

# Global Finance & Accounting Outsourcing Service Provider Performance and Satisfaction (SPPS): 2010

## Management Summary



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EquaTerra is pleased to present the findings from the inaugural edition of the Finance and Accounting Outsourcing (FAO) service provider performance and satisfaction (SPPS) study. This global FAO study investigates 110 F&A outsourcing contracts held by over 90 of the top F&A spending organizations worldwide. The total annual value of the contracts included in this study is over \$1 billion in terms of annual contract value (ACV). All commercial industries are represented in the study. This market study surveyed and interviewed key outsourcing decision makers - CFO's and their direct reports – actively involved in managing their organization's FAO efforts. EquaTerra also conducts similar service provider performance and satisfaction studies into the information technology outsourcing (ITO) marketplace. In addition to this management summary and whitepaper EquaTerra will release an ongoing series of deliverables that will further analyze, interpret and present key study findings.

The top three findings from this market study are as follows.

- FAO is delivering on the benefits that buyers seek from it
- FAO usage is expanding overall and in terms of the use of global sourcing
- FAO buyers overall are satisfied with the performance of their service providers.

The full whitepaper provides an in-depth analysis of all study findings as well as an overview of key F&A trends driving the FAO market.

Each year, EquaTerra undertakes an investigation into organizations' satisfaction with their IT outsourcing service providers in Europe. The research results are recognised as the most extensive and representative 'perception study' on the issues of Information Technology (IT) sourcing in the marketplace today. This year, for the first time, such a study was conducted for the finance & accounting outsourcing (FAO) market.

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The 2010 FAO Service Provider Performance and Satisfaction Study provides insights into the changing dynamics of the global FAO market. The points below focus both on general trends in the FAO market, as well as on the perceived performance quality of service providers, that are dealt with in the full report.

## Trends in the Marketplace

### 1. Outsourcing usage continues to grow

The importance of satisfaction with outsourcing is underlined by the findings on respondents' future outsourcing plans. Eighty-five percent of all respondents involved in this study confirmed that they will continue to outsource at the same or higher levels, with 72 percent indicating they will probably or certainly outsource more. Procure to Pay (P2P) is the most frequently outsourced F&A process, outsourced by 85 percent of participants. Sixteen percent of these organizations have plans to outsource more in this area. P2P is followed by Order to Cash (O2C) and Record to Report (R2R) which are both outsourced by 69 percent of respondents. Twenty-two percent of these organizations are considering increasing their outsourcing levels for both O2C and R2R.

### 2. Achieving cost savings and quality improvement are the main FAO drivers in the market today

Achieving cost savings is the most important driver for future FAO efforts as identified by 92 percent of study respondents. Quality improvement was ranked second and selected by 49 percent of respondents. Cost savings and quality improvements were also the two top original drivers for respondent organizations when they first undertook FAO.

### 3. FAO is consistently meeting its users business objectives

One of the most positive findings in this study is the high degree that FAO buyers believe that outsourcing has met its predefined primary objectives and business goals. Eighty-six percent of study participants say that FAO contributed significantly or moderately positively to meeting the primary drivers for its undertaking.

### 4. The use of near and offshore FAO is well established and growing

Eighty-six percent of the FAO buyers are currently utilizing near and/or offshore outsourcing resources. Forty-eight percent of these are employing both and 34 percent are just using offshore resources. India is the dominant offshore destination as identified by 78 percent of the respondents with 43 percent of FAO buyers using resources in Central/Eastern Europe.

### 5. FAO buyers' (self-assessed) outsourcing governance and service provider management skills and competencies are strong

Respondents self-assessed their organizations' capabilities to manage and govern service providers and outsourcing efforts. Overall 68 percent of organizations rate their management skills as good (40 percent) or excellent (28 percent). Only two percent rated their capabilities as weak. This is important as buyers that self-assess themselves as more skilled in sourcing management give their FAO service providers much higher general satisfaction scores.

## 6. FAO service providers overall are doing a very good job of meeting their clients' needs as measured by satisfaction scores buyers gave their providers across a range of key performance indicators (KPIs)

The study assessed buyer satisfaction with service provider performance by having respondents rank service providers across seven KPIs. Respondents were given a statement that characterized the service provider's ability to deliver against each KPI and then asked to what degree they disagreed or agreed with the statement. The scores were then converted into a 100 percent point scale. Results indicate that respondent organizations overall are satisfied to very satisfied with their service providers:

- Average KPI scores range from a high of 80 percent for recommend to peers and for quality, to 62 percent for innovation. They are higher on average than scores measured for ITO service providers in other similar EquaTerra SPPS studies
- Ninety-one percent of all respondent organizations are somewhat satisfied, satisfied or very satisfied with their service providers in terms of general satisfaction
- Ninety-seven percent of FAO buyers would recommend their service provider(s) to another organization considering FAO
- Additional deal attributes, such as age of deal, did positively impact service provider general satisfaction scores (buyers are generally more satisfied with provider performance once the effort is beyond the transition stage) while other factors such as deal complexity and geographic scope had a less of a correlation on satisfaction scores

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## Profile of Service Providers and Respondents Group

### Service Provider profile

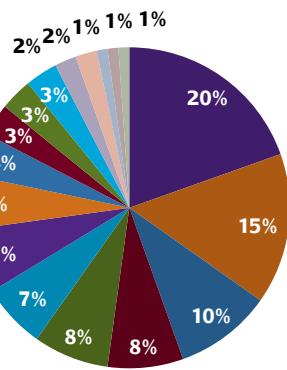
#### Providers included in this study

The following is a listing of some, but not all, of the key FAO service providers whose clients were surveyed for this research effort.

- Accenture
- ACS/Xerox
- Capgemini
- Genpact
- HP Enterprise Services
- IBM
- Steria

### Respondents profile

#### Sectors



- Consumer Packaged Goods, Food/Beverages
- Manufacturing
- Banking, Financial services, Insurance
- Pharma/Biotech/Life Sciences
- Energy/Utilities, Oil & Gas
- High Tech Products/Services
- Healthcare providers
- Transportation & Logistics
- Other
- Retail, Wholesale
- Entertainment/Media, Hospitality
- Chemicals, Minerals, Natural Resources
- Automotive
- Telecommunication
- Real Estate
- Commercial Aerospace/Defense
- Business Services/Consulting, Construction, Engineering

## About EquaTerra

EquaTerra sourcing advisors help clients achieve sustainable value in their IT and business processes. Our advisors average more than 20 years of industry experience and have supported more than 2,000 transformation and outsourcing projects across more than 60 countries. Supporting clients throughout the Americas, Europe, and Asia Pacific, we have deep functional knowledge in Finance and Accounting, HR, IT, Procurement, Real Estate and Facilities Management and other critical business processes. EquaTerra helps clients achieve significant cost savings and process improvement with internal transformation, shared services and outsourcing solutions.

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