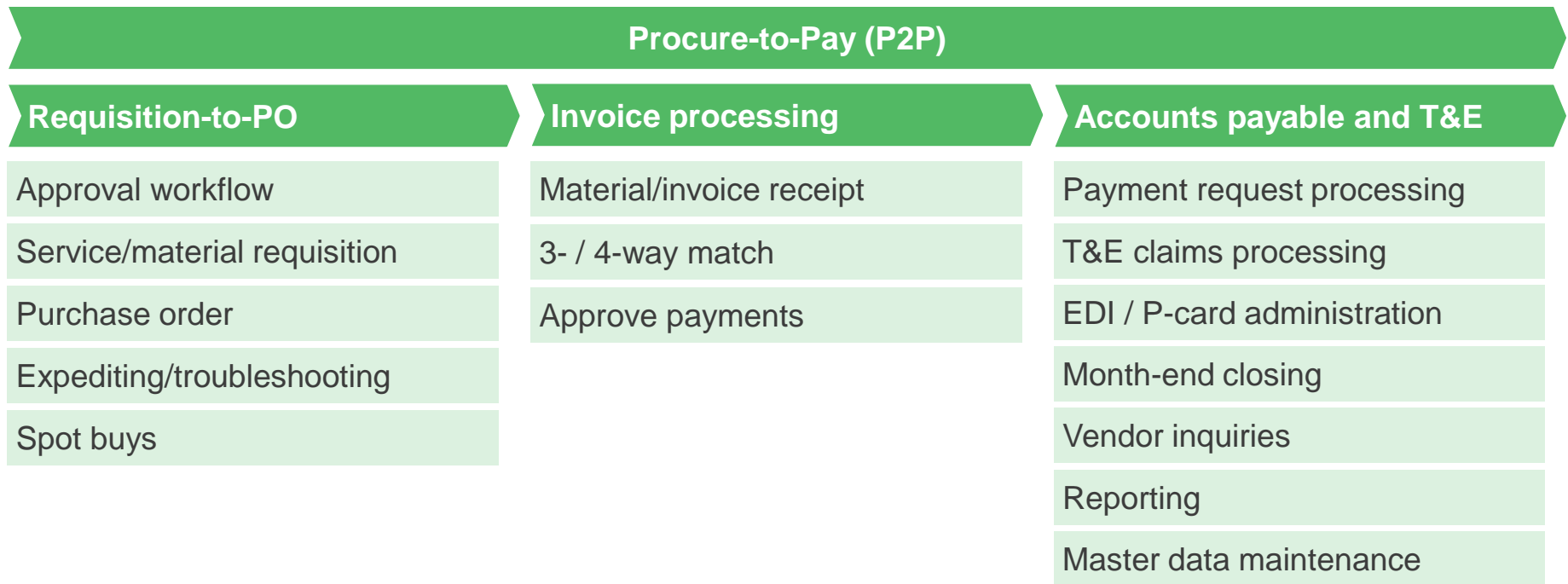
- TCS’ position on the P2P BPO PEAK Matrix
- Detailed P2P BPO profile of TCS

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's view of integrated procurement and F&A value chain



1. Travel & expenses



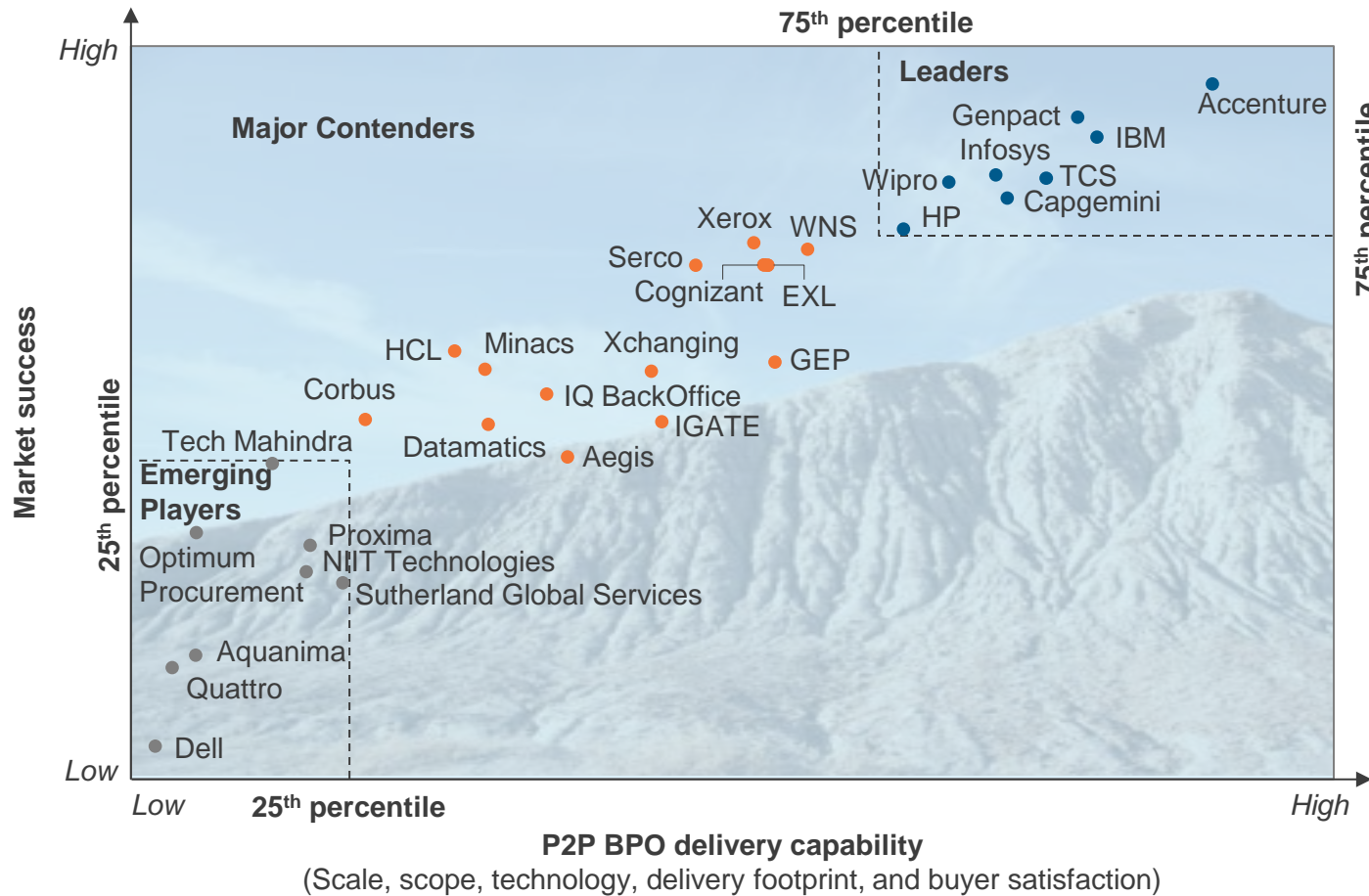
- Everest Group's analyses include FAO and PO contracts with in-scope P2P processes
- Everest Group's analyses include all P2P BPO contracts signed as of 2013. The current sample set for the report includes 2,100+ P2P BPO contracts of which 1,300+ are active

Everest Group PEAK Matrix – 2014 P2P BPO market standing

Performance | Experience | Ability | Knowledge

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for P2P BPO

- Leaders
- Major Contenders
- Emerging Players



Source: Everest Group (2014)

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P2P 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 procurement 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 P2P BPO services, TCS has clients in all major buyer locations, namely North America, Europe, and Asia Pacific

Key leaders

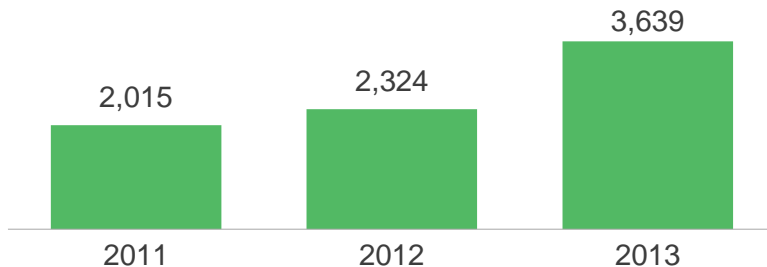
Abid Ali, VP – Global Head, BPO Services and Process Excellence
 I.S. Rizvi, Head, Enterprise BPS
 Prashant Arora, Head, SCM BPS

Headquarter: Mumbai, India

Website: www.tcs.com

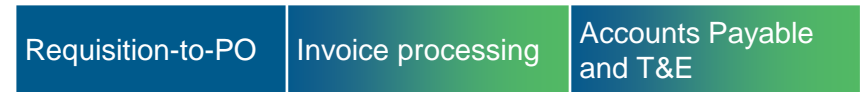
Scale of operations

Number of P2P BPO FTEs over time



P2P BPO process-wise scale

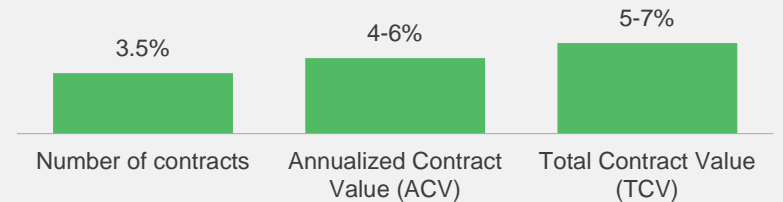
■ >1,000 FTEs ■ 500-1,000 FTEs ■ <500 FTEs



Market success assessment

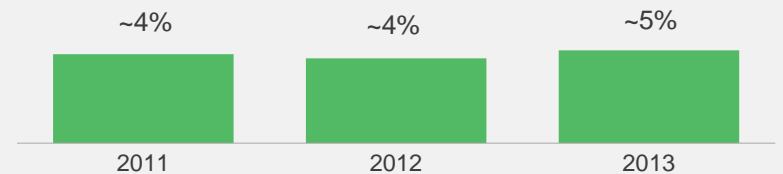
Global P2P BPO market share

Percentage (2013)



Global P2P BPO market share over time

Percentage share by ACV



Source: Everest Group (2014)

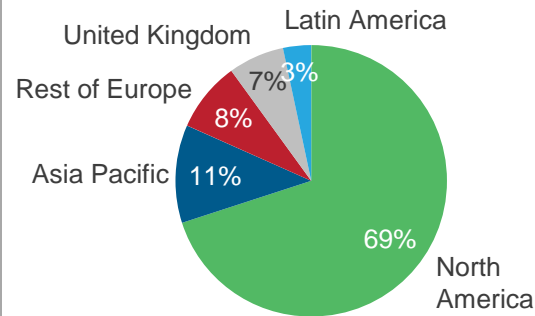
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P2P BPO capabilities and client portfolio

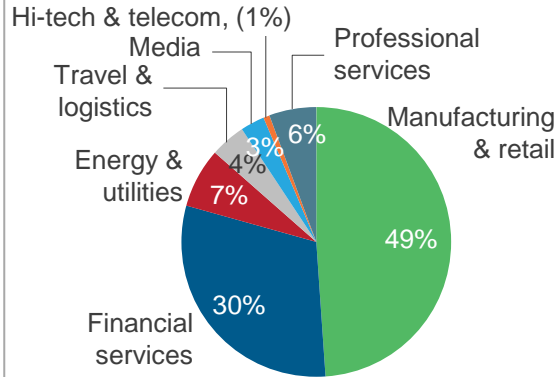
Comparison of TCS' P2P BPO service aspects to industry practices

- Process scope**
 - TCS' P2P BPO services are offered as one of the components of broader PO/FAO contracts
 - TCS has only 9% P2P-only BPO contracts. This is better than the industry average of about 16%
 - The coverage of different subprocesses within P2P is similar for TCS and industry in general
- Technology leveraged**
 - TCS is ahead of most providers in terms of offering P2P BPO-specific solutions
 - TCS has a SaaS- / BPaaS-based platform called TAP for accounts payable. TCS also offers its proprietary analytics solution called proACE
 - However, some other providers are ahead of TCS in terms of offering comprehensive S2P platforms
- Pricing model**
 - TCS' leverage of pricing models other than FTE-based is limited as compared to the industry
 - In case of contracts with P2P in scope, TCS' leverage of transaction-based pricing is less than 8%. On the other hand, incidence of transaction-based pricing is nearly 18% for the industry

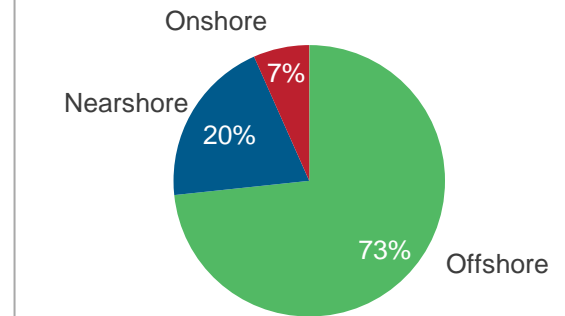
P2P BPO deal split by signing region¹
2013



P2P BPO FTE split by buyer industry¹
2013



P2P BPO FTE split by sourcing location
2013



¹ Everest Group estimates based on contractual and operational information till December 2013
 Source: Everest Group (2014)

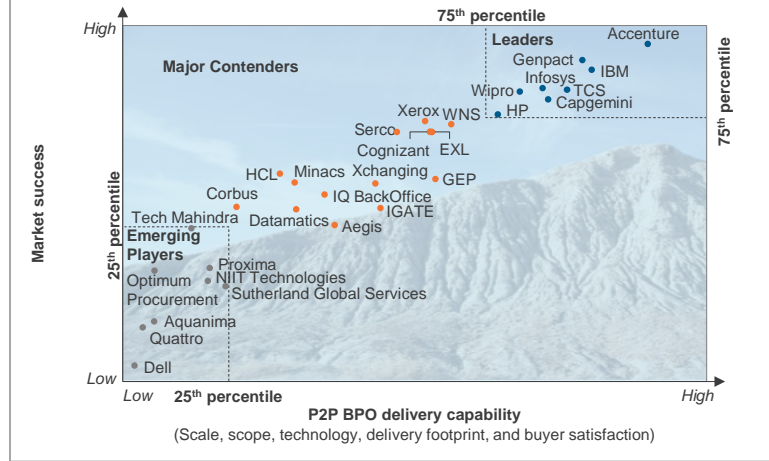
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Everest Group assessment

Delivery capability assessment¹ ● Low ◐ Medium ◑ Medium-high ● High

Assessment dimension	Rating	Remarks
Scale	◑	Nearly 40 active multi-process contracts; P2P BPO FTE headcount rapidly rising (over 3,500 in 2013)
Scope	◑	Balanced capability across subprocesses and geographies; however, scope exists for diversification in terms of industries served
Technology capability	◐	Ahead of most other providers with technology solutions such as TAP; however, yet to offer an fully integrated S2P platform
Delivery footprint	◑	Leverages global sourcing with delivery locations located in 5 out of 9 major regions ²
Buyer satisfaction	◑	Overall satisfaction high; however, clients expect improvement in implementation and transition management

TCS is a Leader on the Everest Group PEAK Matrix for P2P BPO



Overall remarks

- With a scale of over 3,500 P2P BPO FTEs and over 35 P2P BPO clients, TCS has been positioned as a Leader on Everest Group's P2P BPO PEAK Matrix
- Geographic diversification in terms of buyer locations as well as leverage of global sourcing are the key differentiators for TCS
- The company has strong technology capabilities at the FAO-related subprocess, i.e., accounts payable. TCS also offers analytics solutions, e.g., ProcACE. Being one of the early starters in the service delivery automation technologies, TCS has the capability to deliver to its clients another wave of cost savings in the otherwise mature P2P operations
- However, TCS has limited platform play (beyond analytics) in requisition-to-purchase order and invoice processing
- Gap also exists in terms of leveraging of output-based pricing models. TCS needs to adopt such models in order to better align its incentives with clients' interests
- Clients feel that there is scope for improvement in implementation and transition of solutions. TCS needs to leverage its investments in P2P Center of Excellence to bring improvements in this area

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

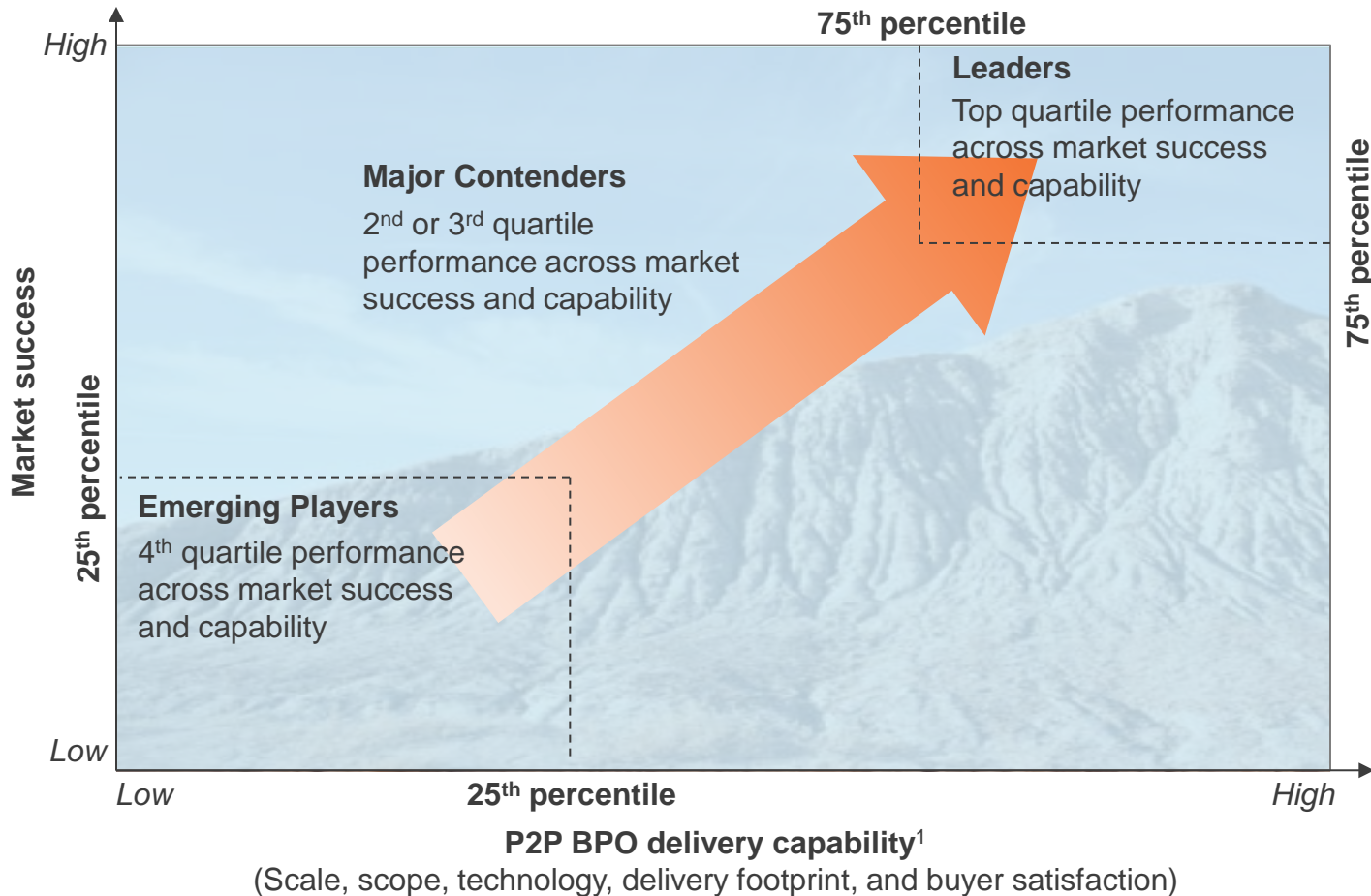
2 North America, Latin America, United Kingdom, Western Europe, Eastern Europe, India, Southeast Asia, Middle East & Africa, and Australia & New Zealand

Source: Everest Group (2014)

Appendix

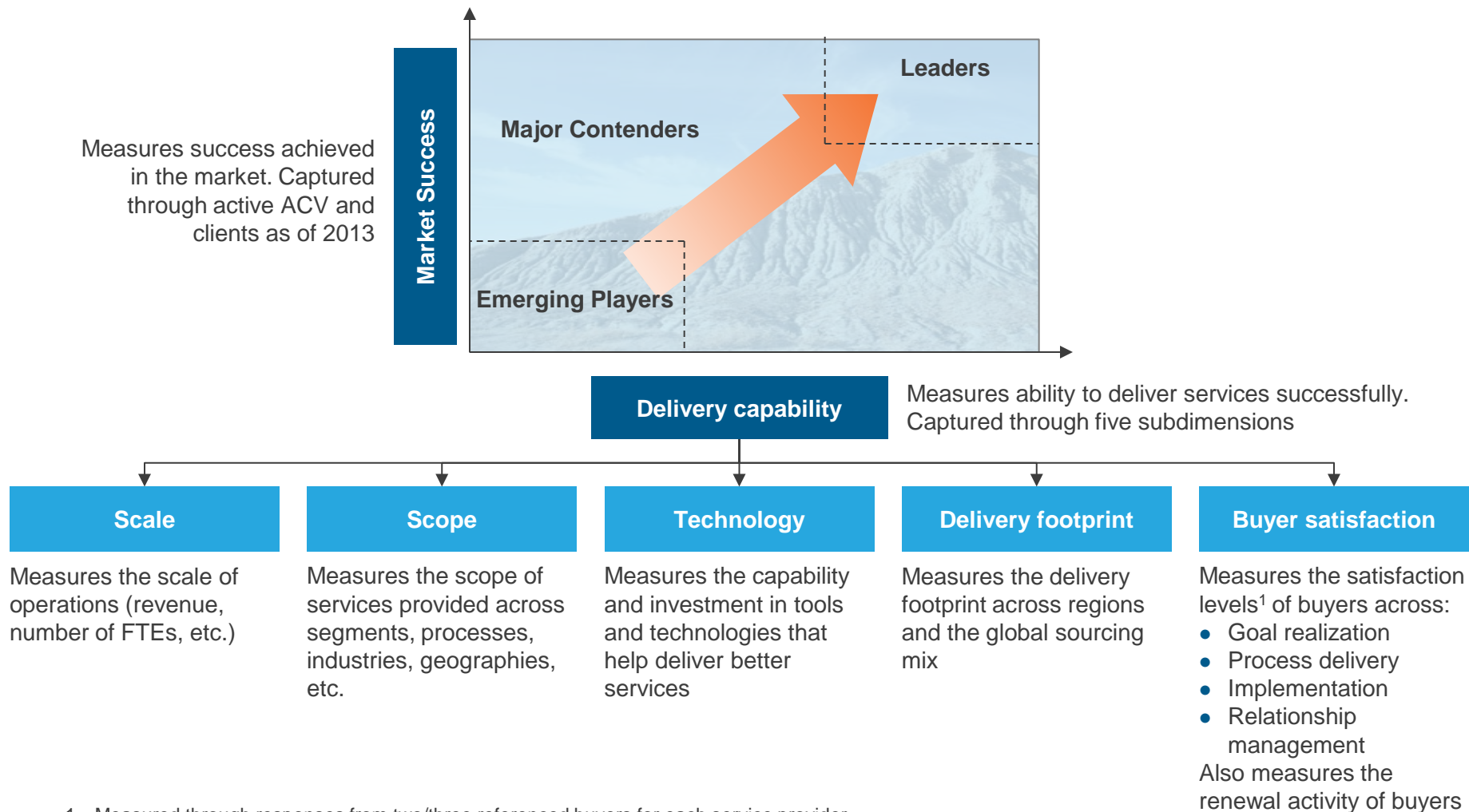
Everest Group classifies the P2P BPO service provider landscape into Leaders, Major Contenders, and Emerging Players on the Everest Group PEAK Matrix

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



¹ Service providers scored using Everest Group's proprietary scoring methodology described on the following page
 Source: Everest Group (2014)

Service providers are positioned on the Everest Group 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 (2014)

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

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

Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

New York

info@everestgrp.com
+1-646-805-4000

Toronto

canada@everestgrp.com
+1-647-557-3475

London

unitedkingdom@everestgrp.com
+44-207-129-1318

Delhi

india@everestgrp.com
+91-124-284-1000

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