



RESEARCH INSTITUTE

# Cost Pressures and Mature Solutions Driving Mid-Market FAO Growth

FAO Mid-Market Global Adoption Growth Rate Greater Than 30 Percent

## Press release

**DALLAS, November 6, 2008** – Rising cost pressures on mid-market companies, increasingly mature supplier solutions and leveragability of technology solutions are driving broader adoption of Finance & Accounting Outsourcing (FAO) adoption by mid-market companies, according to the [Everest Research Institute](#). The Institute estimates the FAO mid-market business could potentially grow to nearly US\$9 billion should worldwide market penetration, currently at 1 percent, reach a steady state of about 15 percent.

The Everest study, [FAO Update: Understanding the Waking Giant – The Mid-Market and FAO](#), includes analysis of mid-market adoption patterns and trends, solution and delivery models and supplier landscape. Information sources includes 290-plus multi-process contracts and interviews with [Accenture](#), [CompassBPO](#), [Genpact](#), [IBM](#), [Infosys BPO](#), [HOV Services](#), [OPI](#), [RMS](#), [Softtek](#), [TCS](#), [VWA](#), and [WNS](#).

“Many of the long-standing inhibitors to mid-market adoption of FAO solutions have been addressed and most FAO suppliers are now beginning to serve the mid-market and offer mature, compelling value propositions,” said [Katrina Menzigan](#), Vice President, Everest Research Institute. “Mid-market clients are seeking a broader value proposition from FAO that focuses less on cost savings and leans more towards gaining process enhancements, accessing skills and talent and achieving business improvements.”

### Other high-level study insights from the in-depth analysis include:

- The upper end of the mid-market is growing at nearly 40 percent CAGR, today accounting for about 20 percent of spending on multi-process FAO contracts
- FAO adoption by mid-market companies cuts across a wide range of industries, including: manufacturing, high-tech and telecom, energy and utilities, travel and logistics, retail, healthcare services, and media and entertainment
- In building a compelling FAO business case, mid-market buyers often target process scope similar to or broader than large buyers
- Technology plays a significant role in mid-market FAO solutions as standardized technology tools help mid-market clients minimize up-front investments and reduce transition costs
- The mid-market is the most hotly contested segment of the FAO market, with the top four suppliers (Accenture, IBM, [Capgemini](#), and TCS) holding only 48 percent of total current annual spending

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To read an extract of the [FAO Update: Understanding the Waking Giant – The Mid-Market and FAO](#), purchase the report or inquire about other research services, please visit [www.everestresearchinstitute.com](http://www.everestresearchinstitute.com), e-mail [info@everestresearchinstitute.com](mailto:info@everestresearchinstitute.com) or call +1-214-451-3110.

### Other Institute [FAO studies](#) providing additional insights into this topic:

- [FAO Market Growth Targets a Broader Proposition](#)
- [FAO Contract Characteristics](#)
- [FAO Annual Report](#)
- [Optimizing the FAO Retained Organization](#)
- [Outsourcing Order-to-Cash and Procure-to-Pay: Opportunity to Create Business Impact](#)

## About Everest Research Institute

[Everest Research Institute](#) serves as a central source of independent and objective strategic intelligence, analysis, and actionable insight for leading corporations, service providers, and investors in the global outsourcing and offshoring marketplace. The Institute addresses both business process and information technology sourcing topics, providing the global outsourcing and offshoring community with information that empowers highly productive, sustainable sourcing strategies and relationships. The Institute's distinguished [Board of Advisors](#), [senior executives](#), and thought leaders oversee the Institute's research agenda to ensure that it fully supports the business needs of corporations, service providers, and investors.

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[Everest Group](#) is a global operational strategy consulting firm with offices in such leading business centers as Dallas; Gurgaon, India; London; Amsterdam; New York; Toronto and Melbourne. An industry leader since 1991 when we created the sourcing consulting category, Everest Group has earned a worldwide reputation for ongoing innovation as we help clients achieve maximum value from their operations, which includes sourcing strategy and implementation. Everest created the Everest Research Institute as the central source of industry information. Please visit [www.everestgrp.com](http://www.everestgrp.com) and [www.everestresearchinstitute.com](http://www.everestresearchinstitute.com) for more information.