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FAO Buyers Shifting Focus to an End-to-End Process-Driven Approach: O2C and P2P Adoption on the Rise

DALLAS, December 10, 2007 — Companies outsourcing finance and accounting functions such as accounts receivable, accounts payable and general accounting in a piecemeal manner are increasingly seeking end-to-end process solutions to gain additional cost savings, business benefits and strategic impact, according to a new study by the [Everest Research Institute](#).

The Institute's study, [Outsourcing Order-to-Cash \(O2C\) and Procure-to-Pay \(P2P\) – Opportunity to Create Business Impact](#), reveals that, although most buyers are relatively satisfied with their FAO contracts, business and strategic impact through outsourcing remains elusive as key pain-points continue to plague the financial supply chains for most buyers. As a result, more than two-thirds of buyer-organizations surveyed for the study have expressed some level of interest in the outsourcing of Order-to-Cash (O2C) and Procure-to-Pay (P2P) processes.

“With expansion of scope, the value proposition of outsourcing extends from being purely cost-based to cost-plus,” said [Katrina Menzigian](#), Vice President of Research, Everest Research Institute. “There needs to be reprioritization of outsourcing value levers as scope expands to end-to-end outsourcing. While labor arbitrage and scale continue to be important value factors, value levers such as domain expertise, process optimization, and automation assume much greater importance.”

Suppliers are clearly responding to buyer demand as 85 percent of those surveyed in the study responded that they either provide or plan to offer outsourced O2C and P2P solutions. A third of the surveyed suppliers are also committed to developing vertically-focused O2C/P2P offerings and are targeting financial services, manufacturing and retail clients.

According to the study, although the potential of utilizing an end-to-end approach is being realized, challenges remain in this nascent market, including lack of market maturity that varies by sub-processes. The greater challenge, however, is found in resolving conflicting interdepartmental priorities and transitioning function mindsets to process-focused thinking.

“Finance and customer interaction organizations need to work together in order to tackle a true O2C process while the procurement arm of an organization needs the same type of relationship with finance to execute a true P2P,” said [Saurabh Gupta](#), Research Director, Everest Research Institute and co-author of the report. “From a supplier

perspective, we believe the evolving market will lead to platform-based FAO solutions that will cause buyers to move to more standardized solutions.”

The Institute study results were drawn from an analysis of more than 240 multi-process FAO contracts, surveys of finance and accounting outsourcing (FAO) buyers and suppliers, and focused interviews with leading FAO suppliers that included [Accenture](#), [Genpact](#), [IBM](#), [Infosys BPO](#), [IQBackOffice](#), [VWA](#) and [Wipro](#).

Other study findings include:

- Suppliers scaled down O2C/P2P offerings to appeal to the upper-end of the mid-market, but the lower-end of the mid-market continues to be highly under-penetrated.
- Buyer interest in outsourced O2C/P2P is apparent across all segments – both the mid-market and the large buyer segment.
- Suppliers offering end-to-end processes can gain opportunities for additional revenue potential, testing platform-based FAO solutions and differentiation from competitors.

To read more about the results of the [Outsourcing Order-to-Cash \(O2C\) and Procure-to-Pay \(P2P\) – Opportunity to Create Business Impact](#) study, an extract of the report is available at www.outsourcing-center.com. To purchase the report or receive more information about other research services, please [e-mail info@everestresearchinstitute.com](mailto:info@everestresearchinstitute.com) or call +1-214-451-3110.

About Everest Research Institute

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Everest Research Institute [members](#) receive access to unparalleled analytical and advisory services, including access to Everest analysts, in-depth [reports](#) on major outsourcing and offshoring topics, [white papers](#) on market-shaping events, and [Webinars](#) designed to provide insight and information about important market trends. The Institute’s wealth of knowledge and experience provides members with unique perspectives into today’s marketplace and the competitive edge required to take advantage of emerging opportunities.

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