

# Magic Quadrant for Finance and Accounting Business Process Outsourcing

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By Jan Ambergen, Geraldine Garaud, [and 1 more](#)

More than a third of outsourcing contracts now include technology and transformation expertise for core F&A operations. Corporate controllers should use this Magic Quadrant to evaluate BPO providers' ability to reduce processing costs while applying technology to improve process maturity.

## Market Definition/Description

Gartner defines finance and accounting (F&A) business process outsourcing (BPO) as the use of digital F&A technology solutions and managed services supplied by a third-party service provider. F&A BPO services provide transformation expertise and technology solutions that meet finance departments' requirement to move from labor-intensive service delivery models to automation-intensive models supporting the digital transformation of finance operations.

F&A BPO providers offer processing services and technology solutions for purchase to pay (P2P), order to cash (O2C) and record to report (R2R). BPO providers meet finance buyers' needs to address improving process maturity at a competitive price.

Providers offer processing and technology services to improve P2P, O2C and R2R processes, which offer buyers the ability to purchase transformation expertise and technology solutions to help their finance operations mature.

At minimum, an F&A BPO provider processes finance activities on behalf of its customers via a delivery center network, often in low-cost locations, passing on cost savings in the form of

labor arbitrage.

Mature BPO offerings move beyond labor arbitrage efforts and offer buyers end-to-end intelligent processing capabilities through either proprietary or partner technology ecosystems, which are often cloud-based and are focused on reducing human dependencies in process workflows. Buyers benefit from these types of agreements by maturing their processes and adopting technologies that require minimum human intervention.

## **Must-Have Capabilities**

The must-have capabilities for this market include:

- Processing services for P2P, which involves supplier/vendor master data, purchase orders, invoices, payments and accounts payable query support.
- Processing services for O2C, which involves customer order management, customer master data management, billing invoice processing, credit and collection management, dispute resolution, cash allocation, and accounts receivable query support.
- Processing services for R2R, for financial journal entry management, close management, statement processing, controls, and compliance and transaction analysis.

## **Standard Capabilities**

The standard capabilities for this market include:

- Connectivity solutions for providers to access clients' existing systems.
- Technology solutions, either proprietary or partnered, for P2P, O2C and R2R.
- Finance transformation services, which involve the provider building, implementing and managing transformation programs across P2P, O2C and R2R.
- Processing services for financial planning and analysis (FP&A).

## **Optional Capabilities**

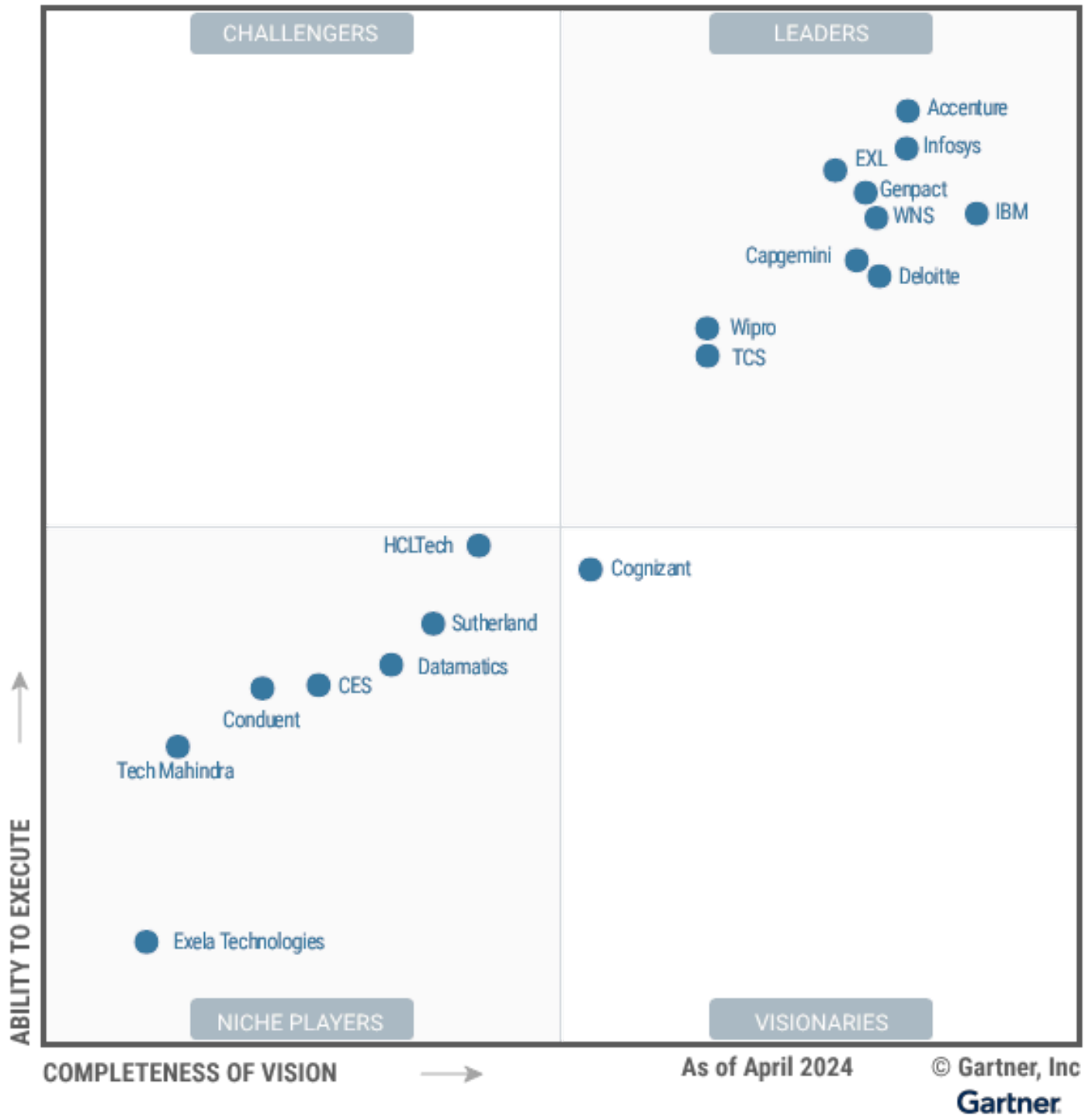
The optional capabilities for this market include:

- Intelligent process workflows that embed the use of AI and machine learning (ML) capabilities.

- F&A build-operate-transfer service capability.

## Magic Quadrant

Figure 1: Magic Quadrant for Finance and Accounting Business Process Outsourcing



Source: Gartner (May 2024)

### Vendor Strengths and Cautions

Accenture

Accenture is a Leader in this Magic Quadrant. It serves F&A BPO clients of all sizes, with the greatest share in large enterprises. Of its 339 F&A BPO clients, 73% contract for P2P services, 57% for O2C services, 61% for R2R services and 79% for transformation advisory services. In 2023, it enhanced its process value chain transformation offering that supports buyers' end-to-end process optimization like O2C and source to settle to enhance contractual business outcomes. In 2024, Accenture plans to continue its One Accenture strategy, which brings its tech and ops capabilities together and accelerates automation that delivers touchless operations in P2P and O2C and continuous accounting and monitoring in R2R.

### *Strengths*

- **Proprietary platform:** Accenture continues to successfully deploy SynOps, its proprietary generative-AI-powered automation platform, to more of its existing customers. The platform optimizes customers' current finance applications in addition to applying an intelligent workflow layer using AI. This improves process insights, allowing for faster decision making across core finance workflows.
- **Advanced analytics:** Accenture differentiates its BPO service by providing real-time persona and role-based information to leadership across financial and nonfinancial metrics. Buyers may benefit from its predictive alerts on stockouts, order value and revenue loss for O2C and trial balance and error detection for R2R.
- **Digital transformation:** Accenture successfully continues to accelerate buyers' transformation programs with its four-stage "journey to an intelligent operations" framework. Buyers seeking close collaboration with their provider for technology selection and workflow orchestration to achieve an outcome-focused partnership should further discuss this framework.

### *Cautions*

- **Contracting approach:** Accenture continues to offer contract fees based on headcount, with 33% of its customers on a full-time equivalent (FTE) pricing model. Its offerings, such as R2R, see a gradual year-over-year (YoY) uptake in this pricing model due to more judgment-based and complex activities. Buyers evaluating Accenture should ascertain whether an outcome-based contract could give faster access to technology to improve core finance processes and reduce the risk of paying for failed initiatives.
- **Business model:** Accenture extends dedicated team support for emerging digital-technology-focused engagement plans to 10%+ of its F&A BPO client base. While all

clients have access to its continuous innovation services by default, buyers should discuss how its governance model maximizes the advantage of this provider's service management capabilities.

- **SMB customer experience:** In Gartner Peer Insights reviews, small and midsize businesses (SMBs) using Accenture's F&A BPO services have indicated limitations with the personalization for process services and experiences of higher-than-expected costs. SMBs evaluating this provider should explore its capabilities to build a service management team that delivers on budget and service expectations.

## Capgemini

Capgemini is a Leader in this Magic Quadrant. It serves large and midsize F&A BPO clients, with the greatest share in large enterprises. Of its 290 F&A BPO clients, 86% contract for P2P services, 79% for O2C services, 69% for R2R services and 97% for transformation advisory services. In 2023, it enhanced its Frictionless Finance solution with new commercial constructs for business outcomes, where it bears the upfront investment so buyers can experience alternative solutions such as its collections service. In 2024, Capgemini will increase investments in innovation efforts, including AI and generative AI, via its product owners and global process owners to continue developing industry-specific solutions, enhance business insights, improve touchless e-invoicing and digitize its invoice-to-pay solution.

### *Strengths*

- **Digital transformation:** Capgemini continues to expand its Transformation and Innovation Office (TIO) across more of its customers and has included a new role — chief outcomes officer — to ensure delivery of business outcomes. Buyers gain better transparency and issue resolution on digital transformation projects that have contractual business outcomes with this offering.
- **Customer adoption:** Capgemini continues investment in its technology ecosystem focused on reducing human dependency, and has demonstrated the highest client adoption for its intelligent finance workflow among Leaders. Buyers should evaluate this offering for processes that require high manual interventions.
- **Innovation:** Capgemini extends its core finance offerings beyond transactional finance processes and focuses efforts on improving adoption for end-to-end solutions. Buyers

may gain improved process maturity by expanding into upstream and downstream activities while also reducing total processing costs.

### *Cautions*

- **Service governance:** Gartner Peer Insights reviews and Gartner client interactions have noted inconsistencies in operational execution driven by staff attrition. Buyers should further expand their governance terms to ensure process stability during staff changes.
- **Geographic strategy:** Capgemini primarily delivers services to customers in North America from non-U.S.-based locations. Buyers seeking North American “nearshore” locations should carefully discuss and develop with this provider the delivery model in relation to the scope of services and local market needs.
- **Service offering:** Capgemini F&A offerings are prioritized to engage larger enterprise buyers. Buyers should evaluate reference customers from SMBs when considering this provider to ensure that technology and transformation offerings are transferable to their size of organization.

## **CES**

CES is a Niche Player in this Magic Quadrant. It serves F&A BPO clients of all sizes, with the greatest share in SMBs. Of its 33 F&A BPO clients, 39% contract for P2P services, 9% for O2C services, 76% for R2R services and 0% for transformation advisory services. In 2023, it expanded its F&A BPO offering into accounting services for real estate to meet its client requirements for real estate accounts payables, receivables, reconciliation and bookkeeping. In 2024, CES plans to leverage generative AI for document extraction to derive faster insights that it can present back to its clients as part of its automated support for document processing services across core finance activities.

### *Strengths*

- **Digital offering:** CES continues to develop its core proprietary solution CENTIPEDE with AI/ML capabilities for O2C, P2P and R2R. Buyers are able to monitor process workflows and gain insights into process cost and efficiency opportunities.
- **Industry-specific product:** CES continues to invest in its core customer base, the financial services and asset management sector. Buyers from this industry should evaluate its proprietary cash reconciliation offering.

- **Service delivery:** CES invested in improvements to R2R product CashTrax through an active metric-driven client review program. Features such as self-service insights and mobile access to workflows are a result of the capabilities now available to buyers.

### *Cautions*

- **Transformation advisory services:** CES has one of the lowest adoption rates among providers for finance transformation advisory services. Buyers should further evaluate this provider's transformation roadmapping capabilities when seeking to adopt technology solutions from this provider.
- **Contracting approach:** CES has only 7% of its F&A customers contracting to outcome-based pricing, lower than the majority of providers. Buyers should evaluate an outcome-based pricing model when adopting technology solutions to incentivize technology investments that result in improved operations.
- **Services in local languages:** While CES operates 14 service centers in multiple geographies, its delivery teams only support F&A services in three languages. Buyers with multiple language requirements may not transition the complete processes to this provider.

## **Cognizant**

Cognizant is a Visionary in this Magic Quadrant. It serves F&A BPO clients of all sizes, with the greatest share in large enterprises. Of its 121 F&A BPO clients, 69% contract for P2P services, 60% for O2C services, 35% for R2R services and 12% for transformation advisory services. In 2023, it launched its Cognizant Neuro AI platform designed to help buyers understand, consume and customize generative AI models focused on business-outcome-based finance processes. In 2024, Cognizant will focus investments in better integration of recently acquired capabilities to improve solutions for its quote-to-cash transformation offering.

### *Strengths*

- **Digital offering:** Cognizant deployed Neuro AI, a generative-AI-capable solution to help clients understand and pilot new process models across P2P, O2C and R2R. Buyers can use Neuro AI as a central command center to source solutions for new process models that connect multiple proprietary and partnership technologies.

- **Service delivery:** Cognizant established a process mining center of excellence with Celonis and FortresstIQ to meet clients' process improvement needs. Buyers will benefit from outsourcing staff trained to identify and develop automation solutions via its citizen development program, which can accelerate the pace of process transformations.
- **Industry strategy:** Cognizant is expanding its ability to meet broad customer needs with the introduction of tailor-made solutions for various industries as well as the midsize segment. Examples include SwiftCloud for retail, bill back for travel, revenue cycle solutions for healthcare and claim audit solutions for insurance.

### *Cautions*

- **Customer adoption:** Cognizant has low adoption for managed services in O2C and R2R, with less than 30% of its clients contracted for these services. Buyers should request reference discussions with existing clients for O2C and R2R services, and align expectations on what specific services and solutions are adopted for these processes.
- **Contracting approach:** Only 2% of Cognizant contracts are using an outcome-based pricing structure. The provider is using hybrid pricing structures, but these are mainly structured using traditional pricing models. Buyers may miss out on process improvement and cost-reduction benefits because the added value is not incentivized in traditional pricing models.
- **Product and services marketing:** Cognizant has limited finance customer testimonials and does not share customer success insights on recent finance transformation. Buyers contracting for transformation services should seek out reference inquiries from this provider's existing customers.

### **Conduent**

Conduent is a Niche Player in this Magic Quadrant. It serves F&A BPO clients of all sizes, with the greatest share in large enterprises. Of its 52 clients for F&A BPO, 75% contract for P2P services, 27% for O2C services, 25% for R2R services and 58% for transformation advisory services. In 2023, it focused its growth strategy toward midsize enterprises. It also improved its FastCap solution and subject matter expertise to improve buyers' analysis of large data to recover erroneous payments. In 2024, Conduent will support clients' move to an updated workflow platform that allows for more automated finance transactions and assists in efforts to improve electronic invoice submissions.



## *Strengths*

- **Proprietary platform:** Conduent continues to invest in its proprietary offerings ProTRAC and FastCap, which include AI-driven intelligent workflows for the P2P process. Buyers are supported with improved cycle times for invoice processing and enhanced insights for P2P process auditing.
- **Contracting approach:** Conduent offers transparent and flexible contract pricing; 67% of buyers adopt a combination of outcome-based pricing models, which is among the highest across all providers. Buyers are able to adopt these technology solutions with the assurance that fees are payable upon improved process metrics.
- **Market responsiveness:** Conduent has recently focused efforts on its offering for SMBs. These buyers are able to source P2P managed services, technology solutions and transformation expertise that are better suited for their organizational size, with specific capabilities in areas such as working capital insights.

## *Cautions*

- **Product roadmap:** This provider's innovation strategy is mainly focused on the P2P process. Its overall F&A strategy lacks a clear roadmap for services and functions for the O2C and R2R transactional areas. Buyers considering innovation such as AI and generative AI in O2C and R2R should match their own roadmap to Conduent to ensure alignment.
- **Market response:** Conduent provides less comprehensive support for broader finance transformation needs relative to other providers, and its focus is delivering added value through cash recovery and working capital improvement. Buyers interested in end-to-end finance process transformation should further assess this provider's capabilities in these areas.
- **Customer experience:** Although Conduent presents several interesting use cases, it lacks independent testimonials from its finance clients and has the lowest retention rate compared to other providers in this Magic Quadrant. Buyers should seek out reference inquiries from this provider's existing customers to evaluate its transformation service.

## **Datamatics**

Datamatics is a Niche Player in this Magic Quadrant. It serves large and midsize F&A BPO clients, with the greatest share in large enterprises. Of its 78 F&A BPO clients, 58% contract

for P2P services, 23% for O2C services, 10% for R2R services and 9% for transformation advisory services. In 2023, it upgraded all of its F&A buyers from its iPM platform to FINATO, an improved digital platform that uses AI/ML, automation and analytics to improve P2P, O2C and R2R workflows by reducing human dependencies. In 2024, Datamatics will evolve its F&A BPO service offering by introducing generative AI in demand forecasting and profitability analysis as well as a deductions cloud-based module for the O2C process supported by customer portal capabilities to improve self-service.

### *Strengths*

- **Product offering:** Datamatics continues to invest in its proprietary generative AI and ML-powered digital platform, FINATO, across P2P, O2C and R2R processes. The platform allows for on-the-go access via a mobile-based application and offline functionality, including audit trails, automatching, autovalidation, and systemic checks and controls.
- **Market responsiveness:** Datamatics recognized the buyer's need for more automation by migrating all of its customers to its FINATO solution. This solution offers buyers digital F&A operations with a business-outcome-oriented approach.
- **Industry-specific solutions:** Datamatics continues investment for its primary industry, manufacturing. Its solutions include inbound delivery, spend analytics and autopay scheduling. Buyers may accelerate their deployment times as process customizations to meet industry needs for this sector are preconfigured.

### *Cautions*

- **Customer adoption:** Datamatics has a low adoption for its O2C and R2R managed service offerings. Basic process activities such as customer payment collections and journal entry management remain less adopted than other providers. Buyers should further evaluate the risk of limited innovation in these process areas as a result of low uptake.
- **Geographic strategy:** Datamatics has limited delivery centers in North America and none in EMEA, despite previous plans to expand into these regions. Buyers are limited to their processes being managed out of APAC delivery centers, which can cause restrictions with time zones and nearshore proximity, particularly during transformation efforts.
- **Product and services marketing:** Datamatics, in comparison to other providers, has limited testimonials from existing clients adopting its finance solution and transformation services. Buyers should advocate for additional insight into current customer experiences as part of their evaluation process.

## Deloitte

Deloitte is a Leader in this Magic Quadrant. It serves F&A BPO clients of all sizes, with the greatest share in large enterprises. Of its 660 F&A BPO clients, 38% contract for P2P services, 35% for O2C services, 74% for R2R services and 94% for transformation advisory services. In 2023, it invested in preconfigured finance applications, accounting policies and advisory support that are ideal for evolving finance organizations seeking to transition beyond basic solutions to accommodate fast growth. In 2024, Deloitte will continue to innovate its proprietary solutions and co-innovate with its strategic partnership releases of digital F&A services across core finance workflows and the incorporation of emerging technologies such as generative AI.

### *Strengths*

- **Product and services:** Deloitte has expanded its client portfolio in the past year. Its revenue growth has been the highest among Leaders. Its specific F&A technology improvements include complex, judgment-based strategic finance offerings that support its Lights Out Finance approach to finance transformation.
- **Digital transformation:** Deloitte's Advise, Implement and Operate framework supports an integrated service platform. Buyers benefit from accelerating their finance process transformational goals and reducing the risk of delay as this framework can support several process initiatives simultaneously.
- **Customer experience:** Deloitte's clients highly rate its overall service approach. Reviews on Gartner Peer Insights and feedback shared during client inquiry indicate that digital transformation methodology, service delivery flexibility and advanced analytics reporting capabilities are among the top reasons for selecting this provider.

### *Cautions*

- **Offering strategy:** Deloitte offers a complex set of finance platform brands that achieve an array of outsourcing objectives through custom solutions tailored to client needs. But they are not packaged as a unified offering in comparison to other providers in this Magic Quadrant. Buyers may have to dedicate more time during their evaluation phase navigating through multiple technology and transformation capabilities to select their desired solutions.

- **Customer adoption:** Deloitte has lower adoption rates for some R2R processes, such as intercompany accounting and accrual management, in comparison to other Leaders. Buyers should further evaluate the risk of a limited number of clients in these process areas as a result of low uptake when considering to outsource these activities.
- **Product and services marketing:** Deloitte has limited messaging about its F&A offerings on its website, which limits a buyer's ability to learn about its core and strategic F&A outsourcing services. Its website does message its innovative capabilities, but use cases relevant for a prospective buyer to F&A operations are limited.

## Exela Technologies

Exela Technologies is a Niche Player in this Magic Quadrant. It serves F&A BPO clients of all sizes, with the greatest share in large enterprises. Of its 2,434 F&A BPO clients, 16% contract for P2P services, 83% for O2C services, less than 1% for R2R services and less than 1% for transformation advisory services. In 2023, it added proactive error detection and preventative alerts in finance workflows across accounts payables and receivables to support end-user decision making. In 2024, Exela plans to add more F&A subject matter experts with technology and data science experience and skills to offer consulting-led assignments with bundled tech services.

### *Strengths*

- **Industry-specific solutions:** Exela offers a full service for traditional F&A processes across education, government and retail sectors. Its footprint in the U.S. government and semigovernment sectors is also notable. Buyers in any of these sectors may benefit from this provider's customized expertise as supported by subject matter experts and data scientists.
- **Business model:** Exela's current portfolio is fairly equally spread across enterprise sizes. It offers integration with a wide range of ERP systems as well as a cloud-based service offering that supports all clients, regardless of size. Buyers can benefit from its on-demand, as-a-service model that is scalable to support the various market segments.
- **Product offering:** Exela continues to invest in developing partnerships with third-party technology providers, prioritizing a cloud-based multitenant approach for its P2P, O2C and R2R offerings. Buyers may benefit from a comprehensive selection of technology solutions that can be managed under a single managed service provider.

## *Cautions*

- **Financial performance:** Throughout 2023 and into early 2024, Exela's profitability and solvency were highlighted as areas of concern by the financial press. Buyers should further evaluate this provider's long-term strategy and business continuity plans before engaging in a relationship.
- **Customer adoption:** Exela has a low adoption rate for P2P and R2R processes such as journal entry, bank reconciliation and intercompany accounting. Buyers should further evaluate the risk of limited innovation in these process areas as a result of low uptake when considering to outsource these activities.
- **Advanced analytics:** Exela has a limited product roadmap for advanced analytics, which are foundational to intelligent workflow capabilities and digital transformation services. Buyers should evaluate this provider's ability to move beyond its current focus on driving standardization via automation and globalization.

## **EXL**

EXL is a Leader in this Magic Quadrant. It serves F&A BPO clients of all sizes, with the greatest share in large enterprises. Of its 170 F&A BPO clients, 42% contract for P2P services, 45% for O2C services, 46% for R2R services and 25% for transformation advisory services. In 2023, it focused on dismantling clients' data silos, applying predictive modeling and identifying areas for accounting workflow enhancements by building custom AI solutions using its proprietary solutions. In 2024, EXL plans to enhance its EXL Digital Finance Suite with generative AI technology improving its data-led payables and receivables management modules to streamline the transactional process. This will improve overall process efficiency and real-time insights to make better business decisions while transitioning to cloud-based solution offerings to improve accessibility for buyers, boosting customer satisfaction.

## *Strengths*

- **Industry-specific solutions:** EXL continues to invest in data platforms and end-to-end AI-led process transformation. Buyers are now able to access specific industry vertical solutions that bundle data and analytics with digital engineering to help predict volume and velocity of settlements for the insurance industry. The solutions can also predict the propensity to default on a loan in the banking industry.
- **Digital offering:** EXL has a mature suite of service offerings, and works proactively with clients on high-complexity use cases in the FP&A domain and on risk and compliance in

the R2R domain. EXL is also developing digital and analytical solutions to deliver business outcomes. Buyers benefit from early access to emerging technology, such as the use of generative AI in accounts receivable deductions, unearned cash and e-invoicing.

- **Advanced analytics:** EXL provides a unified view of operational metrics, digital transformation progress and innovation initiatives through Nervehub. Not only does this provide greater operational visibility compared to other providers, but Nervehub can also identify areas of improvement, conduct root cause analyses and measure business outcomes.

### *Cautions*

- **Contracting approach:** EXL continues to offer contract fees based on FTE headcount, with 76% of customers engaged in this pricing model — among the highest across Leaders. Buyers may miss out on process improvement and cost-reduction benefits because the added value is not incentivized as in outcome-based models.
- **Geographic strategy:** A majority of EXL's delivery centers are in Asia/Pacific, and it does not anticipate opening up any additional centers beyond its 2023 expansion in the U.S., Canada and Mexico. It will hire highly skilled personnel to address the growing global demands in digital, AI and analytics in the EU. While it is willing to set up a "work from anywhere" model, buyers who require nearshore delivery centers for transactional processing to improve stakeholder engagement need to discuss with this provider its global delivery service model.
- **Market responsiveness:** Only 13% of EXL's relationships are with SMBs, which is a slight drop YoY and tracks with its tendency to prioritize growth via medium and large enterprises. SMB buyers should proactively vet this provider's ability to support their needs across the purchase process and end-to-end delivery.

### **Genpact**

Genpact is a Leader in this Magic Quadrant. It serves F&A BPO clients of all sizes, with the greatest share in large enterprises. Of its 310 F&A BPO clients, 69% contract for P2P services, 68% for O2C services, 73% for R2R services and 24% for transformation advisory services. In 2023, it created a new generative AI center of excellence (COE) to improve use-case identification, and expanded its industry and geographic focus into new segments (like Germany, Japan and private-equity-backed firms). It also delivered industry solutions in store accounting and cash management for retail. In 2024, Genpact plans to drive new offerings,

such as a quick audit process to assist the corporate controller in segregation-of-duty reviews, global process owner benchmarking best practices and AI innovation centers.

### *Strengths*

- **Digital transformation:** Genpact's Lean Digital innovation framework is offered to every F&A client to support faster development and adoption of digital solutions. Buyers benefit from maturity assessments, digital process prototypes and digital engagement days to experience and help contextualize solutions to business needs.
- **Business model:** Genpact offers to manage clients' employees as a service, and its extensive global delivery center footprint allows it to minimize business disruption when transitioning complex finance processes. Buyers who require nearshore delivery for complex finance operations should further evaluate this service.
- **Innovation:** Genpact tailors its approach for different client segments based on specialized needs, architecture and infrastructure support, and appetite for generative AI. Buyers may benefit from recent partnerships for digital accounts payable solutions (e.g., Xelix) and financial statement risk sensing and anomaly detection (e.g., ThinkRisk).

### *Cautions*

- **Customer adoption:** Genpact has a relatively low number of F&A customers contracting for end-to-end credit management, customer scheduling and the front end of P2P processing. Buyers looking for a long-term partner to digitalize processes in these service areas should evaluate whether the provider's planned roadmaps match their expected needs.
- **Customer experience:** Customer reviews on the Gartner Peer Insights platform indicate inconsistent experience in Genpact's analytic reporting services. Buyers should request that additional training and service management support be provided to improve consumption of this provider's analytic capabilities.
- **Market responsiveness:** By strategic choice, Genpact's client base primarily consists of large companies; only 2% of Genpact F&A BPO deals come from SMBs. Buyers in the SMB segment may find that featured case studies and testimonials are only from large enterprise clients with different needs, providing limited insight into this provider's services to the SMB segment.



HCLTech is a Niche Player in this Magic Quadrant. It serves F&A BPO clients of all sizes, with the greatest share in large enterprises. Of its 77 F&A BPO clients, 32% contract for P2P services, 45% for O2C services, 32% for R2R services and 23% for transformation advisory services. In 2023, it launched O2C and P2P productization for agility and an online rapid assessment test for P2P to help determine the customer's process maturity and improve its sales conversion rate. In 2024, HCLTech plans to focus on driving customer adoption of generative AI and large language models (LLMs) to support self-service capabilities and improve process automation via technologies enabled by AI and ML.

### *Strengths*

- **Service delivery:** HCLTech operates a scalable and flexible service delivery model that is responsive to client and market needs. It can structure the offering based on the complexity of the request, from improving the process and technology landscape, to meeting local language and regulatory requirements through on-site, nearshore and offshore models.
- **Customer experience:** HCLTech receives strong customer feedback on its overall performance, as evidenced in Gartner Peer Insights reviews as well as client inquiry. Buyers cite service delivery flexibility, governance and product capabilities as the top three reasons for recommending this provider.
- **Digital offering:** HCLTech continues to offer an extensive set of partnered and proprietary solutions for each of the core F&A end-to-end processes (i.e., P2P, O2C and R2R), which increases the technology flexibility for the customer. The broad mix of both partnered and proprietary solutions delivered at scale provides buyers with a strong base upon which to drive operational excellence.

### *Cautions*

- **Industry-specific solution:** HCLTech has recently started developing industry-specific solutions, but still has limitations to its offering for industry-specific F&A solutions and services; it mainly focuses on universal solutions for core transactional processes. Buyers are increasingly opting for providers with a track record of developing solutions for industry-specific challenges and the related nuances in process delivery.
- **Contracting approach:** HCLTech continues to offer traditional pricing contracts, with approximately 35% of its F&A BPO customers contracting to fees based on headcount, and 45% of clients contracting based on transactions. Buyers opting for traditional pricing



contracts may miss out on process improvement and cost-reduction benefits because the added value is not incentivized as in outcome-based models.

- **Customer adoption:** HCLTech has a relatively low adoption for some R2R processes in comparison to other providers. Buyers should further evaluate the risk of limited adoption in these process areas as a result of low uptake when considering to outsource these activities.

## IBM

IBM is a Leader in this Magic Quadrant. It serves F&A BPO clients of all sizes, with the greatest share in large enterprises. Of its 300 F&A BPO clients, 60% contract for P2P services, 28% for O2C services, 37% for R2R services and 30% for transformation advisory services. In 2023, it deployed watsonx that has a new approach to value-driven work. Historical collecting, processing and composing now shift to validating, controlling, analyzing and improving finance processes. In 2024, IBM plans to execute against a pipeline of high ROI use cases based on generative AI capabilities. Buyers are expected to see increased digital labor support leveraging intelligent workflows with minimal human dependencies.

### *Strengths*

- **Innovation:** IBM is pushing the market forward with its well-articulated vision on AI's transformation of end-to-end F&A processes. It can showcase use cases to highlight AI's impact on finance applications (e.g., zero-touch versus augmented and orchestrated) and how performance within each finance process can be improved.
- **Business model:** IBM is investing in an AI-first approach for all F&A BPO operations. The provider aims to increase its digital workforce and expects significant productivity gains from AI applications on finance activities in all O2C, P2P and R2R.
- **Product and services:** Compared to other Leaders, IBM is the most active in diversifying its talent portfolio with new roles to support finance AI automation, such as process orchestrators and model-tuning analysts. Buyers may benefit from having access to certified BPO talent that can help accelerate their efforts on sophisticated AI-enabled automation across finance activities.

### *Cautions*

- **Contracting approach:** IBM continues to offer contract fees based on headcount, with 50% of its F&A customers contracting to this FTE pricing model. Buyers need to agree on technology and process improvement for the contract period and include outcome-based pricing structures, which have a better likelihood of receiving the added value during the engagement.
- **Customer experience:** IBM continues to have a limited set of client testimonials from past digital finance transformation successes on its website. Prospective buyers may choose to validate the level of satisfaction with existing clients and carefully assess the provider's added value for their specific use case.
- **Customer adoption:** IBM has low customer adoption for some finance activities, such as credit management, customer invoice/billing and cost accounting, with fewer than 40% of its buyers contracting for these services. Buyers should further evaluate the risk of limited innovation in these process areas as a result of low uptake when considering to outsource these activities.

## Infosys

Infosys is a Leader in this Magic Quadrant. It serves F&A BPO clients of all sizes, with the greatest share in large enterprises. Of its 189 F&A BPO clients, 50% contract for P2P services, 45% for O2C services, 26% for R2R services and 53% for transformation advisory services. In 2023, it continued to build out its Finance.LIVE offering with autonomous operations that standardized back-office processes to run with minimal human intervention. It also dedicated more talent to its real-time reporting and predictive efforts across all core finance process offerings. In 2024, Infosys plans to offer a generative AI solution for quarterly and annual financial reporting packages in compliance with IFRS and U.S. GAAP.

### *Strengths*

- **Digital offering:** Infosys' control tower service management helps customers manage risks and disruptions to digital transformation programs. It continues to have a strong focus on driving the finance back office toward minimal human intervention, providing real-time reporting, predictive analytics and integrated forecasting.
- **Innovation:** Infosys continues to drive innovation with its Topaz solution, a cloud-based enterprise platform with generative AI technology. Buyers looking beyond traditional services can use its FP&A in a box and CFIN as a service or specific industry services such as real estate accounting.

- **Market response:** Infosys increased the adoption rate of its finance technology solutions by offering its clients access to an innovation fund. Clients can use new technology as proof of concept on a risk-free basis. As a result, the adoption level of finance processes and new technology is one of the highest compared to other Leaders.

### *Cautions*

- **Marketing strategy:** Infosys continues to lag behind other providers when it comes to offering a simplified, easily understood finance platform brand. Infosys' complex catalog of finance solutions contrasts with the more unified approach taken by others. Buyers may face delays in the evaluation phase when matching the offering catalog against their needs to minimize the risk of an under- or overscoped solution.
- **Customer experience:** Reviews of Infosys' F&A BPO services on the Gartner Peer Insights platform and insights from client inquiry indicate that improvements are needed to the agility of service delivery and turnover of staff. Buyers prioritizing these areas should actively discuss how these issues can be mitigated via the appropriate governance model.
- **Industry-specific talent:** Infosys' development of industry-focused talent lags behind other Leaders. Buyer engagement and adoption of technology solutions tend to increase when involving industry-skilled talent on the customer account.

### **Sutherland**

Sutherland is a Niche Player in this Magic Quadrant. It serves F&A BPO clients of all sizes, with the greatest share in large enterprises. Of its 106 F&A BPO clients, 42% contract for P2P services, 68% for O2C services, 54% for R2R services and 22% for transformation advisory services. In 2023, it launched F&A services on increasing client demand processes like control testing automation, investment accounting, and return and claim accounting. In 2024, Sutherland plans to embed generative AI capabilities in its finance services, such as automatically generated collection notes and fraud indicator reporting in the P2P process.

### *Strengths*

- **Innovation:** Sutherland offers co-creation of specific technology and service solutions aligned to customer strategies via its Sutherland Labs. During the contract period, this collaboration promotes an active engagement model to build client roadmaps, promote innovation and improve process maturity.

- **Business model:** Sutherland targets improvements in clients' process maturity. It also incentivizes client engagement leaders based on its delivery of added value to the client, which is an effective but uncommon instrument in the BPO market.
- **Contracting approach:** Sutherland's default pricing structure offers transparency to its clients with upfront prioritization of the calculations and data required to support the business-outcome-based model. This data-led approach efficiently enhances the customer experience, as it serves to meet the needs of both new and existing clients.

### *Cautions*

- **Customer adoption:** Sutherland has low customer adoption for some finance activities, such as supplier statement reconciliation and fixed asset and cost accounting, with fewer than 20% of its buyers contracting for these services. Buyers should further evaluate this provider's technology offerings and workforce competencies across these processes when outsourcing.
- **Marketing execution:** Sutherland's marketing focuses on innovative process improvements and offers limited details about its outcome-driven methodology and support for digital transformation efforts. Buyers should evaluate digital offerings from the provider and align them with their own technology roadmap.
- **Customer experience:** Sutherland has only a limited number of testimonials from digital finance transformation clients on its website, and it offers no insight to prospective buyers about existing customers' satisfaction with its digital finance offering. Without this insight, customers may struggle to evaluate Sutherland's digital capabilities as a BPO provider.

## **TCS**

TCS is a Leader in this Magic Quadrant. It serves F&A BPO clients of all sizes, with the greatest share in large enterprises. Of its 210 F&A BPO clients, 93% contract for P2P services, 68% for O2C services, 60% for R2R services and 36% for transformation advisory services. In 2023, it implemented AI and ML for automating routine tasks and made continued investments in cloud-based industry-specific offerings for P2P, O2C and R2R. In 2024, TCS plans to expand its digital product offerings with client needs assessments, market research, scalable and flexible pricing models, pilots, training, and a more robust support infrastructure.

## *Strengths*

- **Digital offering:** TCS continues to invest in its delivery approach that orchestrates multiple technologies, platform solutions, process benchmarking and service transformation frameworks. Buyers may benefit from its process maturity assessment tool that defines the target operating model during the design and planning phase of finance process transformation.
- **Product and services:** TCS continues to enhance its Cognix platform, which is AI-driven/integrated. It offers a fit-for-purpose transformation and delivers a comprehensive overview across the finance domains highlighting added value in a cybersecured modular format.
- **Innovation:** TCS offers a fund for clients wanting to conduct proofs of concept and emerging technologies through its ideathon program. Buyers are able to track the crowdsourcing of ideas via an interactive continuous improvement experience.

## *Cautions*

- **Customer experience:** Users of Gartner's client inquiry services have cited delivery team attrition and service-level performance concerns. Buyers should discuss TCS's three-tier governance model and agree on terms and indicators that prevent service-level default during periods of team changes.
- **Customer adoption:** TCS has several subprocesses across P2P, O2C and R2R with low client adoption rates in comparison with other Leaders in this Magic Quadrant. Buyers should further evaluate alignment of their scope of work with this provider's proprietary and partnered technology solutions' ability to support end-to-end processes.
- **Product and services marketing:** TCS has limited messaging about its F&A capabilities on its website, which limits a buyer's ability to learn about the provider's core and strategic F&A process offerings. In contrast, other Leaders in this Magic Quadrant regularly publish updated client testimonials about their transformation success and thought pieces about disruptive finance technologies.

## **Tech Mahindra**

Tech Mahindra is a Niche Player in this Magic Quadrant. It serves F&A BPO clients of all sizes, with the greatest share in midsize enterprises. Of its 92 F&A BPO clients, 41% contract for P2P services, 38% for O2C services, 15% for R2R services and 34% for transformation

advisory services. In 2023, it implemented advanced analytics in its corporate controller dashboard, an AI-based business process as a service solution and smart intelligent automation. In 2024, Tech Mahindra plans to focus on cost-effectiveness, moving to Tier 2 and Tier 3 cities in India, and driving an active agenda by acquiring innovative startups that focus on eliminating redundant and manual activities in the F&A processes.

### *Strengths*

- **Midsized enterprise offering:** Tech Mahindra has the largest share of midsized enterprises among Niche Players, at 48% of its total customer base. It is rolling out a light digital suite of tools and technologies that this target base can implement within two to three months.
- **Product and service:** Tech Mahindra added new technologies to its offering via five acquisitions in 2023, including end-to-end digital workflow solutions and a secured cloud-based environment, strengthening its work-from-home digital workspace. These expansions improve service delivery flexibility for buyers.
- **Digital products:** Tech Mahindra continues to invest in its cognitive-AI-based business process as a service (BPaaS) solution, AceFin, to provide clients with centralized data visualization for actionable insights. The most recent upgrade enables clients to analyze revenue, expense and profitability, working capital and cash management, and customized operational metrics.

### *Cautions*

- **Geographic strategy:** Tech Mahindra has a limited footprint outside Asia/Pacific for service delivery centers in comparison to other providers. Buyers seeking nearshore locations in EMEA, North America or LATAM should evaluate this provider's ability to support time zone and local market needs.
- **Product and services marketing:** Tech Mahindra's website provides limited information on the added value delivered in its use cases beyond voice of the customer (VoC) and biannual surveys. Those industry standards provide limited insights to clients. Buyers should seek additional input regarding current client experiences and carefully assess this provider's added value to their specific use case.
- **Industry-specific solution:** Tech Mahindra lacks industry-specific F&A solutions compared to most Niche Players in this research, and favors a primary focus on generic core process offerings. Buyers looking for a provider with a track record of developing solutions for

industry-specific processing needs may need to further evaluate this provider's industry-specific capabilities.

## Wipro

Wipro is a Leader in this Magic Quadrant. It serves F&A BPO clients of all sizes, with the greatest share in midsize enterprises. Of its 200 F&A BPO clients, 51% contract for P2P services, 48% for O2C services, 35% for R2R services and 23% for transformation advisory services. In 2023, it increased its development of tech-based F&A offerings, including BPaaS, and it launched its Wipro ai360 program, an innovative technology ecosystem supporting its employees with AI technology and buyers with advanced data insights. In 2024, Wipro plans to continue evolving its process performance reporting offering to encompass benchmarks, and to increase technology adoption supporting buyers sourcing the relevant technology solution to their finance process challenges.

### *Strengths*

- **Service delivery:** Wipro simplified its organization model, bringing delivery, data and analytics, application development, and cybersecurity teams under the same leadership to extend technology capabilities and sector coverage. This enables buyers to receive improved service from dedicated industry technology teams. Buyers should further evaluate the provider's new technology implementation capabilities coupled with end-to-end service delivery.
- **Digital offering:** Building on its new Enterprise Futuring business model, Wipro offers Enterprise in a Box (EIAB), a turnkey approach for SMBs, to deliver the finance back office. It packages intelligent dashboards, industry-specific build-outs and AI-enabled plug-and-play services to support buyers setting up new company entities in a matter of weeks.
- **Industry-specific offering:** Wipro continues to build a comprehensive set of asset management solutions for its banking, financial services and insurance (BFSI) services. It supports its clients from fund inception to fund liquidation, including investment operations, reconciliation, credit monitoring, valuations and investor reporting.

### *Cautions*

- **Market responsiveness:** Wipro lags behind other Leaders in its improvement offering, with limitations to benchmarking and identifying service delivery optimization. Buyers'



expectations are increasingly requiring innovation workshops and low-risk technology proofs of concept in these areas.

- **Customer adoption:** Wipro's adoption rate for technologies such as chatbots and conversational AI is significantly lower compared to other Leaders. Buyers interested in these capabilities should closely evaluate how well Wipro's proprietary and partnered technology solutions meet target use-case expectations.
- **Geographic strategy:** Wipro offers a standard global delivery structure to its clients, and it is currently strengthening its India hub with talent from Tier 3 cities. Buyers requiring onshore and nearshore delivery services in various regions to improve stakeholder engagement should actively discuss alternative models than the provider's default.

## WNS

WNS is a Leader in this Magic Quadrant. It serves F&A BPO clients of all sizes, with the greatest share in large enterprises. Of its 156 F&A BPO clients, 71% contract for P2P services, 49% for O2C services, 35% for R2R services and 100% for transformation advisory services. In 2023, it customized its Co-creation Labs for clients' ideation to support the adoption of its upstream and downstream integrated modular-based O2C and R2R, which it calls Quote-to-Sustain (QTS) and Record-to-Analyze (RTA). In 2024, WNS plans to increase client adoption of new technology, like generative AI into specific F&A solutions such as touchless journal entries and standardized reconciliations to accelerate the close process.

### *Strengths*

- **Product offering strategy:** WNS has expanded its services across the finance domain with the introduction of industry-specific solutions and improved process alignment across subfunctions. Its Finance OneOffice supports a full upstream and downstream integration of business processes, eliminating manual activities and limiting rework in core finance functions.
- **Innovation:** WNS has advanced analytics capabilities (Financial Intelligence-in-a-Box [FIAB]) along with an enhanced technology ecosystem with proprietary platforms and expanded strategic partnerships. Buyers may choose between third-party software or modular own-brand software that offers straightforward pricing and implementation flexibility.
- **Client strategy roadmaps:** WNS continues to evolve its use of customized strategic-outcome-based use cases in close collaboration with its clients. It has a well-designed



governance structure to improve client process maturity during the contract period.

### *Cautions*

- **Contracting approach:** WNS continues to offer contract fees based on headcount, with 40% of its F&A customers contracting to this FTE pricing model. These customers may not benefit as much as those choosing to use an outcome-based model, which has a better likelihood of improving process and reducing costs because the added value is incentivized.
- **Customer experience:** Some customers, as seen on the Gartner Peer Insights platform and via client inquiry, express concerns about overall execution capability, like the speed of follow-up on change requests and staff attrition. Buyers should further evaluate how these issues can be mitigated, and discuss alignment on service-level expectations.
- **Customer adoption:** Approximately 20% of WNS's deals include chatbots and conversational AI, and 40% of deals include process mining — both below-average adoption rates relative to other providers. Buyers interested in these capabilities should closely evaluate how well WNS's proprietary and partnered technology solutions meet target use-case expectations.

## **Vendors Added and Dropped**

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

### **Added**

No vendors were added to this Magic Quadrant.

### **Dropped**

No vendors were dropped from this Magic Quadrant.

# Inclusion and Exclusion Criteria

Gartner's Magic Quadrant and Critical Capabilities research identifies and then analyzes the most relevant providers and their products in a market. Gartner uses by default an upper limit of 20 providers to support the identification of the most relevant providers in a market. On some specific occasions, the upper limit may be extended where the intended research value to our clients might otherwise be diminished.

The inclusion criteria represent the specific attributes that analysts believe are necessary for inclusion in this research.

To qualify for inclusion, providers need to:

- Have attained a minimum revenue of \$200 million (or the equivalent in another currency) from F&A BPO services in their last reporting year and/or have increased their F&A BPO client portfolio by 5% in the period from 1 November 2022 through 31 October 2023.
- Offer F&A BPO services (as described in the Market Definition/Description section of this Magic Quadrant) that serve buyers in at least five or more of the following major industries: communications, energy, government and education, financial services, healthcare, travel and transportation, manufacturing, retail and wholesale trade, high tech, and services.
- Have F&A BPO delivery centers in at least three of the following four regions: North America, Latin America, EMEA and Asia/Pacific.
- Offer processing services and technology solutions for all three end-to-end processes (as described in the Market Definition/Description section of this Magic Quadrant): P2P, O2C and R2R.
- Have a minimum of 50% of their F&A BPO clients for the calendar year 2023 contracting for finance technology solutions, either proprietary or partnered.
- Offer a combination of contract-pricing models that includes outcome-based, variable transaction and fixed-fee models.
- Rank among the Top 20 for the Customer Interest Indicator (CII) as defined by Gartner. CII was calculated using a weighted mix of internal and external inputs that reflect Gartner

client interest, provider customer engagement and provider customer sentiment from the last 12 months.

# Evaluation Criteria

## Ability to Execute

Gartner evaluates providers’ Ability to Execute by using criteria to assess their products, services, sales and marketing execution, and overall operations. Gartner analysts use these criteria to evaluate providers’ abilities to compete and be effective in the market, retain and satisfy customers, present a positive image to finance buyers outsourcing digital services and help finance buyers respond to market changes. The criteria used are listed in Table 1.

In this Magic Quadrant, the customer experience, product or service, sales execution/pricing, and operations criteria are particularly important. This is because a provider’s ability to provide process automation solutions and transformation methodologies and to share a robust set of client testimonials and customer satisfaction data leads corporate controllers to trust that they can execute core finance processes independently. They must be able to do so with a high degree of accuracy and stakeholder satisfaction against service levels.

The criteria for overall viability, marketing execution and market responsiveness/record assess whether providers have sufficient funding and growth to continue developing their products and the ability to respond to customers’ changing needs in this market.

Ability to Execute Evaluation Criteria

<i>Evaluation Criteria</i>	<i>Weighting</i>
Product or Service	High
Overall Viability	Medium
Sales Execution/Pricing	High

<i>Evaluation Criteria</i>	<i>Weighting</i>
Market Responsiveness/Record	Medium
Marketing Execution	Medium
Customer Experience	High
Operations	High

Source: Gartner (May 2024)

## Completeness of Vision

Gartner assesses providers’ Completeness of Vision by evaluating their ability to articulate their perspectives on the market’s current and future direction, anticipate customers’ need and technology trends, and address competitive forces. Gartner analysts also evaluate providers’ understanding and articulation of how they exploit market forces to create new opportunities for themselves and their clients. The criteria used are listed in Table 2.

In this Magic Quadrant, the criteria for market understanding, offering (product) strategy and innovation are particularly important. This is because the ability to create a process automation roadmap and provide technology-led managed services is a key differentiator. It can reduce the total cost of operations for accounting and transactional finance processes by reducing the human dependencies in these process workflows.

The business model, vertical/industry strategy, geographic strategy and marketing strategy criteria address a provider’s ability to respond to buyers’ demands and deliver value to organizations of different complexities. In this year’s Magic Quadrant, the sales strategy criterion has been rated to understand how well providers can penetrate the market, the turnover of the client base and how sales channels are used.

### Completeness of Vision Evaluation Criteria

<i>Evaluation Criteria</i>	<i>Weighting</i>
Market Understanding	High
Marketing Strategy	Medium
Sales Strategy	Low
Offering (Product) Strategy	High
Business Model	Medium
Vertical/Industry Strategy	Medium
Innovation	High
Geographic Strategy	Medium

Source: Gartner (May 2024)

## Quadrant Descriptions

### Leaders

Leaders use a technology-first approach to service management with mechanisms in place to capture their clients’ processing needs and challenges for core finance operations. They demonstrate how technology solutions and transformation methods can reduce human dependencies, and they proactively prioritize reducing processing costs through the improvement of maturing the process, often by applying automation.

Leaders are putting more investments into having finance talent aligned to industry and technology solution expertise to help enable them to become extensions of their clients’ finance organizations, to encourage more adoption of transformation services.

Leaders continue to expand their technology ecosystems through proprietary and third-party software partnerships. They are able to offer integrated business services that allow end-to-end processing potential, and they are increasingly able to support their clients to improve alignment of finance and IT.

AI and generative AI are positioned as the technologies that promise to remove human intervention from finance workflows and improve business insights. They build their clients' confidence to adopt newer, smarter finance processing capabilities by demonstrating pilot cases and funding innovation programs.

A Leader may not always be the best choice for every customer. A provider that is not a Leader can sometimes provide superior support and commitment if its focus suits the customer. Other providers may have specialized capabilities that are essential for some organizations. Although a provider that focuses on a specific finance domain, a particular industry or a limited geographic area might not be a Leader in the overall market, it might be a competitive option within those segments.

## **Challengers**

Challengers have a strong Ability to Execute and match their offerings to clients' requests. This might involve responding to a need for increased nearshore service delivery of finance processes for particularly complex judgment-based activities.

Typically, Challengers have large client bases, have been established for many years and have growing investments in emerging finance technologies, such as process discovery, AI/ML and self-service process workflows. However, they may lack the ability to communicate how they can build a roadmap to migrate finance operations from heavy dependence on tasks performed by humans to intelligent, highly automated process workflows.

A Challenger may become a Leader if it demonstrates exceptional insight into the market's direction and continues to execute proficiently. Alternatively, a Challenger may become a Visionary or a Niche Player by sacrificing growth and instead focusing on developing innovative, differentiating and/or segment-specific features and capabilities.

There are no Challengers in this year's Magic Quadrant.

## **Visionaries**

Visionaries align with Gartner's view of how the finance and accounting outsourcing service offering is evolving to meet finance leaders' needs. They are still building proof of their ability to deliver against this view through increased customer adoption of and customer satisfaction with digital finance solutions and transformation services.

Particularly in a mature market like F&A BPO, Visionaries' strategies may focus on a new managed-service model that disrupts legacy practices by having the agility to change business modes in light of the changing priorities of finance organizations. They might, for example, use specialized technology for an innovative approach to developing the next maturity of process efficiency. Their vision for digital outsourcing offerings emphasizes the need to deliver business outcomes that provide specific improvements to critical indicators within an end-to-end process workstream.

A Visionary may become a Leader when it develops its go-to-market capabilities, generates strong growth and demonstrates whether it can develop partnerships that complement its strengths. Alternatively, a Visionary may become a Niche Player if it decides to limit its target market by focusing on its core competencies, technologies or existing customers.

## **Niche Players**

Niche Players may demonstrate excellent F&A process improvement capabilities and deliver process technology solutions within a specific finance subprocess, industry sector or geography. However, they typically lack comprehensive attributes such as a deep market understanding or a well-defined product strategy. They have a limited ability to innovate or outperform other service providers, due to the high level of investment required to compete across all aspects of the F&A BPO services market.

When Niche Players innovate, they often use a digital-first approach on subprocesses, geographies and market segments they are familiar with, because their smaller client numbers allow them to pilot and demonstrate self-service finance workflows. Their business models focus on the insights they can provide to clients through transactional finance data extraction and advanced analytic capabilities.

Although potential customers might assume that providers in the other quadrants are better choices for their strategic finance agenda, Niche Players can be a good choice for prospective clients in certain circumstances. This is because they might focus on specific transactional subprocesses, geographies or industry verticals that are relevant to them.

Clients must understand Niche Players' capabilities to see how well they align with their finance process improvement roadmap.

## Context

F&A BPO providers continue to enhance their finance offerings with a growing focus on articulating how their proprietary or third-party technology ecosystems can bring their clients increased processing efficiencies, reduced processing costs and improved process maturity. They do this through the use of intelligent workflows that reduce the dependencies of a human workforce, thereby pivoting the providers' efforts toward supporting their clients' roadmap and management of finance technology systems.

The following recommendations will support identifying the F&A BPO provider best suited to meet the needs of your organization:

- **Focus contract fees on outcomes to support long-term pricing competitiveness.** A new or renewed outsourcing agreement secures added value by building in outcome-based fees for specific finance processes and enables pricing to remain competitive in the long term. Outcome-based models and hybrid models are not restricted to a single variable, such as labor rate. Instead, they combine digital solutions and process performance metrics that determine the service fee.
- **Evaluate providers' ability to conduct continuous process maturity assessments.** During the term of the contract, providers in the F&A BPO market should perform benchmark studies for continuous assessment of the process maturity and to adjust the original roadmap agreed upon at the start. Buyers should request regular process maturity updates to assess the potential for improvements and to decide which technology applications to contract.
- **Ensure that AI-supported analytic dashboard applications are included when adopting digital finance solutions.** Buyers in the F&A BPO market must prioritize digital solutions that offer analytic dashboard capabilities supported by AI and integrated with end-to-end process workflow solutions. Doing so enables buyers to improve their partnership with providers, as these data insight views will support tracking outcomes and quickly resolving operational issues.



# Market Overview

The market for F&A BPO continues to mature with the expansion of more complex technologies that focus on identification, process orchestration and judgment-based process automation to support finance's digitalization objectives. Gartner forecasts that spending on F&A BPO services will show a compound annual growth rate of 6.0% over the period of 2022 to 2027, to reach \$16.9 billion in 2027. <sup>1</sup>

## Market Trends

**Providers are increasing their presence in integrated business services.** Leading vendors in this market continue to migrate toward finance technology solutions as their core service offering, with a focus on upgrading clients' finance technology to accelerate the reduction of human dependency. BPO providers are exploring smarter ways to accelerate clients' adoption for process and workflow technologies by supporting the cohesiveness of the IT and finance functions in particular. Providers are streamlining the finance back office through proactively planning ahead of client demand on how they can play a key role to advise, design, implement and manage their clients' finance processing technologies.

**Providers are rapidly shifting toward hybrid pricing with outcome-based KPIs.** Some buyers and providers still rely exclusively on labor-based pricing contracts for their service delivery. Providers continuing with this model risk competing mainly on labor rates and face shrinking margins due to a higher cost of labor. However, providers that demonstrate an ability to orchestrate digital finance solutions within existing offerings increase their chances of differentiation through innovation management and technical acumen.

**Advanced digital technology use cases continue to emerge, including AI and generative AI.** Providers are developing innovative use cases with AI-embedded technology in P2P, O2C and R2R processes, whether proprietary, developed through partnerships or acquired via innovative startups. Solutions such as chatbots and conversational AI are being adopted by many customers, improving communication and stakeholder engagement. Providers are taking significant measures to reskill their employees to work with the latest technology and to move away from processing, collecting and query-handling tasks.

## Acronym Key and Glossary Terms

AI	artificial intelligence
BPaaS	business process as a service
BPO	business process outsourcing
CFO	chief financial officer
EMEA	Europe, the Middle East and Africa
ERP	enterprise resource planning
F&A	finance and accounting
FP&A	financial planning and analysis
FTE	full-time equivalent
ML	machine learning
O2C	order-to-cash
P2P	purchase-to-pay
PO	purchase order
R2R	record-to-report
SMB	small and midsize business

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## ⊕ Evidence

## ⊕ Evaluation Criteria Definitions

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