



F&A Outsourcing Opportunities in Continental Europe

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Market Assessment
August 2009

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Abstract

The purpose of this study is to assist sourcing managers in understanding finance and accounting (F&A) sourcing developments within continental Europe and to recommend options for vendors in addressing the F&A outsourcing market in this region. In particular the study uses senior executive interviewing to establish:

- ❑ Client requirements, in support of business initiatives
- ❑ Market drivers and inhibitors
- ❑ Planned F&A outsourcing purchasing intentions.

The study complements NelsonHall's market assessment of the F&A Outsourcing market in Continental Europe by including an updated analysis of user expectations and attitudes towards use of business process outsourcing.

NelsonHall's "F&A Outsourcing Opportunities in Continental Europe" market assessment report is designed for:

- ❑ Sourcing managers investigating F&A sourcing developments in continental Europe
- ❑ Marketing, sales and business managers developing strategies to target F&A outsourcing service opportunities in continental Europe
- ❑ Financial analysts specializing in the support services sector.

The term F&A outsourcing is defined as the outsourcing of business functions or processes in the finance and accounting operations. In order to qualify under this definition F&A outsourcing contracts must involve the vendor taking responsibility for operational management of the business activity.

Potential F&A outsourcing activities include:

- ❑ Order-to-cash, includes accounts receivable, order entry, billing, invoicing, cash application, credit & collections
- ❑ Purchase-to-pay, includes accounts payable, invoice processing, travel & expenses
- ❑ Record-to-Report, includes general accounting, fixed assets, intercompany accounting, reconciliations, cash management
- ❑ Management reporting, includes budgeting, forecasting, financial reporting, compliance and regulatory reporting
- ❑ Financial planning and analysis, includes performance analysis, internal audit, treasury & risk management

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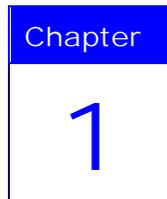
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Introduction

A

Objectives and Scope

The purpose of this study is to assist sourcing managers in understanding Finance & Accounting (F&A) sourcing developments in continental Europe and to recommend options for vendors in addressing the F&A outsourcing market in this region. In particular the study uses senior executive interviewing to establish:

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- Management reporting, includes budgeting, forecasting, financial reporting, compliance and regulatory reporting
- Financial planning and analysis, includes performance analysis, internal audit, treasury & risk management.

B

Methodology

The approach taken to analyze this market is targeted user research to identify organizations' F&A outsourcing buying intentions.

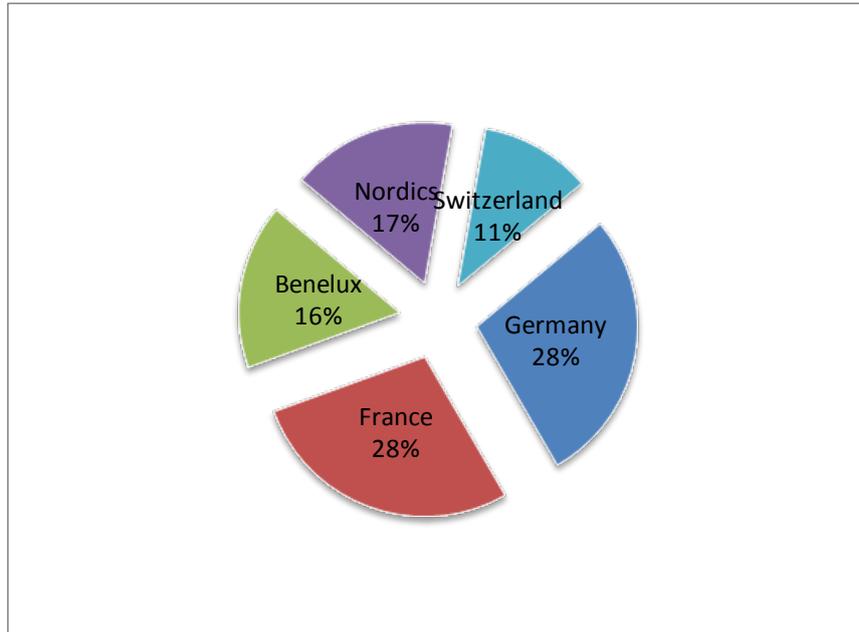
The user research of 90 interviews was carried out by interviewing senior executives in large organizations headquartered in continental Europe to ascertain their attitudes towards:

- Key issues and initiatives in the finance function
- Current status of and satisfaction with processes in the finance function
- Current and planned use of F&A outsourcing services
- Drivers for use of F&A outsourcing
- Perceived barriers to use of F&A outsourcing
- Attitudes toward use of near- and offshore services
- Vendor selection criteria for F&A outsourcing

Exhibit I-1 illustrates the breakdown of number of senior executives interviewed by geography

Exhibit I-1

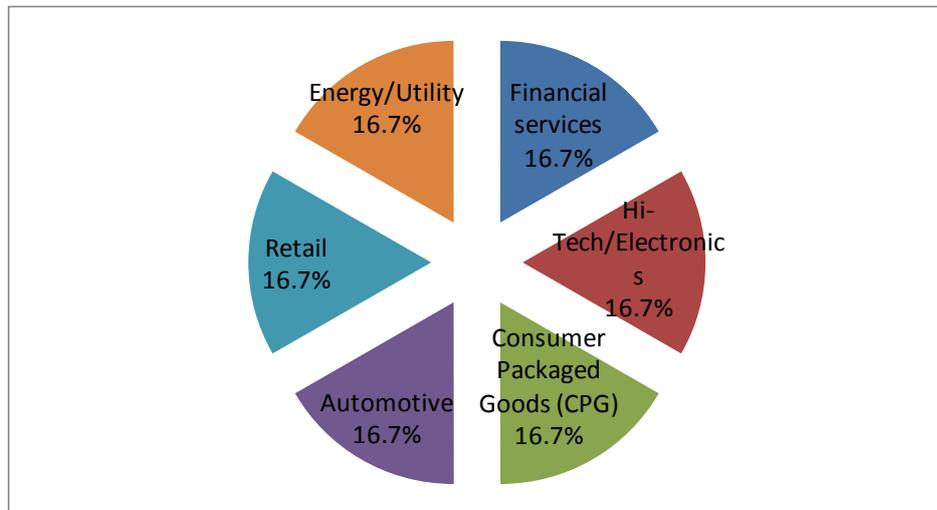
Breakdown of Companies Interviewed By Geography



The breakdown of number of senior executives interviewed by industry is illustrated in Exhibit I-2.

Exhibit I-2

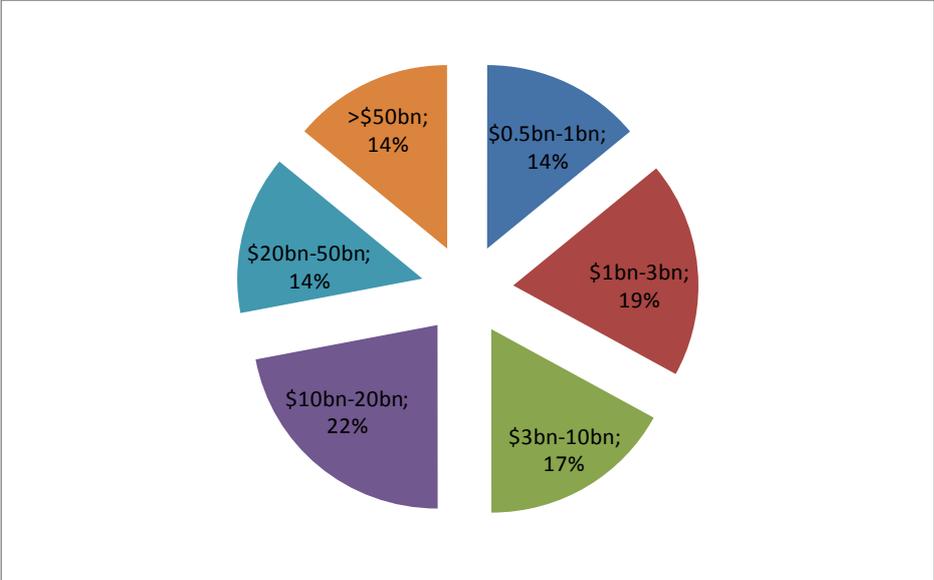
Breakdown of Companies Interviewed By Industry



The breakdown of number of senior executives interviewed by company size (based on annual revenue) is illustrated in Exhibit I-3.

Exhibit I-3

Breakdown of Companies Interviewed By Company Size



C

Structure of the Report

The report is structured into the following chapters:

Chapter I: Introduction

Chapter II: Executive Summary

Chapter III: Current Status of the Finance Function, including:

- ❑ Business issues faced
- ❑ Business initiatives planned
- ❑ Current structure of the finance function
- ❑ Satisfaction with current F&A service capability

Chapter IV: Attitudes to Outsourcing F&A Services, covering:

- ❑ Approaches to F&A service improvement
- ❑ Current levels of F&A outsourcing
- ❑ Satisfaction with outsourced F&A services
- ❑ Expected levels of outsourced F&A services in the Future
- ❑ Preferred approaches to F&A outsourcing
- ❑ Propensity for SSC sell-off

Chapter V: Service Delivery Approaches, covering:

- ❑ Attitudes towards near- and offshore usage
- ❑ Countries considered for near- and offshore delivery
- ❑ Current and planned usage of near- and offshore services

Chapter VI: Buying Process for F&A Outsourcing Services, including:

- ❑ F&A outsourcing drivers and trigger points
- ❑ Inhibitors to F&A outsourcing
- ❑ F&A outsourcing vendor selection criteria.