

Everest Group PEAK Matrix™ for Finance and Accounting Outsourcing (FAO) Service Providers 2019

Focus on Exela Technologies
June 2019



Introduction and scope

Everest Group recently released its report titled [“Finance and Accounting Outsourcing \(FAO\) – Service Provider Landscape with Services PEAK Matrix™ Assessment 2019.”](#) This report analyzes the changing dynamics of the FAO landscape and assesses service providers across several key dimensions.

As a part of this report, Everest Group updated its classification of 24 service providers on the Everest Group PEAK Matrix™ for Finance and Accounting Outsourcing (FAO) into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of FAO service providers based on their absolute market success and delivery capability. Everest Group also identified 6 service providers as the “2019 FAO Market Star Performers” based on the strongest forward movement demonstrated on the PEAK Matrix year-on-year.

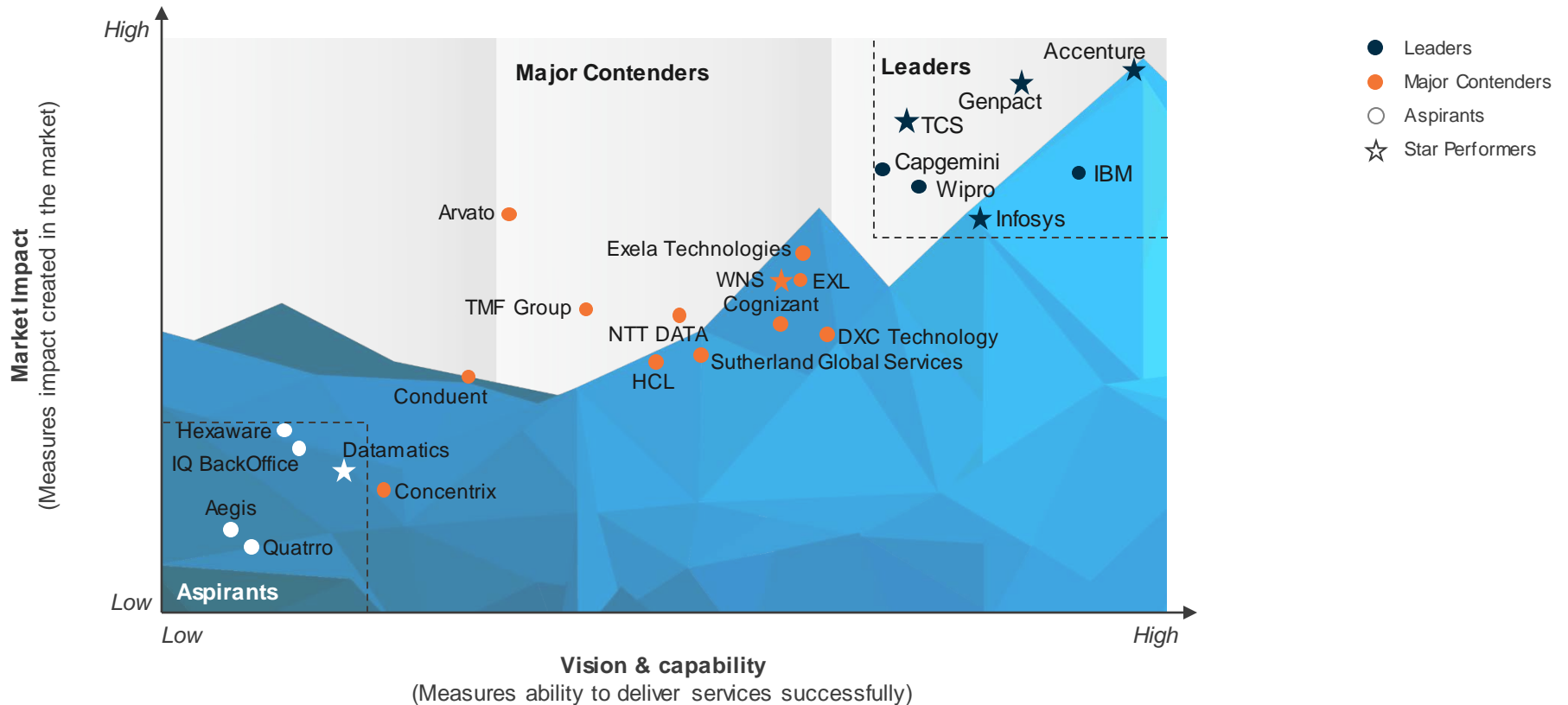
Based on the analysis, **Exela Technologies emerged as a Major Contender.** This document focuses on **Exela Technologies’** FAO experience and capabilities and includes:

- Exela Technologies’ position on the FAO PEAK Matrix
- Detailed FAO profile of Exela Technologies

Buyers can use the PEAK Matrix to identify and evaluate different service providers. It helps them understand the service providers’ relative strengths and gaps. However, it is also important to note that while the PEAK Matrix is a useful starting point, the results from the assessment may not be directly prescriptive for each buyer. Buyers will have to consider their unique situation and requirements, and match them against service provider capability for an ideal fit.

Source: Everest Group (2019) unless cited otherwise

Everest Group Finance and Accounting Outsourcing (FAO) Services PEAK Matrix™ Assessment 2019¹



¹ Assessment for Aegis, Arvato, Concentrix, and Quattro excludes service provider inputs and is based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with FAO buyers

Overview

Key FAO leaders

- Ron Cogburn, Chief Executive Officer
- Sanjay Kulkarni, Chief Technology Officer

Category	Recent developments/investments
Technology expansion	<ul style="list-style-type: none"> • 2018: Acquired Asterion International Group to strengthen capabilities in document management and digital data processing across Europe • 2018: Acquired Orone to leverage established BPO/DPO platform of services in France and Belgium, and to cater to European customers in the banking/insurance services, retail, and administrative markets • 2017: Developed Peri, a travel and expense management application used on mobile devices and as a web-based desktop application • 2014: Developed Athena, a data visualization, actionable intelligence, multi-variable, and cross- system communications platform
Service scope expansion	<ul style="list-style-type: none"> • 2015: Acquired Transcentra to expand footprint to over 30,000 corporate remote capture locations and 4,000 hosted lockboxes across MNB and MNC logos, combined with existing platforms to create a large receivable processor
Delivery capability expansion	<ul style="list-style-type: none"> • 2018: Opened innovation centers in New York City and London, bringing the total to four. The innovation centers showcase Exela Technologies' automation solutions

Company overview

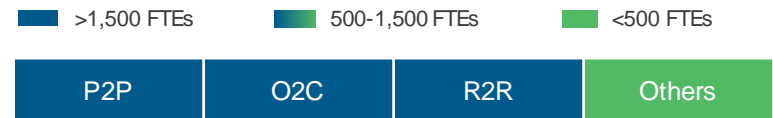
Exela is a business process automation company, leveraging global footprint and proprietary technology to provide digital transformation solutions. With decades of experience in operating mission-critical processes, Exela serves over 60% of the Fortune® 100 companies and more than 4,000 customers spanning multiple industries and over 50 countries. Exela's software and services include full suites of enterprise solutions for finance & accounting, human capital management, and legal management, as well as industry solutions for banking, healthcare, insurance, and public sectors. With technologies spanning information management, workflow automation, and integrated communications, Exela provides industry-specific and multi-industry solutions built on a configurable stack of automation modules. Through cloud-enabled platforms and over 22,000 employees operating in 23 countries, Exela deploys integrated technology and operations as an end-to-end digital journey partner.

Headquarters: Irving, Texas, United States

Website: <https://www.exelatech.com>

FAO service suite

Exela offers a complete suite of F&A services including Procure-to-Pay (P2P), Order-to-Cash (O2C), Record-to-Report (R2R), and Financial Planning & Analysis (FP&A).



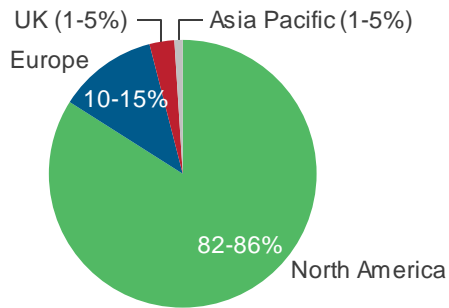
Client portfolio

Major FAO clients: One of the top three global grocery chains, one of the top three global shipping and logistics companies; one of the top three global retailers, one of the top five insurance providers, and one of the top five international hotel operators

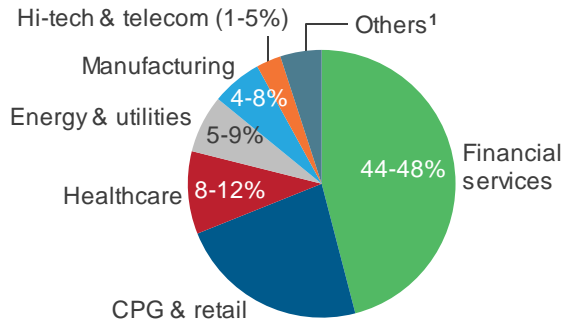
Recently-announced FAO engagements (non-exhaustive)

Time of signing	Client	Contract details
2018	One of the top three US-based banks	Signed a five-year contract
2017	One of the top ten US-based banks	Signed a three-year contract
2017	One of the top ten US-based financial services providers	Signed a three-year contract

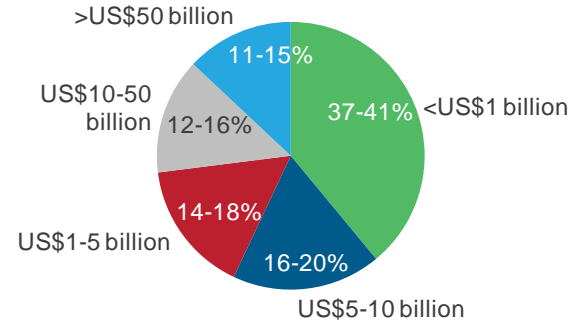
FAO revenue by signing region
2018



FAO revenue by buyer industry
2018



Number of clients by buyer size
2018



¹ Others include hospitality, media, government, professional services, and other industries

Location landscape

FAO delivery locations



Exela Technologies | FAO profile (page 4 of 5)

Technology solutions










FAO technology approach: Leverages a host of tools/solutions/platforms across P2P, O2C, and R2R to simplify and unify different F&A subprocesses.

	O2C solution	R2R solution	P2P solution
Solution description	<ul style="list-style-type: none"> • TMS (integrated receivables): Improves process efficiencies, optimizes cash management, and enhances process visibility and fraud detection • QUB (billing automation): Automated tracking, consolidation, and auditing of production volumes against SOWs to generate invoices and tracking of direct costs • BancHUB (payment gateway): Simplifies consolidation of multi-national payments by normalizing, analyzing, and enabling straight-through processing for accuracy and fast funds availability • O3 (collections management): Collections management platform with unified data trail and actionable intelligence that enables improved outreach, analytics, reporting, predictive modeling, and waterfall skip tracing 	<ul style="list-style-type: none"> • Financial reporting & analytics: Suite of tools for financial tracking, analysis, and visualization • Treasury & risk management: Host of intelligent tools for managing cash flow and mitigating risk • ERIS (fixed asset tracking): End-to-end asset tracking software providing a comprehensive solution for fixed and IT asset management and administration 	<ul style="list-style-type: none"> • Exela P2P: Full cycle P2P solution with centralized network of buyers/suppliers and communications, including requisition workflow and PO creation, AP automation and invoice processing, treasury management dashboards and analytics, transaction record management, dynamic discounting and cash conversion, and Travel and Expense (T&E) management
Process scope	<ul style="list-style-type: none"> • Remittance processing • Accounts receivables management • Billing and payments • Collections 	<ul style="list-style-type: none"> • Treasury and risk management • Financial reporting and analytics • Fixed assets 	<ul style="list-style-type: none"> • Accounts payable • T&E • Invoice processing
Technology leveraged	<ul style="list-style-type: none"> • OCR technology for automatic data capture • Intelligent RPA leveraged to unify inbound channels and streamline the cash application process • Leverages an integrated collections platform and an automated receivable database management system • Chatbots are leveraged to improve payments processing and data collection • Analytics and predictive modeling leveraged to improve collections management 	<ul style="list-style-type: none"> • Automated data mining, aggregation, classification, and summarization from structured and unstructured sources • AI-supported analytics and modeling engines • Intelligent RPA leveraged to identify trends and flag potential fraud • Real-time monitoring & discovery platform 	<ul style="list-style-type: none"> • Web portal for end-to-end P2P value chain • Automated workflows for ordering, invoicing, approvals, and payments that can be automated based on industry/customer-specific business rules • OCR/ICR to enable fast and accurate data capture
Delivery model & pricing	<ul style="list-style-type: none"> • Offered as SaaS, BPaaS or on-premise deployments • Transaction-based pricing model with minimal upfront implementation fees • Hybrid onsite/offsite delivery 		

Exela Technologies | FAO profile (page 5 of 5)

Everest Group assessment – Major Contender

Measure of capability:  High  Low

Market impact				Vision & capability				
Market adoption	Portfolio mix	Value delivered	Overall	Scope of services offered	Innovation and investments	Delivery footprint	Vision and strategy	Overall
								

Strengths

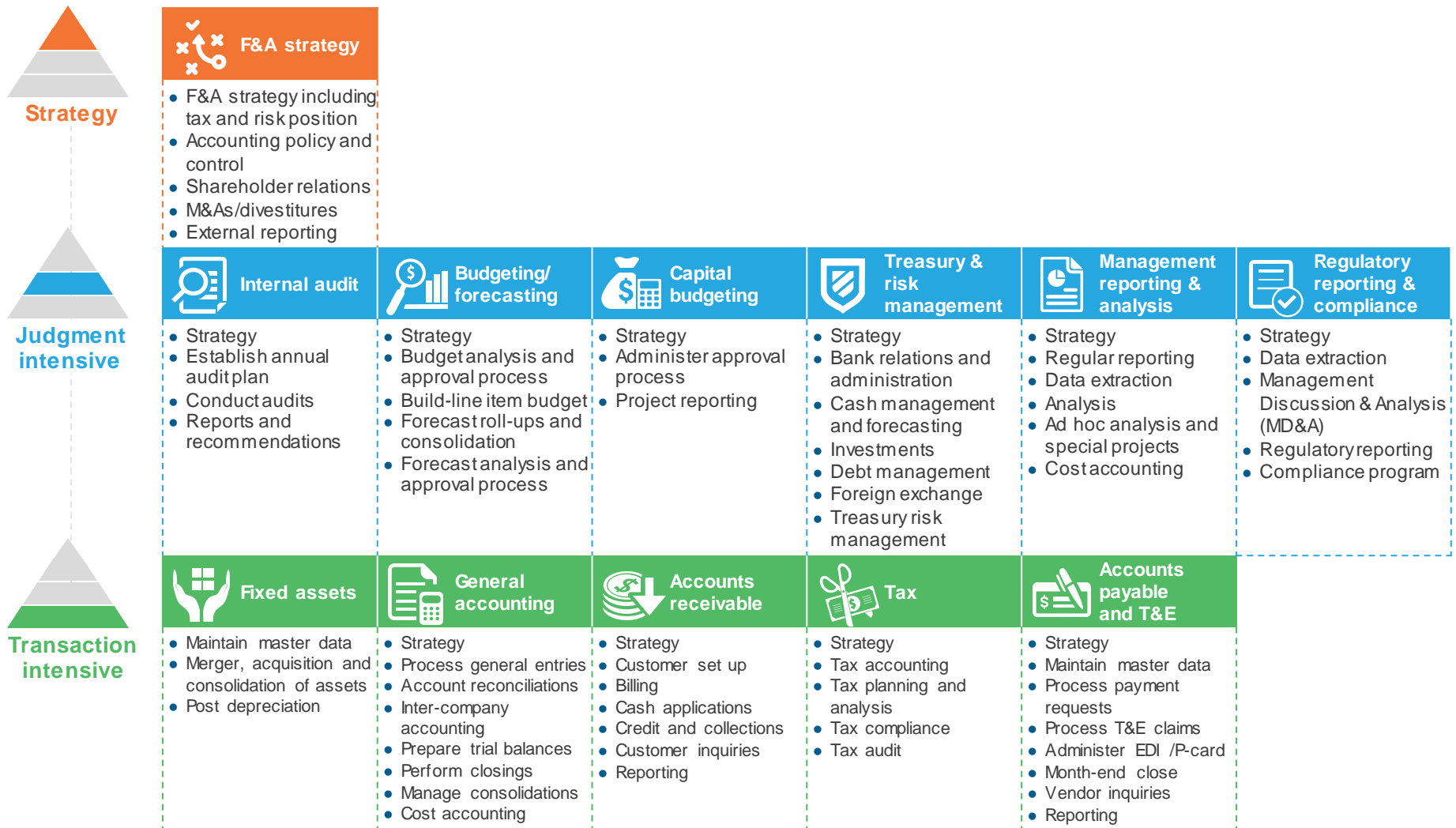
- Exela Technologies has good capabilities across the F&A value chain, with good experience in serving clients across SMB, mid-market, and large-market segments
- Has significant experience in serving financial services, retail, and healthcare clients, with strong presence in North America
- Has good digital capabilities across the F&A value chain, including proprietary solutions such as BancPay (invoice processing and tracking), eBPA (RPA platform), and Athena (data visualization and analytics)
- Leverages its ML platforms such as Jet™ (unstructured data summarization platform) and Rule 14™ (data mining platform) to further improve process efficiency and help with business decisions
- Has a well-balanced onshore and offshore delivery mix
- Focusing on enhancing customer experience through user-friendly features such as mobile apps

Areas of improvement

- While it has good presence in North America, scope exists to expand its client base in emerging geographies such as Asia Pacific and Latin America
- Exela Technologies can strengthen its high-end R2R offerings by investing in building F&A process-specific digital solutions and improving nearshore presence, especially in Europe, to address local/regional complexities
- Opportunity exists to target large scale transformation deals by building modular assets to guide clients through the transformation journey

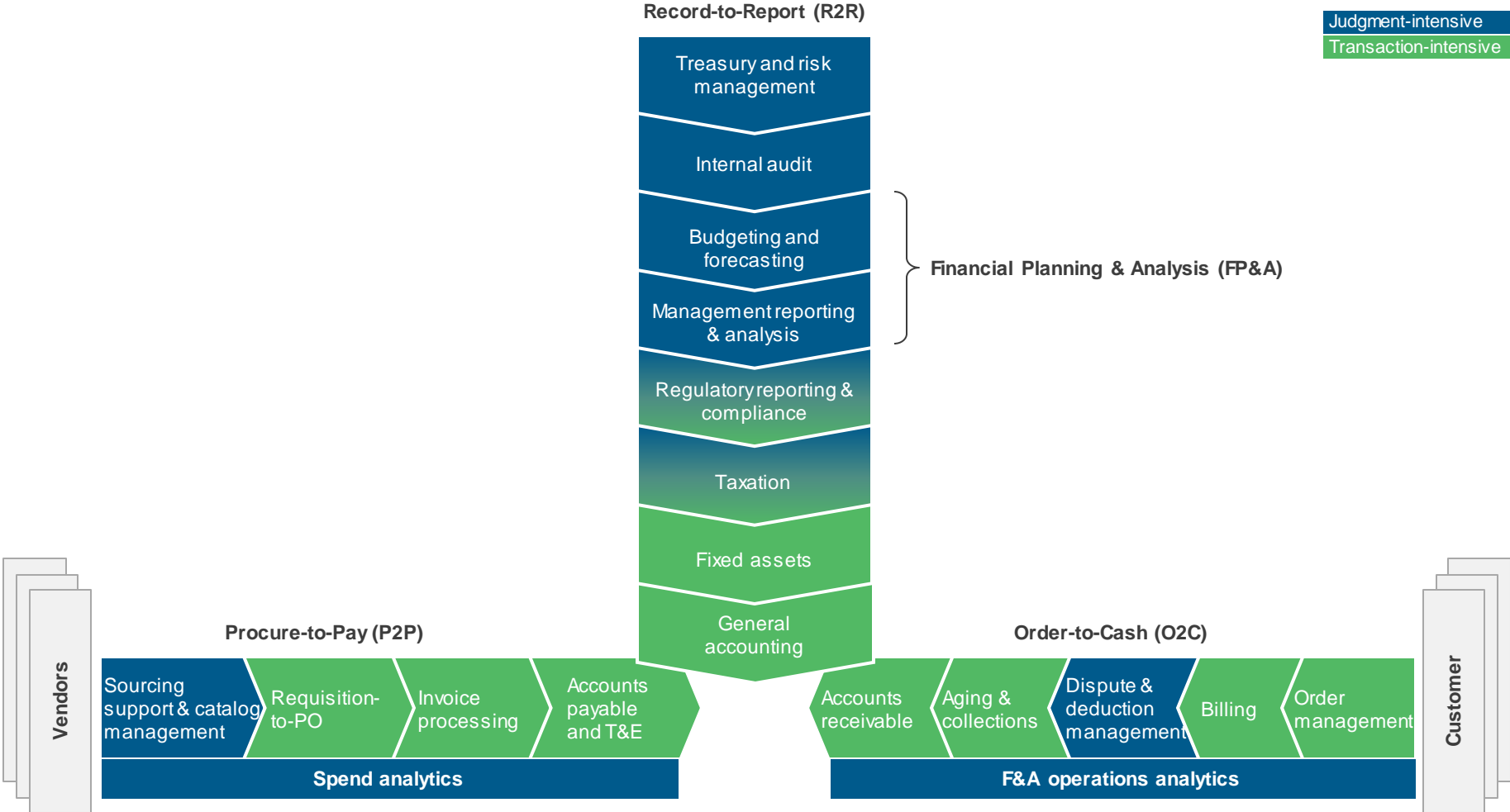
Appendix

Traditionally, FAO has been limited to transaction-intensive processes with labor arbitrage being the key driver behind outsourcing

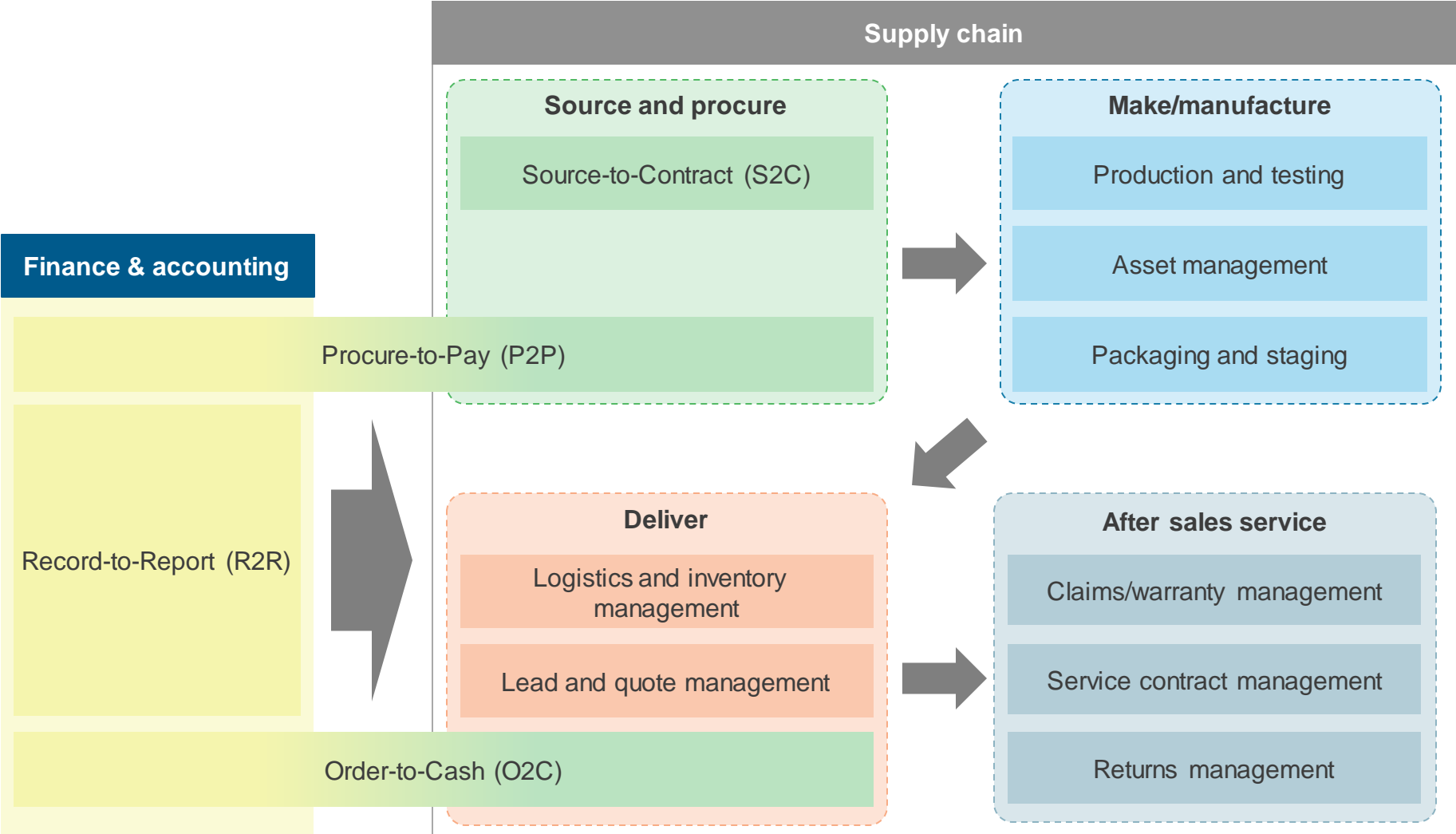


However, an end-to-end process-driven approach is emerging, which focuses on consistency, delivery, and enterprise-wide integration

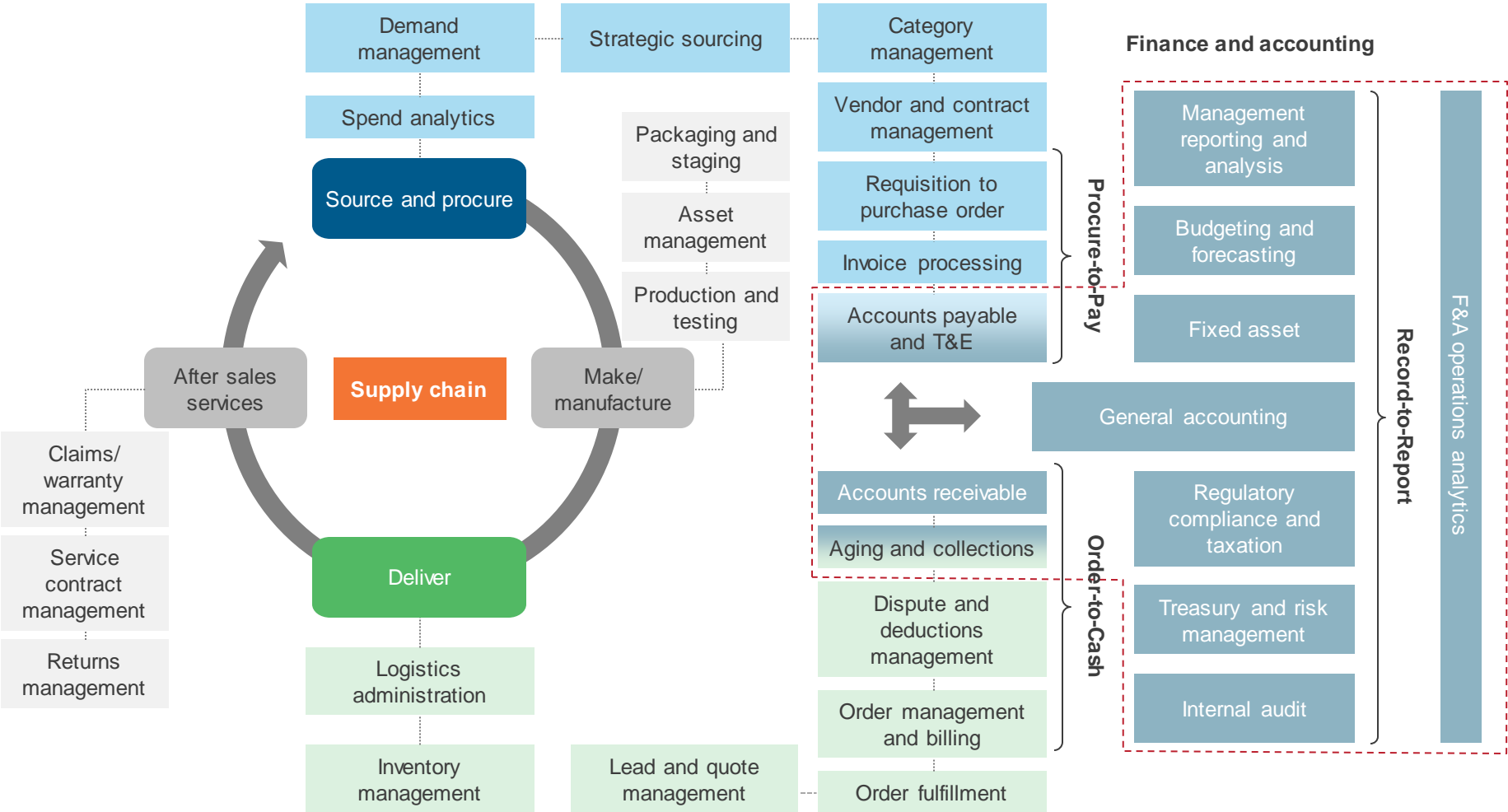
End-to-end process-driven definition of F&A



This end-to-end process-driven approach is expanding the F&A scope into the adjacent areas of procurement and supply chain



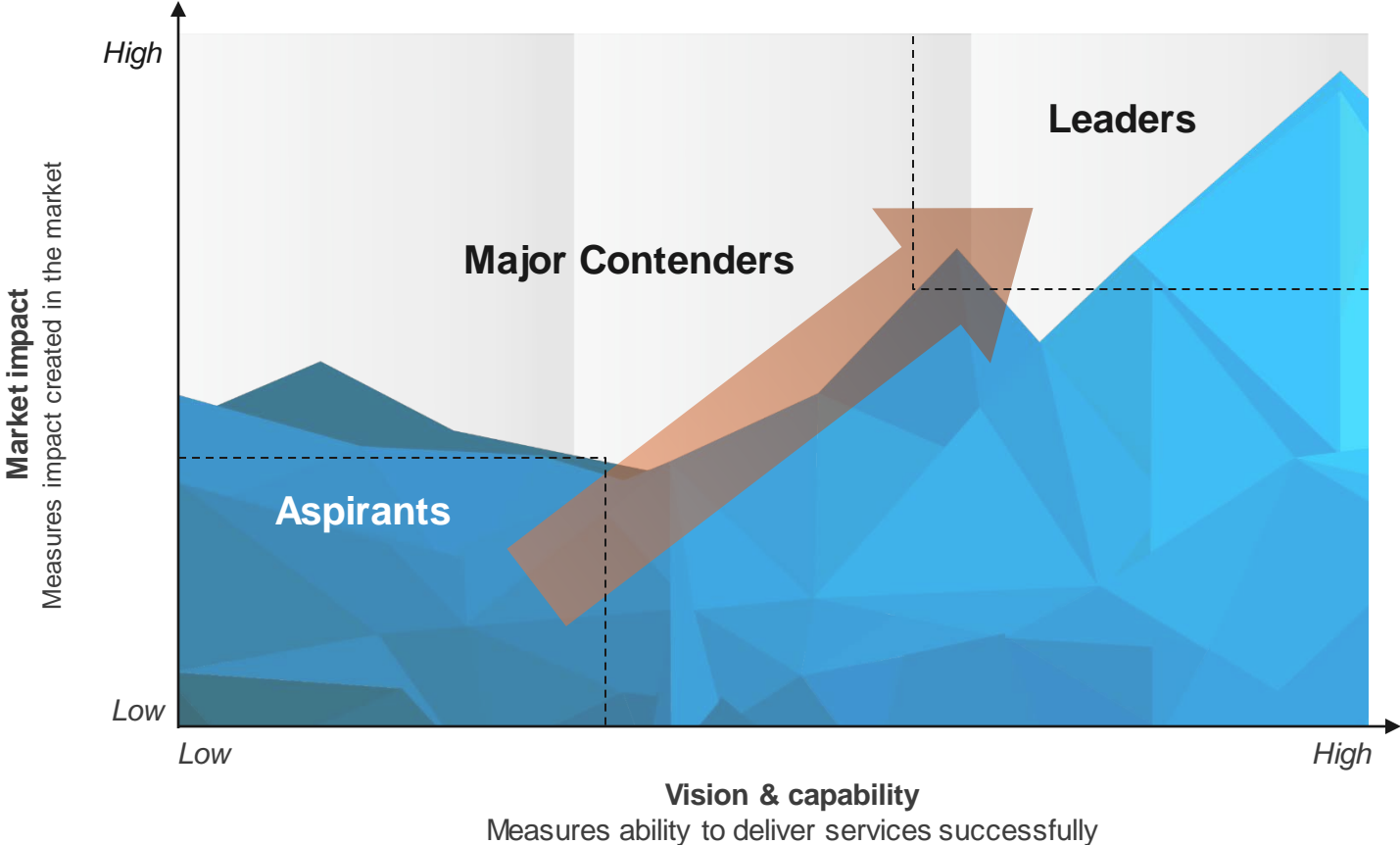
Everest Group's research is guided by a framework that clearly distinguishes F&A from supply chain and procurement processes



Note: Everest Group's analyses include multi-process FAO contracts with a minimum of two F&A processes, over US\$1 million in ACV, and a minimum contract term of three years

Everest Group PEAK Matrix™ is a proprietary framework for assessment of market impact and vision & capability

Everest Group PEAK Matrix

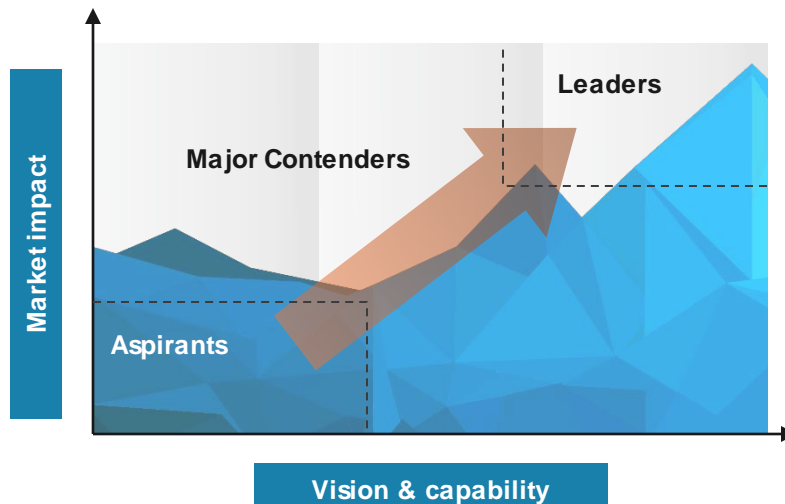


Measures impact created in the market— captured through three subdimensions

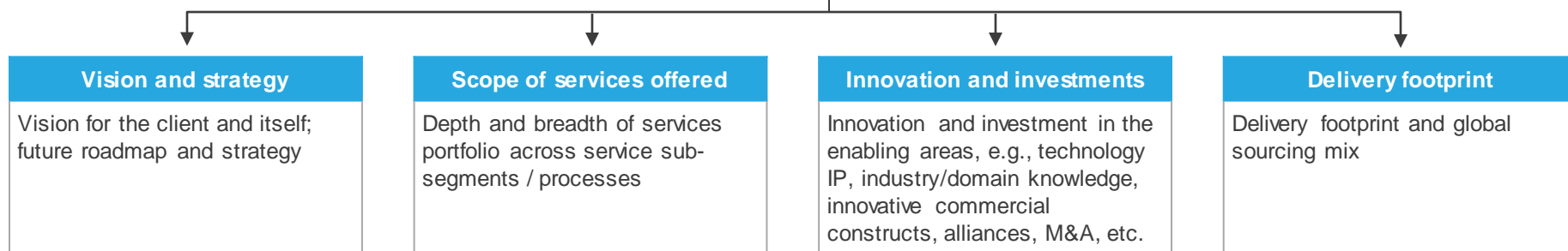
Market adoption
No. of clients, revenue base, and YOY growth, deal value/volume

Portfolio mix
Diversity of client/revenue base across geos and type of engagements

Value delivered
Value delivered to the client based on customer feedback and transformational impact



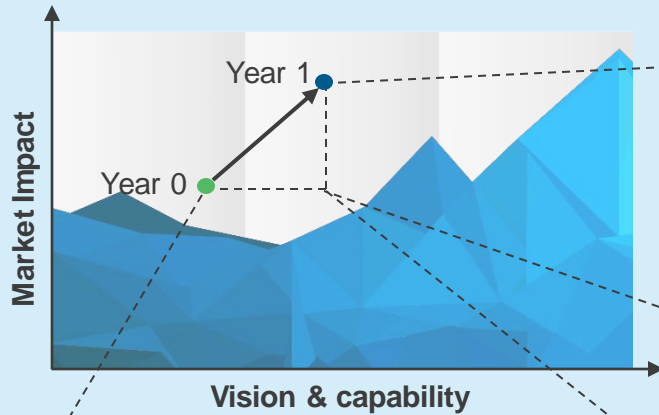
Vision & capability
Measures ability to deliver services successfully. This is captured through four subdimensions



Everest Group confers the Star Performers title on providers that demonstrate the most improvement over time on the PEAK Matrix™

Methodology

Everest Group selects Star Performers based on the relative YOY improvement on the PEAK Matrix



In order to assess advances on **market impact**, we evaluate each service provider's performance across a number of parameters including:

- Yearly ACV/YOY revenue growth
- # of new contract signings and extensions
- Value of new contract signings
- Improvement in portfolio mix
- Improvement in value delivered

In order to assess advances on **vision and capability**, we evaluate each service provider's performance across a number of parameters including:

- Innovation
- Increase in scope of services offered
- Expansion of delivery footprint
- Technology/domain specific investments

We identify the service providers whose improvement ranks in the top quartile and award the Star Performer rating to those service providers with:

- The maximum number of top-quartile performance improvements across all of the above parameters AND
- At least one area of top-quartile improvement performance in both market success and capability advancement

Star Performers are identified by top quartile performance improvement on the X and Y axes for each segment

The Star Performers title relates to YOY performance for a given service provider and does not reflect the overall market leadership position, which is identified as Leader, Major Contender, or Aspirant.

Does the PEAK Matrix™ assessment incorporate any subjective criteria?

Everest Group's PEAK Matrix assessment adopts an unbiased and fact-based approach (leveraging service provider / technology vendor RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information). In addition, these results are validated / fine-tuned based on our market experience, buyer interaction, and provider/vendor briefings

Is being a “Major Contender” or “Aspirant” on the PEAK Matrix, an unfavorable outcome?

No. The PEAK Matrix highlights and positions only the best-in-class service providers / technology vendors in a particular space. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix at all. Therefore, being represented on the PEAK Matrix is itself a favorable recognition

What other aspects of PEAK Matrix assessment are relevant to buyers and providers besides the “PEAK Matrix position”?

A PEAK Matrix position is only one aspect of Everest Group's overall assessment. In addition to assigning a “Leader”, “Major Contender,” or “Aspirant” title, Everest Group highlights the distinctive capabilities and unique attributes of all the PEAK Matrix providers assessed in its report. The detailed metric-level assessment and associated commentary is helpful for buyers in selecting particular providers/vendors for their specific requirements. It also helps providers/vendors showcase their strengths in specific areas

What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?

- Participation incentives for buyers include a summary of key findings from the PEAK Matrix assessment
- Participation incentives for providers/vendors include adequate representation and recognition of their capabilities/success in the market place, and a copy of their own “profile” that is published by Everest Group as part of the “compendium of PEAK Matrix providers” profiles

What is the process for a service provider / technology vendor to leverage their PEAK Matrix positioning and/or “Star Performer” status ?

- Providers/vendors can use their PEAK Matrix positioning or “Star Performer” rating in multiple ways including:
 - Issue a press release declaring their positioning. See [citation policies](#)
 - Customized PEAK Matrix profile for circulation (with clients, prospects, etc.)
 - Quotes from Everest Group analysts could be disseminated to the media
 - Leverage PEAK Matrix branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)
- The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with the designated POC at Everest Group.

Does the PEAK Matrix evaluation criteria change over a period of time?

PEAK Matrix assessments are designed to serve present and future needs of the enterprises. Given the dynamic nature of the global services market and rampant disruption, the assessment criteria are realigned as and when needed to reflect the current market reality as well as serve the future expectations of enterprises



About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

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