



RESEARCH INSTITUTE

# Everest: New FAO Spending in 2008 Set Record, Grew 35 Percent

## Financial Sector and Mid-Market Spending Drops

### Press release

**DALLAS, March 9, 2009** – [Finance and Accounting Outsourcing \(FAO\)](#) contracts signed in 2008 reached US\$3 billion – the strongest year ever for new FAO spending – representing a 35 percent growth over 2007. Continued strong growth is projected in 2009, according to the [Everest Research Institute's](#) annual [study](#) of the FAO market. FAO market fundamentals continue to be strong, and both clients and providers of [F&A outsourcing](#) are positioned better now than ever to capitalize on key opportunities. Everest analysts will hold a one-hour [Webinar](#) on March 17, 9 am CDT, to highlight the direction and nature of emerging value drivers FAO buyers are increasingly pursuing.

The economic recession fuelled large market FAO activity, but mid market engagements slowed noticeably according to the Institute's study, [Finance & Accounting Outsourcing \(FAO\) Annual Report 2009](#). FAO activity in the financial services sector also dipped last year, from 15 to 7 percent, as buyers held a 'wait and see' approach. Meanwhile, activity continued to be strong with traditional adopters, including manufacturers, and emerging industries such as media and entertainment. The multi-process FAO market represents nearly US\$20 billion in Total Contract Value (TCV).

"FAO has experienced double-digit growth for three consecutive years. Beyond new contract signings, organic growth from existing engagements and contract renewals also contributed significantly to last year's growth," said [Katrina Menzigian](#), Vice President, Everest Research Institute. "Despite economic uncertainties, the value proposition remains very strong for direct cost savings and business impact benefits that tackle economic pressures. Although mid-market activity dropped, we believe it will pick back up as cost-cutting pressures mount."

The Institute's report explores and defines FAO market size and buyer adoption, contract characteristics, supplier landscape, and emerging growth drivers.

### Study findings include:

- Western Europe is emerging as a hot-bed of FAO activity. New, rapidly emerging delivery regions include Central and South America, China and Southeast Asia, as well as tier-two and tier-three cities in mature delivery regions that include India, and Central and Eastern Europe
- FAO contracts worth US\$7 billion are up for renewal in the next three years
- [Accenture](#), [IBM](#) and [EDS](#) accounted for 42 percent of multi-process FAO contracts and 59 percent of multi-process FAO TCV signed in 2008
- Other suppliers with strong reports last year were [ACS](#), [Capgemini](#), [Infosys BPO](#), [TCS](#), [Wipro](#) and [WNS](#)

"While the leading FAO suppliers are holding onto their market positions, major contenders are closing the gap and emerging players are feeling the squeeze," said [Saurabh Gupta](#), Research Director, Everest Research Institute. "As competitive intensity increases, the need for suppliers to differentiate offerings is extremely high, which ultimately enhances value for the buyer."

To register for the March 17 [Webinar](#) (9 am CDT; 10 am EDT; 2 pm GMT Standard Time), please visit: [www.everestresearchinstitute.com/Events/Webinars](http://www.everestresearchinstitute.com/Events/Webinars).

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To read an extract of the [Finance & Accounting Outsourcing \(FAO\) Annual Report 2009](#), please visit [www.everestresearchinstitute.com](http://www.everestresearchinstitute.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

[Everest Research Institute](#) serves as a central source of independent and objective strategic intelligence, analysis, and actionable insight for leading corporations, suppliers, technology 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 wealth of knowledge and experience provides unique perspectives into today's marketplace and the competitive edge required to take advantage of emerging opportunities.

Everest Research Institute is the research arm of the Everest Group ([www.everestgrp.com](http://www.everestgrp.com)), a global consulting firm with offices in such leading business centers as Dallas, New York, Toronto, London, Amsterdam, New Delhi, Melbourne, and Sydney. Everest Group has earned a worldwide reputation for ongoing innovation as it helps clients achieve maximum value from their operations including sourcing strategy and implementation.

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