



HFS Horizons Report

# Strategic Finance, 2022

Services shaping the financial planning and analysis industry in 2022 and beyond

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Excerpt for EY



The last few years have shown us just how much enterprises need to focus on staying agile through uncertainty, change, and disruption. Financial planning and analysis strategy, technology, talent, and processes must evolve to keep up with finance leaders' aspirations for helping the business navigate uncertainty and create long-term business value. In their quest for agility, we see finance and risk leaders engaging with third-party service partners not just on traditional FP&A activities, but starting to move into strategic finance and performance management.

Reetika Fleming, Executive Research Leader



FP&A is repositioning its role for budgets, forecasting, and business planning to become a strategic advisor for business units. These next-level, agile FP&A teams are embracing new technologies, ensuring the democratization of data on business insights across the organization, tapping into new types of talent, and launching new reporting processes. The service providers have reinvented themselves to support these next-level, agile FP&A teams to operate at the highest capacity and release their fullest potential.

Divya Iyer, Associate Practice Leader

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# 1

## Introduction and definitions

# Introduction

This **HFS Horizons: Strategic Finance, 2022 report** is a snapshot of financial planning and analysis services capabilities of leading F&A service providers, including F&A business process outsourcing (BPO) service providers and global advisory firms.

The **HFS Horizons: Strategic Finance, 2022 report** examines 13 service providers across a defined set of criteria spanning value propositions, execution and innovation, go-to-market strategy, voice of the customer, and alignment with the HFS OneOffice. The report highlights the overall positioning for all participants and the leaders for each sub-category. It focuses on ongoing third-party services (outsourcing and managed services) as defined by our FP&A value chain.

This report also includes detailed profiles of each service provider, outlining their provider facts, strengths, and development opportunities.

We based this Horizons research on interviews with 300+ enterprise services clients from the Global 2000, in which we asked specific questions about the innovation and execution performance of the service providers we assessed. We augmented the research with information collected in Q1-Q2 2022 through provider RFIs, structured briefings, networking events, and publicly available information sources.

# Strategic finance value chain

## Scope of services

Traditionally, the FP&A function is one of the most important tools of finance. It helps support the financial health of companies with planning and budgeting, integrated financial planning, management reporting, and forecasting.

While the basics don't change, the need of the hour for financial transformation requires FP&A to play a more strategic real-time role than a once-in-a-year budgeting role. In its strategic role, FP&A is expected to create savings with the use of automation, standardization, and outsourcing.

Agility is the key to meeting the data-driven goal of organizations, and FP&A will play a crucial role in this journey. Continuous, integrated planning is the way forward.

We are also beginning to see specialized strategic capabilities like M&As and joint ventures, and internal auditing included in the FP&A value chain

## The key pillars in the strategic finance value chain

- 
- Budgeting and financial planning
  - Decision support and financial analysis
  - Business intelligence
  - Management reporting
  - Risk management and treasury
  - Internal auditing
  - Specialized services such as M&A and joint venture

# 2

## Executive summary

# Emerging trends in strategic finance

- 1 The winner**

We assessed 13 service providers including the Big 4s across value proposition, innovation capabilities, go-to-market strategy, and market impact criteria. The leaders in Horizon 3 are, in alphabetical order, Accenture, Deloitte, EY, KPMG, and PwC. These leaders' shared characteristics include bringing data, tech, and AI rigor to strategic finance processes to deliver outcomes for a traditional area of finance that has largely been driven by the human touch. These leaders have developed innovative IPs, built an ecosystem of partners, and are able to retain and attract top talent for a niche area like strategic finance.
- 2 Orchestrating internally across capabilities to unlock value for clients**

Strategic finance deals are increasingly structured around targeted outcomes and delivering as a service instead of only providing skilled people. Service providers bring consulting, domain, technology, data, and analytics together to drive value for their clients. Functional domains paired with digital, data, and analytics capabilities are becoming core to delivering value in more sophisticated areas of finance. Strategic functions like budgeting, planning, reporting, and tax depend more on the collaboration of finance, IT, and business. Service providers are pulling together these disparate capabilities within their organizations to serve FP&A engagements.
- 3 More mature F&A clients are making the transition to FP&A**

We see mature clients of transactional finance open to sourcing their FP&A functions to their service providers. With success and proven outcomes from transactional finance, clients are open to moving a lot of their core strategic finance functions to offshore and nearshore locations. As digital permeates the FP&A value chain, clients are open to experiencing the benefits and value outcomes from digital in strategic areas of finance. This move is not limited to outsourcing and automating reporting processes; it includes predictive analytics, advanced modeling, taxation, predictive compliance, governance, and treasury.
- 4 Consulting firms playing the dual role of partner and competitor**

Service providers partner with Big 4 consultants to bring consulting and design thinking capabilities for FP&A engagements. These partnerships can become 360-degree relationships where the service provider lends its talent and digital capabilities, and the consultants bring their domain and consulting expertise. As enterprises seek integrated services for their FP&A transformation—domain service experience with digital and design thinking—traditional pure-play FP&A providers are looking to Big 4 consultants to design co-optive solutions to support this need. Additionally, consultants are vying for these engagements as introductions through these partnerships are helping them win new business.
- 5 COEs within strategic finance operations**

Some leading service providers are helping their clients establish FP&A centers of excellence (COE), setting up cross-functional teams of experts within finance to drive innovation. Teams will include experts in robotics, blockchain, cognitive technologies, and the core finance domain—a diverse talent model. These cross-functional teams will help finance grow and bring cutting-edge innovation into their work. With an intense level of collaboration, they can tackle problems and challenges too complex to be addressed by any individual or group with the same skill set. Additionally, as clients are still figuring out how to better partner with supply chain and region markets, having a COE within FP&A will augment its pivot role in disseminating insights and supporting these decisions.



# 3

## Research methodology

# Service providers covered in this report



Note: All service providers are listed alphabetically

# Sources of data

This Horizons research report relies on myriad data sources to support our methodology and help HFS obtain a well-rounded perspective on the service capabilities of the participating organizations covered in our study. Sources are as follows:



Service provider briefings



Case studies



Reference client surveys



HFS Pulse



Ongoing analyst conversations

# Horizons Assessment Methodology — Strategic Finance, 2022

The **HFS Horizons: Strategic Finance, 2022** research evaluates the capabilities of service providers across a range of dimensions to understand the **Why, What, How, and So What** of their service offerings supporting **FP&A**. Our assessment will be based on inputs from clients, partners, and employees and augmented with analyst perspectives. The following illustrates how we will assess your capabilities:

## Assessment dimension (weighting)

	Value proposition: The Why? (25%)	Execution and Innovation capabilities: The What? (25%)	Go-to-market strategy: The How? (25%)	Market impact: The So What? (25%)
Horizon 3	<ul style="list-style-type: none"> <li>Strategy for FP&amp;A function and vision for the future of finance</li> <li>FP&amp;A offerings aligned to top problem statements of the office of the CFO and controller</li> <li>Differentiators—why the CFO and controller offices will work with you</li> </ul>	<ul style="list-style-type: none"> <li>Coverage across the FP&amp;A value chain</li> <li>End-to-end offerings connecting front, middle, and back offices to drive stakeholder experience (employee experience [EX], product experience [PX], customer experience [CX])</li> <li>Ability to drive digital fluency</li> <li>Delivery centers and off-shore, on-shore, near-shore mix</li> </ul>	<ul style="list-style-type: none"> <li>What are you actually selling to the CFOs? Approach to and strength of ecosystem partners</li> <li>Nature of investments in building your FP&amp;A services (M&amp;A, non-M&amp;A, intellectual property [IP])</li> <li>Co-innovation and collaboration approaches with customers and partners including creative commercial models</li> <li>Adoption of emerging technology</li> </ul>	<ul style="list-style-type: none"> <li>Scale of FP&amp;A services—revenue and growth</li> <li>Scope of FP&amp;A services—number of FP&amp;A full-time equivalents (FTEs)</li> <li>Proven outcomes showcasing nature of value delivered to FP&amp;A</li> <li>Voice of the customer (reference clients)</li> <li>Voice of the customer (non-reference clients)</li> </ul>
Horizon 2	<ul style="list-style-type: none"> <li>Horizon 1 + Enablement of the OneOffice model of <b>end-to-end organizational alignment</b> across the front, middle, and back offices to drive <b>unmatched stakeholder experience</b> (EX, PX, CX)</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive coverage across the FP&amp;A value chain</li> <li>Strong industry-specific talent pool across IT and operations domains</li> <li>Range of industry-specific partnerships and strong PX</li> <li>Strong industry-specific IP</li> </ul>	<ul style="list-style-type: none"> <li>Horizon 1 + investments aligned to enterprise experience</li> <li>Optimization and top-down transformation</li> <li>Target range of personas and LOBs, Tier 1 and 2 firms, broad geographic coverage</li> </ul>	<ul style="list-style-type: none"> <li>Proven scale and growth driven by Horizon 1 + stakeholder experience</li> <li>Top marks as an enterprise transformation partner emphasizing stakeholder experience (CX)</li> </ul>
Horizon 1	<ul style="list-style-type: none"> <li>Ability to drive <b>functional optimization outcomes</b> through cost reduction, speed, and efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Functional domain expertise across reporting and limited areas of the FP&amp;A value chain</li> <li>Industry-specific talent focused on key process domains or tech</li> <li>Focused partnerships and strong PX</li> <li>Limited industry-specific IP</li> </ul>	<ul style="list-style-type: none"> <li>Investments aligned to functional-optimization outcomes</li> <li>Optimization and point solutions</li> <li>Target focused personas and lines of business (LOBs), majority Tier 2 and 3 firms, geo-specific</li> </ul>	<ul style="list-style-type: none"> <li>Proven scale and growth driven by functional optimization focus</li> <li>Top marks as an optimization partner across key FP&amp;A functions (CX)</li> </ul>

Distinguishing service provider characteristics

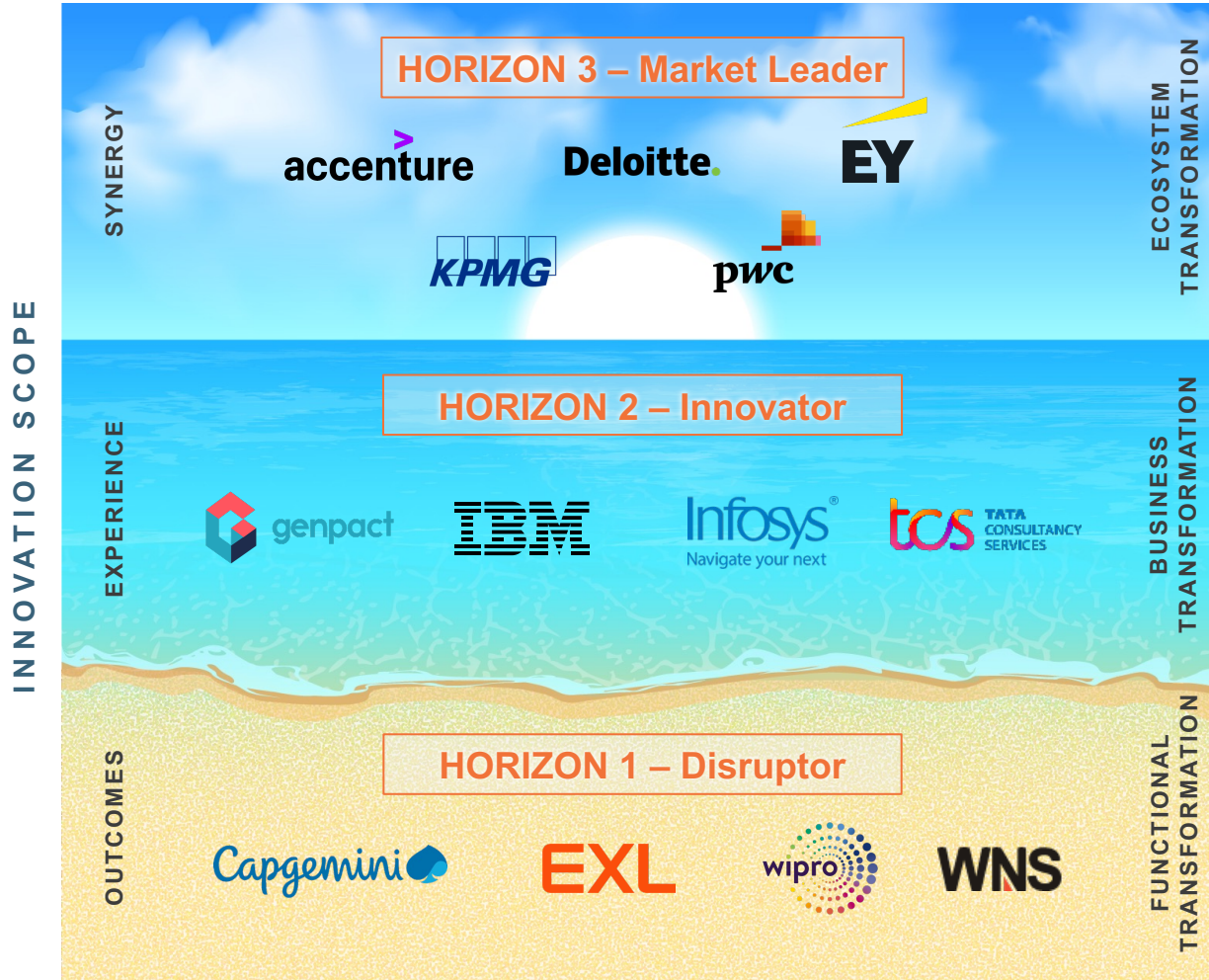
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## Horizons results: Strategic finance

# HFS Horizons Strategic finance — a summary of the providers assessed in this report

Provider (alphabetical)	HFS' take
Accenture	Leading with a strategic finance practice
Capgemini	Bringing frictionless finance to strategic areas
Deloitte	Advanced analytics paving the way for the next generation of FP&A
EXL	Modernization in FP&A operating models
EY	Expanding the CFO mandate to CVO: the value “trio” at the core of finance transformations
Genpact	FP&A transformations through a business partnership engagement model
IBM	Playing the role of a value orchestrator
Infosys	Agents of change management for the office of the CFO
KPMG	Driver-based analysis focus vs. static forecasts
PwC	Flipping the pyramid of legacy finance
TCS	Levering Cognix for FP&A automation
Wipro	Collaboration to optimize tax compliance and financial reporting processes
WNS	Helping clients realize their aspiration for continuous accounting

# Introducing HFS Horizons: Strategic Finance, 2022



Note: All service providers within a “Horizon” are listed alphabetically

## Horizon 3 Service Providers demonstrate

- Horizon 2 +
- Ability to drive a **“OneEcosystem” synergy** via collaboration to create completely **new sources of value**
- Strategy and execution capabilities at scale
- Well-rounded capabilities across all value-creation levers: talent, domain, technology, data, and change
- Driving co-creation with clients as ecosystem partners
- Referenceable and satisfied clients driving new business models with the partnership

## Horizon 2 Service Providers demonstrate

- Horizon 1 +
- Ability to drive a **“OneOffice” model of end-to-end organizational alignment** across the front, middle, and back offices to drive **unmatched stakeholder experiences**
- Ability to support clients in driving customer and employee experience
- Global FP&A capabilities with strong consulting skills
- Capability to deliver enterprise transformation as an ongoing multi-year managed service
- Proven and leading-edge proprietary tools, assets, and frameworks
- Referenceable and satisfied clients for the ability to innovate

## Horizon 1 Service Providers demonstrate

- Ability to drive **functional optimization outcomes**
- Driving cost reduction, speed, and efficiency
- Strong domain partners
- Offshore-focused with talent in the domain and technical skills
- Embedding emerging technology to drive value
- Referenceable and satisfied clients for the ability to execute

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EY profile: Strategic finance



# EY: Expanding the CFO mandate to CVO: the value “trio” at the core of finance transformations



FP&A practice headcount: 12,000+

Number of FP&A clients: 13,000+

## FP&A highlights

### Moving from CFO focus to CVO (chief value officer):

EY recognizes it must focus on value-based outcomes and not just cost. Becoming data-driven while being value-led is not an easy task, but EY aims to achieve this with innovation at scale, technology at speed, and with what it calls “Humans@Center.”

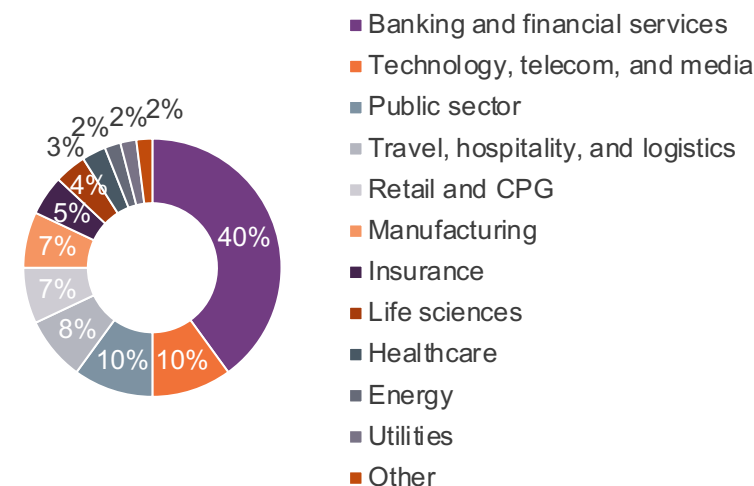
### EY relies on internal IP as the binding force to drive transformation goals:

EY built in-house FP&A-specific assets and internal platforms to facilitate growth, such as Lighthouse, Capital Edge, FinPro, Mural, and other business intelligence dashboards, to support the function. EY brings clients, assets, and alliance partners together in an immersive approach in the wavespace. EY has embraced the OneOffice concept of collapsing silos between various functions and making finance the pivot in its journey.

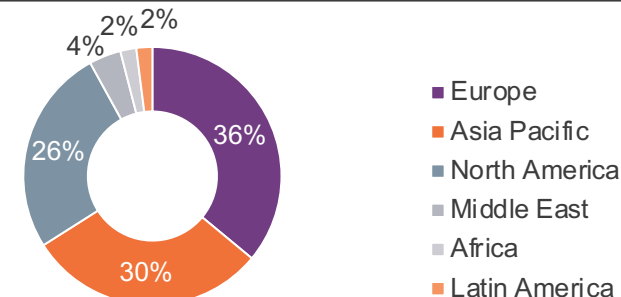
### Strengthening capabilities with partnerships:

EY is pursuing forging growth-based partnerships like the ones it has with Microsoft and SAP. These partnerships have helped EY deliver on financial transformation while meeting advanced analytical goals. These strategic partnerships are expected to pave the way for improved outputs.

## Client industry mix (FP&A as a subset of F&A)



## Client geography mix (FP&A as a subset of F&A)



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## About the authors

# HFS Research authors (page 1 of 2)



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Saurabh Gupta is President, Research and Advisory Services at HFS. He sets the strategic research focus and agenda for HFS Research, understanding and predicting the needs of the industry and ensuring that HFS maintains its position as the strongest impact thought leader for business operations and services research. He oversees HFS' global research function managing the global team of analysts and operations across US, Europe, and Asia.



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Reetika Fleming leads coverage for smart analytics, insurance, and finance and accounting at HFS Research. She studies the broad use of data and analytics within enterprises, with a research focus on emerging strategies to institutionalize machine learning and other AI techniques. Her research extends into the impact of digital business models, IoT, smart analytics, and AI on business process services for insurance specifically, and finance and accounting broadly.

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Divya Iyer covers the IT and business services sectors, researching emerging and established digital business models and technologies, start-ups, and business solutions suppliers.

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She has seven years of experience in quantitative research and analysis in Kantar. She has serviced British American Tobacco for their primary and secondary research needs, catering to them across the globe.

# About HFS

## Insight. Inspiration. Impact.

HFS is a unique analyst organization that combines deep visionary expertise with rapid demand-side analysis of the Global 2000. Its outlook for the future is admired across the global technology and business operations industries. Its analysts are respected for their no-nonsense insights based on demand-side data and engagements with industry practitioners.

HFS Research introduced the world to terms such as “RPA” (Robotic Process Automation) in 2012 and more recently, Digital OneOffice™ and OneEcosystem™. The HFS mission is to provide visionary insight into the major innovations impacting business operations such as Automation and Process Intelligence, Blockchain, the Metaverse and Web3. HFS has deep business practices across all key industries, IT and business services, sustainability and engineering.

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