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2010 Finance & Accounting Outsourcing (FAO) Market Star Performers on Everest PEAK Matrix

Focus on WNS

Everest Research recently released its latest FAO Annual Report, which provides a comprehensive analysis of the 2010 FAO market across size and growth, buyer adoption, contract characteristics, and supplier landscape.

As a part of the study, Everest updated its classification of 20+ FAO service providers on the Everest Performance | Experience | Ability | Knowledge (PEAK) Matrix for FAO into Leaders, Major Contenders, and Emerging Players. 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 capability. Everest also identified five service providers as the “2010 FAO Market Star Performers” based on the relative movement of 20+ FAO service providers on the Everest PEAK Matrix from 2009 to 2010.

Based on the analysis, WNS emerged as a 2010 Star Performer strengthening its position in the FAO market. This report focuses on WNS’ FAO experience and capabilities and includes:

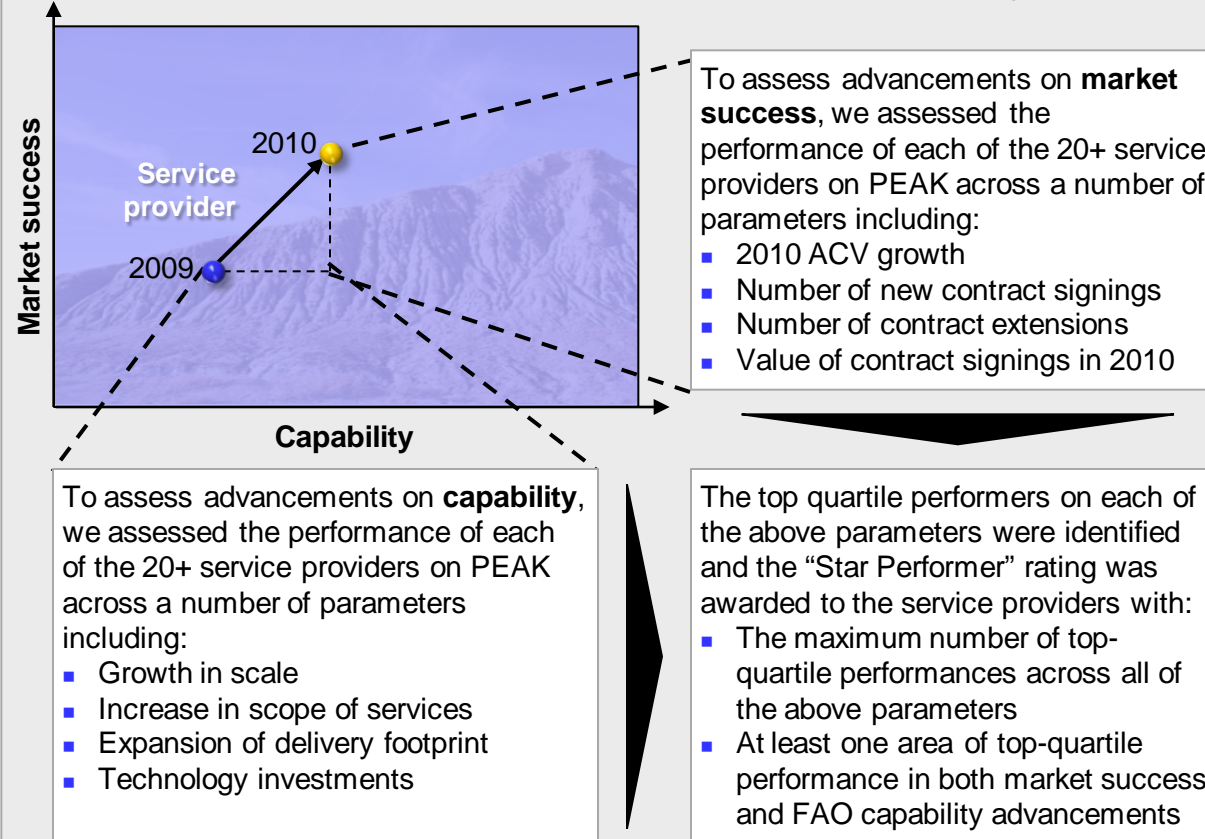
- WNS’ movement on PEAK Matrix for FAO and key accomplishments in 2010
- WNS’ FAO services profile
- Case study of a FAO engagement with a WNS customer

It is important to note that while a service provider’s position on the PEAK Matrix is a useful starting point, the results from the assessment may not be directly prescriptive for each buyer. Buyers will need to consider their unique situation and requirements and match them against service provider capability to meet their specific objectives

Everest identified WNS as one of the five “2010 FAO Market Star Performers”

Methodology

Everest chose the five 2010 FAO Market Star Performers based on the relative movement on the Everest PEAK Matrix for FAO from 2009 to 2010 of each FAO service provider



2010 FAO Market Star Performers

accenture
High performance. Delivered.

GENPACT

IBM

TATA CONSULTANCY SERVICES

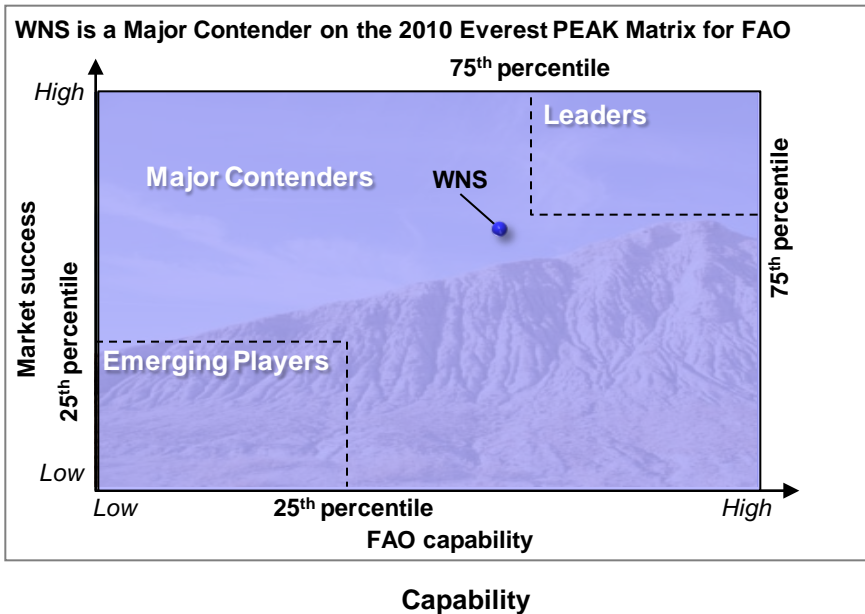
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The Star Performers designation relates to year-on-year performance for a given service provider and does not reflect overall market leadership positions. Those identified as the 2010 Star Performers include both leaders and major contenders

WNS' strong movement on the Everest PEAK matrix was enabled by a combination of market success and capability advancements



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WNS' FAO market success in 2010

- **Strong organic and inorganic growth in 2010**
 - Nine new contracts and nine extensions leading to top quartile performance for overall spending in 2010. Accounts for ~10% of all new 2010 contracts
 - ~20% YoY growth in ACV and ~35% growth in TCV
- **Growth drivers in 2010**
 - Strongest growth came from verticals such as media, travel & logistics (WNS' stronghold) followed by financial services and manufacturing
 - Nearly 70% of new contracts signed in US, foray into emerging buyer geographies such as Middle East
 - Strong traction in the mid-market (US\$1-5 billion in revenue) with nearly 70% of new contracts signed with mid-market buyers
- **Outlook for 2011**
 - Strong focus on vertical strategy (industry-specific BPO) and transformational solutions
 - In terms of delivery footprint, WNS is looking at opportunities to establish an onshore presence in North America to serve clients in their home country

WNS emerged as a star performer in the 2010 FAO market further strengthening its leadership position on the Everest PEAK Matrix for FAO

- WNS had a strong 2010, winning nine new multi-process FAO contracts along with significant organic growth helping it close the gap with market leaders
- Continued investments in building scale, global delivery footprint and technology

WNS' capability growth in 2010

- **Key area of capability-related investment in 2010**
 - Delivery footprint: Entry into Latin America via Costa Rica to serve as a nearshore centre for global clients with North American operations. Opened a centre in Manila as well
 - Scale: Scaled up to 7000 FTEs in 2010 (~10% YoY growth)
 - Scope: Internal restructuring by industry verticals. Partnership with Airline Reporting Corporation to provide a more comprehensive suite of airline-specific F&A services to its clients. Partnerships with Berkheimer, StorText, SEMA, Iron Mountain etc. to provide document management services in various geographies
 - Technology: Greater investments in tools and technology. Alliances with Ariba, Kofax, OB10, EMC(Captiva), and Newgen for invoice processing solutions

FAO service suite and scale of operations



Key FAO leaders

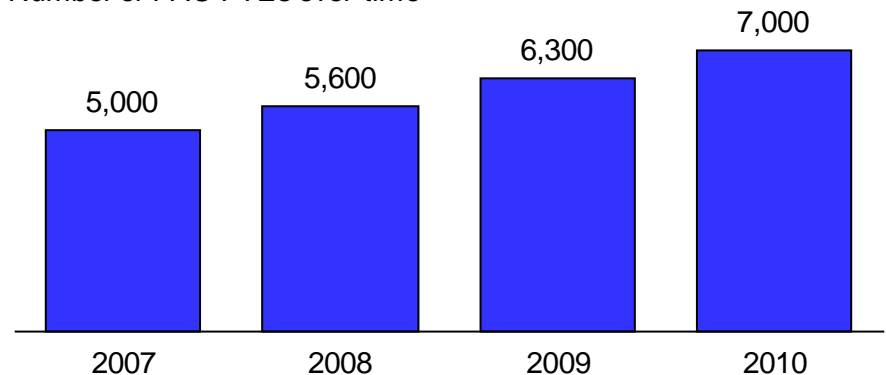
- **Tasneem Lakdawalla**, Business Unit Leader, Finance and Accounting Services

FAO service suite

- Procure-to-Pay processes such as procurement, spend analytics, dispute resolution, payment processing, travel and expense, and accounts payable
- Order-to-Cash processes such as billing & invoicing, cash application, accounts receivables, credit control, and collections
- Record-to-Report processes such as general ledger, fixed asset, reconciliations, and reporting
- Corporate Functions including treasury, cash management, financial planning and analysis, tax and compliance, decision support, and management accounting
- Supply Chain Finance including product costing, inventory accounting and manufacturing accounting
- Industry Specific accounting including passenger revenue accounting, revenue audit and recovery, etc.

Scale of operations

Number of FAO FTEs over time



Key F&A-related developments

- 2010: Partnered with Airline Reporting Corporation, a leading provider of financial settlement solutions and data analytical services for the travel industry
- 2010: Formed alliance with several document management service provider such as Berkheimer, StorText, SEMA, Kofax, Newgen
- 2010: Partnered with Ariba to provide Invoice Conversion Space (ICS)
- 2010: Partnered with OB10 – a leading global B2B e-Invoicing network and specialist
- Nov 2009: Opened a new center in Costa Rica to serve its global clients with North American operations

Source: Everest Research Institute (2011)

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FAO client portfolio



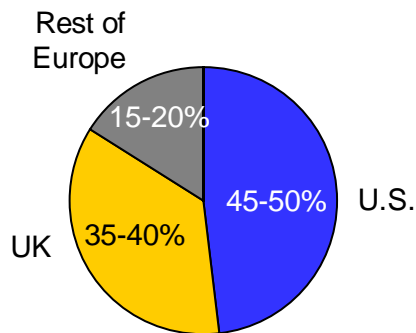
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Major FAO clients: FTSE 100 Multiline Insurer, Leading International Producer and Distributor of Food Products, Fortune 500 Cosmetic Products Company, Leading Travel Company, FTSE 100 Energy and Utilities Company, Leading Global Bank in Asia

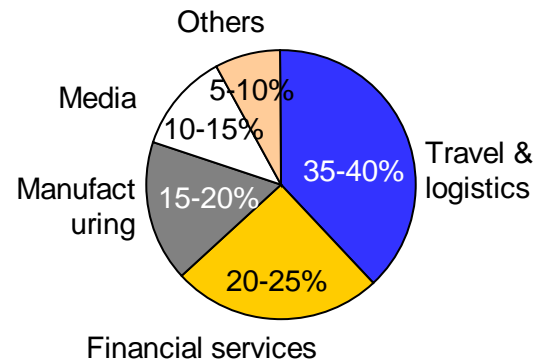
Recent publicly announced FAO engagements

Q1 2011	<i>Client not disclosed</i>	Federation of Affiliated Automobile Clubs
Q4 2010	<i>Client not disclosed</i>	Five-year contract with a global sports, fashion and media business company
Q4 2010	<i>Client not disclosed</i>	Five-year contract with a fortune 500 risk advisory company - LATAM division
Q4 2010	<i>Client not disclosed</i>	Five-year contract with a leading U.S. construction company
Q3 2010	<i>Client not disclosed</i>	Seven-year contract with a leading electronics product manufacturer

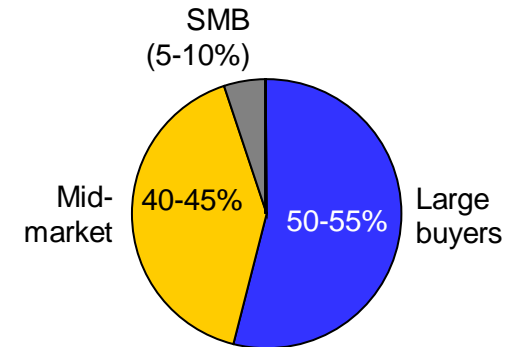
FAO revenue geography mix (2010)



FAO revenue industry mix (2010)



FAO revenue buyer size mix (2010)



Note: Based on contractual and operational information as of 2010
Source: Everest Research Institute (2011)

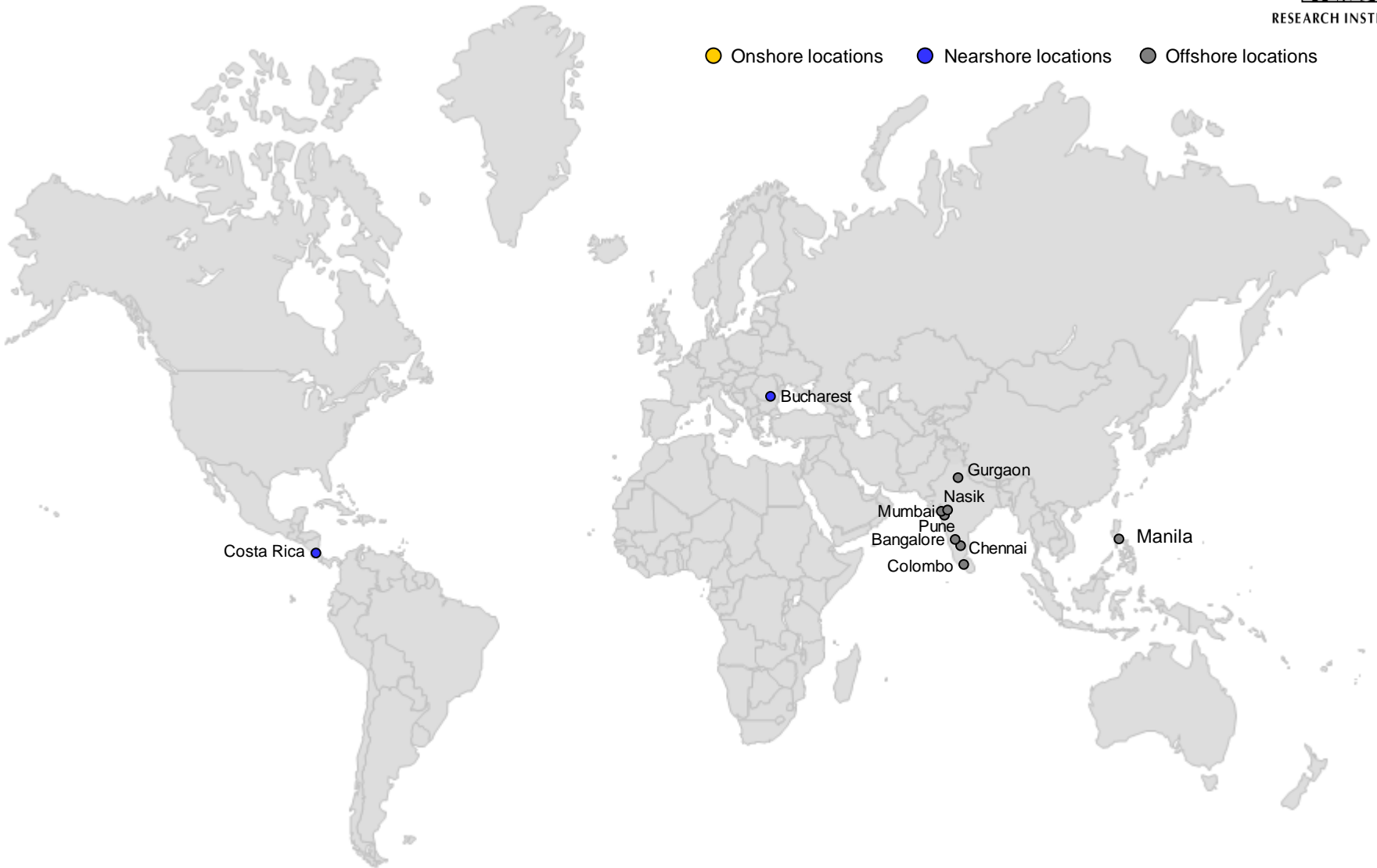
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FAO delivery locations



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● Onshore locations ● Nearshore locations ● Offshore locations



Source: Everest Research Institute (2011)

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FAO technology solutions



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WNS primarily pursues an augmentation approach for FAO technology leveraging modular, non-invasive 'bolt-on' toolsets with hosting options

Source-to-pay tools	Order-to-cash tools	Record-to-report tools	Process agnostic tools
<ul style="list-style-type: none"> ■ Vendor master workbench ■ Vendor portal, self-service invoicing ■ Web-based purchase requisition and approval workflow ■ AP workbench including custom accruals engine and intelligence reporting ■ P-cards engine ■ Duplicate payment checking ■ Dynamic discounting ■ Fraud detection ■ Interactive supplier forms 	<ul style="list-style-type: none"> ■ Customer portal ■ Sales order workbench ■ Credit diary ■ eFax/email integration ■ ePayment integration ■ Collections workbench and intelligence reporting ■ Call recording – NICE ■ Resource planning – Blue Pumpkin 	<ul style="list-style-type: none"> ■ Account reconciliation (Trintech's AssureNET, ReconNET) ■ Close monitoring and tracking portal (Trintech's Unity Close, Microsoft SharePoint) ■ Journal Entry Workflow 	<ul style="list-style-type: none"> ■ Delivery excellence: Transition and operations portals, TrackPoint Case Management Tool, Macros, Reconciliation Engines (ReconNET & AssureNet) ■ OCR/ICR, workflow & document management tools: Workflow (Newgen-OmniFlow), document management (Newgen-OmniDocs), OCR/ICR (Kofax) ■ Mail room virtualization: Document scanning & imaging (through Partners-Pitney Bowes, Berkhiemer, Iron Mountain etc) and archival (WNS Data Center)

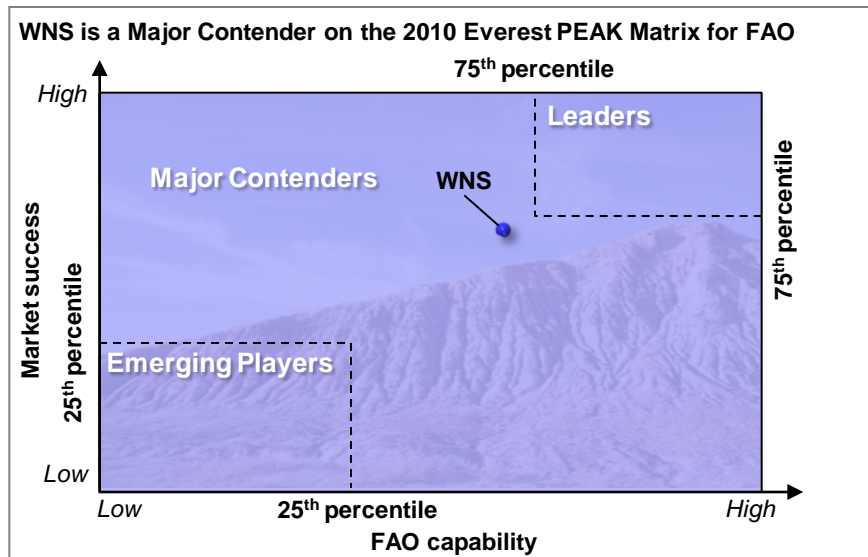
Source: Everest Research Institute (2011)

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Everest assessment



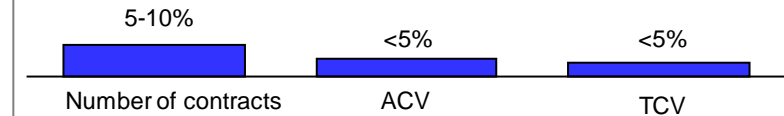
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Market success assessment

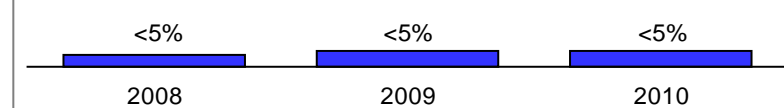
Global multi-process FAO market share¹

Percentage



Global multi-process FAO market share over time¹

Percentage share by ACV



Market share in key buyer segments¹

Percentage share by ACV

By signing region	By industry	By client size
<5% in U.S.	20-25% in Travel & logistics	<5% in Enterprise
5-10% in UK	5-10% in Financial services	<5% in Large buyers
<5% in Rest of Europe	5-10% in Media	5-10% in Mid-market
-	<5% in Manufacturing & retail	<5% in SMB

Overall remarks:

- Continued investments across people, process, technology, and delivery footprints helped WNS to further close the gap on PEAK Leaders
- Strong focus on vertical strategy (industry-specific BPO) with strong heritage in travel & logistics
- Achieved success in emerging buyer geographies such as Middle East
- Recognized by Everest as "2010 FAO Star Performer"

Delivery capability assessment ¹		
Assessment dimension	Rating	Remarks
Scale	● High	40+ multi-process FAO contracts signed; ~7,000 dedicated FAO FTEs; 8+ global delivery centers
Scope	● Medium-high	Several partnerships to expand and strengthen capabilities across F&A processes; Internal restructuring by industry verticals
Technology capability	● Medium-high	Continued technology-related investments; Partnered with Ariba, Kofax, OB10, EMC(Captiva), and Newgen for invoice processing solutions
Delivery footprint	● Medium-high	Continued expansion of delivery capabilities in India, Romania, and Costa Rica

¹ Based on contractual and operational information as of 2010

Source: Everest Research Institute (2011)

Fortune 500 Professional Services Company- WNS F&A outsourcing engagement

Background and contract Summary



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Buyer overview

- *Revenues:* Subsidiary of US\$10 billion+ Fortune 500 Professional Services Company
- *Industry:* Global risk and insurance brokerage
- *Countries of operation:* Global

Scope of work

- Signed the first contract in 2007 for three years that was recently renewed. Also signed new contracts for Latin America and claims processing recently
- Outsourcing scope includes AP, T&E, AR, transactional GL and fiduciary accounting. Claims processing also added recently. Strong retained controllership function for treasury, vendor set-up and fiduciary-related activities
- Global geographic scope including North America (U.S., Canada), EMEA (UK, Ireland, Spain, France, Hungary, Nordics), South Africa, Australia and Latin America
- Delivery locations – Mumbai and Pune existing - Costa Rica to be added
- Pricing structure includes gain sharing

Background

- *Client situation*
 - In response to shifting market dynamics, disappointing growth, and a significant decline in share price during 2004-2005, the organization realized a need to transform their F&A operations
 - The organization had implemented shared services but outsourcing was considered out of the comfort zone
- *Key drivers for outsourcing*
 - Primary driver was financial transformation, increased transparency and compliance
 - Ability to embrace new best practices and technologies over time
 - Cost reduction was also a key goal
 - Wages in India were increasing and client felt that arbitrage would not be sustainable in the long run. Also, experience of setting up captive in Budapest was not successful. Thus the client believed that a third-party provider could potentially help create a global delivery network at lower cost

“Our analysis showed that outsourcing was a better answer to create a platform for sustainable future F&A improvements”

– Head of Shared Services, Fortune 500 Professional Services Company

Fortune 500 Professional Services Company- WNS F&A outsourcing engagement

Value creation and challenges



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Vendor selection

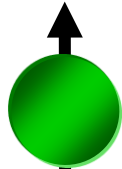
- Followed a competitive RFP process and selected WNS because of the following reasons:
 - Flexibility of working in a complex environment
 - Executive access and existing relationship after working with WNS for 4+ years
 - Cultural fit given WNS is BPO focused which aligned well with the client's culture of technology adoption
 - Pricing, overall capabilities and quality framework

Key challenges faced

- Stakeholder management – to get everybody onboard, follow the process and set-up an issue resolution process
- Operational challenges around attrition and knowledge transition
- Underestimated the effort required to create cultural alignment between onshore and offshore locations
- Business continuity planning given cross training requirements, multiple systems and global environment
- Adhering to implementation timelines

Everest's Total Value Equation (TVE)

Strategic impact



Definition

Value created by impacting business drivers or driving competitive advantage

Examples of value created in the relationship

- Ability to increase focus on core activities

Process/business impact



Value derived by aligning process capabilities more closely with business needs

- High satisfaction with meeting the process consistency goals and creating a controlled environment with robust documentation
- Incremental (though not transformational) process improvements

Direct-cost impact



Direct bottom-line savings generated by exploiting process-specific inefficiencies

- High satisfaction with meeting the arbitrage goals

Best practices observed

- Stakeholder mapping is super critical
- Work with a partnership mindset – think about the vendor's perspective
- Focus on creating a solid contract, governance, and SLA reporting
- Considerable time and energy to create cultural alignment
- Involve technology and data security group early

For Information on WNS's FAO service offerings, please visit www.wns.com/financeandaccounting

About Everest Group



Everest Group is an advisor to business leaders on next generation global services with a worldwide reputation for helping Global 1000 firms dramatically improve their performance by optimizing their back- and middle-office business services. With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of global services in their pursuits to balance short-term needs with long-term goals. Through its practical consulting, original research, and industry resource services, Everest Group helps clients maximize value from delivery strategies, talent and sourcing models, technologies, and management approaches. Established in 1991, Everest Group serves users of global services, providers of services, country organizations, and private equity firms, in six continents across all industry categories. For more information, please visit www.everestgrp.com and www.everestresearchinstitute.com.

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