

**Everest Research Institute study predicts 30%  
Finance & Accounting Outsourcing growth in 2007**  
***Finance & Accounting Outsourcing Market Surpasses \$2 Billion in  
Expenditure in 2006 with 45% Annual Growth***

**DALLAS, January 8, 2007** — The global Finance and Accounting Outsourcing (FAO) market is predicted to grow in excess of 30 percent in 2007 as the global infrastructure matures to enable F&A solutions that take advantage of low-cost offshore talent and robust supplier process offerings underpinned by F&A technology, according to a new report released today by the Everest Research Institute.

The global FAO market has grown by more than 45 percent since the beginning of 2005 and reached \$2 billion in expenditures in the United States last year, according to the Institute's *Finance & Accounting Outsourcing (FAO) Annual Report 2006*. The study reports North America-based contracts continue to account for over half of FAO revenues, with increasingly rapid growth in Continental Europe. Among the industry verticals, manufacturing and energy and utilities are leading the FAO adoption, capturing nearly 50 percent of the market. Retail and financial services are the most under-penetrated sectors with high untapped demand.

"Our analysis reveals that the number of multi-process FAO contracts signed doubled between 2004 and 2006," said Phil Fersht, vice president, BPO Research Group at the Everest Research Institute. "We expect that existing buyer success stories, suppliers' investments in further developing F&A process capabilities and a global footprint will drive growth in the near future."

The FAO annual report for 2006 activity examines the global FAO market and provides insights, detailed analyses and implications for stakeholders along three key dimensions: (1) market size and buyer adoption, (2) transaction characteristics and value proposition, and (3) supplier landscape. The report found that offshoring is now established as the key value lever in FAO with more than 80 percent of all contracts including an offshore component. While India has emerged as the premier offshore destination with the largest number of scaled FAO centers, Eastern European locations are also becoming an integral part of supplier strategy to support European operations.

Regarding supplier activity, the report suggests that the FAO industry is witnessing an increasingly level playing field. In 2006, Genpact, HP, Infosys BPO, and Xansa significantly increased their market share. Accenture, IBM, ACS, and Genpact currently lead the market on a capability market success matrix, but there is still an intense battle for overall market share.

"The leading suppliers are looking to expand their global delivery capabilities through the acquisition of both captives and existing shared-service centers," said Fersht. "Moreover, we expect further acquisitions of smaller FAO suppliers from the global leaders, and increased partnering with niche suppliers to fill out capability gaps. Several leading FAO suppliers are also looking to broaden their offerings with increased bundling across ITO and procurement services."

The Institute also reported that despite the phenomenal growth over the past few years, the FAO market is grossly under-penetrated across all regions and verticals, and there is still substantial opportunity for growth. “The market is now experiencing an aggressive growth phase fueled by cost reduction from offshoring and the adoption of multiple accounting processes integrated within a single outsourcing provider,” said Saurabh Gupta, senior analyst, and co-author of the report. “Innovation in F&A is taking center stage as FAO is creating incremental value for new and existing buyers by creating both a business and strategic impact, supported by a streamlined, low-cost sourcing infrastructure.”

For additional information and samples from the report, please visit [www.outsourcing-center.com](http://www.outsourcing-center.com) and select the link, *FAO Annual Report 2006*. You may also call 508-359-9356.

### **About Everest Research Institute**

Everest Research Institute ([www.everestresearchinstitute.com](http://www.everestresearchinstitute.com)) serves as a central source of strategic intelligence, analysis and actionable insight for corporate buyers, service providers and investors in the global business process outsourcing and information technology outsourcing marketplace. The Institute is dedicated to providing the global outsourcing community with the information it needs to build highly productive outsourcing relationships and programs, focusing on the drivers that are continually reshaping the industry landscape and analyzing how they impact member organizations and the success of their outsourcing strategies. The Institute’s distinguished Board of Advisors, all senior executives and thought leaders in global outsourcing, oversee the Institute’s research agenda to ensure that it fully supports the business information needs of corporate buyers, service providers and investors.

Everest Research Institute was established by the Everest Group, which provides strategic advisory services that help companies harness the power of outsourcing. Since its formation in 1991, Everest Group has served as business advisors for hundreds of IT and business process outsourcing transactions worldwide.

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