

# Entering the European market for finance and accounting services

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On the European market you need to comply with mandatory requirements and additional requirements that buyers may have. European service providers and intermediaries are your most realistic market entry channels. As competition is strong, you should differentiate on quality rather than purely on costs. Specialising is also a good way to reduce the competition you face. In general, trust and reliability are the most important criteria for European companies that are looking for a finance and accounting outsourcing partner.

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## 1. What requirements must finance and accounting services comply with to be allowed on the European market?

Requirements vary per industry, per segment and even per country. New legislation is always in the making. As it would be impossible to list (or to know) all possible requirements, this section discusses the most common requirements. For more information, see our study about the [requirements outsourcing services must comply with on the European market](#).

### What are mandatory requirements?

#### European rules on company reporting

The European Commission manages rules on the (financial) information that European companies must prepare and disclose. This legislation aims for comparable and high-quality financial information that gives a true and fair view of a company's situation.

The [European legislation on financial company reporting](#) includes:

- legislation on financial reporting;
- corporate sustainability reporting;
- transparency requirements for listed companies;
- public country-by-country reporting (CbCR).
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#### European Union and national accounting rules

Each European country has specific regulations on finance and accounting. To provide finance and accounting services on the European market, you should know and understand the regulations in your European target

market.

### Tips:

To provide good finance and accounting services to European companies, you should be familiar with [European legislation](#), and finance and accounting rules that are specific for your target country.

To learn more, go to [ICAEW](#). The ICAEW provides a lot information, including accounting guides, economic forecasts, guides to doing business and information on the tax climate per country.

For more [specific information on outsourcing arrangements for the financial industry](#), check the website of the European Banking Authority.

## General Data Protection Regulation

There are different rules you have to follow:

- Rules about copyright (in the [Directive on the legal protection of computer programs](#))
- Privacy protection rules (in the [General Data Protection Regulation](#) or GDPR and the [ePrivacy Directive](#)).

If you do not follow these rules, you may be subject to enforcement actions and/or possible claims. The fact that you are located outside of the European Union does not mean that you will escape these consequences.

We advise you to review check the exact rules that apply in your European target market. On the [ePing](#) website you can find an overview of country-specific measures that affect trade and which differ from the international standards.

In addition, on the [ePing](#) website you can find the contact persons per country that have been appointed by the World Trade Organisation (WTO).

You can subscribe to ePing alerts that might be relevant to your product or service.

### Tips:

Pay attention to copyright and infringement (the act of breaching or disobeying copyright law or clauses) in the contracts you sign with European buyers.

If you handle personal data, study the GDPR's new [European data protection rules](#) and [principles](#) for a good understanding of what is allowed and what is not. For software development-specific GDPR information, check the [seven-step guide to GDPR-compliant software development](#). Be aware of what data you store and where, to be able to comply with potential consumer requests.

Use IDC's [GDPR Readiness Assessment](#) to determine how compliant you are and what you may need to improve.

Set up clear consent request forms and privacy policies that inform customers how you process their personal data. Check the [GDPR consent guidance](#) from the British Information Commissioner's Office (ICO) and Econsultancy's [GDPR: How to create best practice privacy notices](#). Keep records of the consent you have obtained from data subjects. For more information, see the ICO's advice on [how to record consent](#).

Read more about [digital privacy](#) on the website of the European Commission. Here you can also find the latest information about the reforms of the European ePrivacy rules.

## What additional requirements do buyers often have?

European buyers of finance and accounting services often have additional requirements, which mostly concern security, quality and corporate social responsibility (CSR).

### Security

Data security is one of the main challenges for IT outsourcing service providers. This includes both data protection and recovery systems. Many European buyers expect you to implement an information security and management system, especially in industries where security is essential, such as finance and banking, healthcare or mobile applications. Although there is no specific legislation on this, the [ISO 27000-series](#) contains common standards and guidelines for information security.

#### Tips:

Make sure you have effective security processes and systems in place, from business continuity and disaster recovery to virus protection.

Ask your buyer to what extent they require you to implement a security management system like the ISO 27001 standard.

Consider obtaining the ISO/IEC 27701:2019 certification. To do so, you will need to either have an existing ISO 27001 certification or implement ISO 27001 and ISO 27701 together as a single implementation audit.

### Quality management

Some European buyers only do business with companies that have a specific quality management system in place. Although it does not automatically guarantee good-quality finance and accounting services, it proves that you have a repeatable process and that you are a serious company that values standardisation.

Acknowledged and common quality management systems are [ISO 9001:2015](#) and the [Capability Maturity Model Integration](#). ISO certifications that apply to financial services include [ISO 15782-1:2009](#) and [ISO 20038:2017](#).

#### Tips:

If you (aim to) specialise in particular sectors, find out which certifications are relevant. When considering a particular quality certification, ask yourself three questions before working out the details: is it good for my company? Is it good for my clients? Does it have marketing value?

Check if you can apply for financial support to achieve quality certification. Contact your national business process association (such as [BPESA](#) in South Africa), the [International Business Process Management Association](#), or a business support organisation in your country responsible for export promotion.

Also check which other [ISO certification](#) might apply to your service.

## Corporate Social Responsibility

[Corporate Social Responsibility](#) (CSR) refers to companies taking responsibility for their impact on the world. Not only in the products or services they offer, but also when it comes to:

- consumer rights;
- education and training of staff;
- human rights;
- health;
- innovation;
- the environment;
- working conditions.

The importance of CSR to the business process outsourcing (BPO) industry is debated, as the impact of small companies in this industry is often marginal.

### Documented CSR policy

CSR is becoming particularly important to large companies and governments in Northern and Western Europe. Many European companies involve their suppliers in their CSR policies. Having a well-documented CSR policy may give you a competitive advantage over companies without one. The [ISO 26000](#) standard provides guidance on CSR. For small software companies, the most relevant and practical aspects of this standard are labour practices, fair operating practices and community involvement.

### Impact sourcing destination

You can also match the CSR policy of your potential buyer by becoming an impact sourcing destination. This is a relatively new term and refers to a sourcing model that aims to improve the lives of people, families and communities through meaningful employment in ITO and BPO. This can be achieved either through outsourcing or by setting up remote or virtual teams using digital technology. Impact sourcing has good potential for companies that wish to make their business more socially responsible (buyers and sellers of cyber security solutions). And it can be a unique selling point (USP) for your business.

#### Tips:

Clearly communicate your commitment to CSR in your marketing activities. Also, show that you care about your impact on society and the environment by implementing your own CSR policy.

Consider profiling yourself as an impact sourcing provider. See if you [meet the requirements](#) for impact sourcing supplier.

Consult the [ITC Sustainability Map](#) for a full overview of certification schemes addressing sustainability in the outsourcing industry.

### Payment-related services standard

The [PCI Security Standards Council](#) is a global forum for the payment industry. It maintains, updates and promotes the Payment Card Industry Security Standards. If you are working with payment-related services and (aim to) offer outsourcing services to the European market, check their [standards overview](#) and complete their [Self-Assessment](#) tool to get more insight into the standards for payment-related services.

## 2. Through what channels can you get finance and accounting services on the European market?

### How is the end market segmented?

The European FAO market is large. All European companies are potential buyers of finance and accounting services, because they all have to deal with financial transactions and their country's tax system. However, some segments are more interesting to focus on than others. The easiest way to segment the finance and accounting market is by vertical market (type of industry) and by horizontal market (type of service).

Figure 1: Horizontal and vertical market segments for finance and accounting services that have the best opportunities for FAO service providers



### Type of service

The largest horizontal markets within finance and accounting services are payrolling and AR/AP roles. Most finance and accounting service providers offer more than one of the services mentioned in Figure 1. It is recommended that you do the same, since most European companies prefer working with service providers that can offer multiple (or all) services.

### Type of industry

Promising vertical markets for finance and accounting services include government, public accounting companies and the logistics industry.

#### Tips:

Start with offering relatively standard, transaction-intensive processes. When you have established a solid relationship with your European partner, you can include more knowledge-intensive processes.

Offer finance and accounting analytical services, as this is a growing segment. However, this requires that you have long-term outsourcing deals and/or expertise in industry-focused data analysis, knowledge services and risk and compliance.

Specialise in finance and accounting services for a specific industry or niche market segment to strengthen your value proposition. European companies prefer service providers with expertise in a specific service or industry.

### Through what channels do finance and accounting services end up on the end market?

You can use several trade channels to enter the European market. Figure 2 provides an overview of that trade structure. This structure is more or less the same in every European country.

Figure 2: Trade structure for outsourcing finance and accounting services in the European market



## What is the most interesting channel for you?

Your most common and most promising market entry channels are:

- European service providers
- consultants/matchmakers
- sales/marketing representatives
- direct sales.

Another option is to work with a local sales office.

Selecting a channel depends on:

- your type of company;
- the nature of your product or service;
- your target market;
- the available resources for market entry.

Regardless of the channel you choose, your own marketing and promotion is a vital part of your market entry strategy, and you are responsible for it.

## Subcontracting by European service providers

Subcontracting by European service providers is generally your most realistic market entry channel. A European service provider that is similar to your company would be your most suitable subcontractor. Ideally, this company should offer similar finance and accounting solutions to yours and/or be active in similar industries. It can also be a chain of finance and accounting service providers that has offices in different countries.

The relationship between a European service provider and a subcontracted supplier is mostly characterised by:

- trust;
- interdependence;
- a structured relationship (functions, tasks, communication and procedures);
- potentially limited marketing visibility and market access opportunities for the subcontracted supplier.

You can find a European service provider either directly or by working together with a matchmaker and/or a sales representative. Because many European companies prefer to deal with a local contact person, an intermediary is a good option.

### Tips:

Use industry associations to find potential customers in Europe, such as the [Association of Practising Accountants](#) in the United Kingdom, [Deutscher BuchprüferVerband](#) in Germany and [Nederlandse Beroepsorganisatie van Accountants](#) in the Netherlands.

Use outsourcing associations to find potential customers, such as the [Global Sourcing Association](#), the [German Outsourcing Association](#) and [Sourcing Nederland](#).

Attend leading (online) European trade fairs such as [Accountex](#) and the [Future of Finance](#). These events enable you to meet potential customers and competitors and to stay up to date on the latest developments, technologies and tools.

## Consultant/matchmaker

A consultant/matchmaker is a person or a company with a large number of relevant contacts in a specific market segment or industry. As an intermediary, they are a “door opener” and not an agent who makes cold calls or sends cold emails.

Make sure you properly inform your consultant/matchmaker about your company. They speak with many potential customers and are often involved in creating long lists of potential outsourcing providers. The more information they have on your company and the better they understand your capabilities, the more they can spread the word about you.

If you work with a consultant/matchmaker:

- the consultant/matchmaker makes appointments with prospects for you;
- the presentation and sales process remains in your own hands;
- you pay a retainer and success fee (which can be expensive);
- the consultant/matchmaker usually has multiple clients;
- you need to set clear expectations and objectives to measure their performance.

A retainer and success fee structure can be expensive. While the success fee depends on what the intermediary has delivered, you have to pay the retainer (usually a fixed monthly payment) regardless of their performance. Together, the retainer and success fee should provide a strong incentive for the intermediary to deliver: the retainer should be high enough to cover some of the costs, but low enough to encourage delivery. A proper contract, drafted by a lawyer, is a must!

You also need to determine an exit strategy in the contract, with a clearly defined period after which the contract can be terminated without any further consequences. This period is usually not longer than three or four months, after which the contract will be evaluated and can be terminated or extended. You should set clearly defined deliverables and targets which the consultant/matchmaker has to meet within this period (such as the number of relevant contacts, meetings and leads delivered). You could also negotiate a trial period.

### Tips:

When contracting an intermediary, involve a good lawyer who knows the applicable law of the country where the intermediary resides and has previous experience with this type of contracting. Pay special attention to exit clauses, success criteria, deliverables and payment terms.

Try to avoid limitations to your marketing coverage and activities in your contracts.

Some food for thought: although convenient, your uncle who lives in Germany might not be the best intermediary for your company.

## Sales/marketing representative

Another type of intermediary is a sales/marketing representative. These representatives are more involved in the sales process than consultants/matchmakers.

When working with a sales/marketing representative:

- the sales/marketing representative contacts prospects for you;
- the sales/marketing representative also makes the sales and sometimes manages projects;

- you pay a retainer and success fee (which can be expensive), or a fixed monthly fee;
- the sales/marketing representative can have multiple clients or work exclusively for you.

A good sales/marketing representative has a large, relevant network, so they do not make cold calls to bring in services for you. Their success fee is often a percentage of the projects they bring in. Your expenses will increase because you have to pay the sales/marketing representative, but you will be free to focus on your core business and search for other markets by yourself.

### **Tips:**

As with consultants/matchmakers, involve a good lawyer when contracting a sales/marketing representative and include exit clauses, success criteria, deliverables and payment terms.

Be cautious when intermediaries (consultants/matchmakers or sales/marketing representatives) want to work solely based on a success fee, as this means that they are either excellent at their job, or that they are desperate and may not (be able to) deliver. Also be cautious when intermediaries want to work for you part-time besides their regular job, because they will often be so busy that they do not deliver.

## **Local sales office**

Ideally, you should establish a local sales office in your European target market. A local presence makes it easier to build up long-term relationships with customers through personal contact. It also increases your credibility, builds trust and allows you to maintain complete control over your marketing and sales activities. However, this is very difficult in practice, as it requires a lot of experience and large investments. Most companies in developing countries are simply too small and do not have the financial resources for this.

### **Tips:**

Be aware that establishing a local sales office will be very costly and you will need to have a strong financial position.

Consider establishing your own office if you already have an established client base in the target country/region, or if you have a sound estimate of the demand for your services/products. If you decide to establish an office, involve your sales/marketing representative.

Look for alternatives to lower your costs, such as business incubators or government incentives to bring your business to a particular country or region.

## **Direct sales and online marketplaces**

You can also try to sell your finance and accounting services directly to European end users. Many European companies are looking for cost savings and delivery capabilities, which developing countries can often provide. This is one of your unique selling points.

Electronic marketplaces are a cheap marketing tool that may make direct sales easier. They also make it easier to find companies to work with as a subcontractor, possibly as an independent consultant (someone from your team could do that) or as a subcontracting team. These platforms used to focus on freelancers, but they are



now increasingly suitable for SMEs.

In addition to using online marketplaces, you can decide to do your direct sales on your own, but that requires having experience in the European market. This strategy is most suitable to relatively large service providers that want to target large European end users. Your best bet is to focus on a small, underserved niche market.

For most suppliers from developing countries, it is very challenging to sell finance and accounting services directly. Sometimes, they work together to make a direct sales offer. Having one or more existing customers in Europe will help, as references are a must when you want to enter this market through direct sales.

### **Tips:**

There are platforms that specialise in SMEs, like [Appfutura](#) and [Talent Alpha](#), there are platforms that specialise in freelancers, and platforms for both. Some examples are [UpWork](#), [Freelancer](#), [Fiverr](#), [ITeXchange](#), [Clutch](#), and [pliXos](#). As a provider, you can usually join these types of platforms for free. For more information on online marketplaces, please [read our news item about Open Talent Platforms](#).

Combine offline and online promotion channels to develop as many contacts as possible. This maximises your chances of finding suitable partners/customers. Use (professional) social media platforms as a marketing tool to reach potential customers. [LinkedIn](#) can be particularly useful for making initial contacts and conducting market research.

Have a professional, high-quality company website, where you provide comprehensive, accurate and up-to-date details of your offering at low cost. Make it compatible with mobile devices and invest in Search Engine Marketing and Search Engine Optimisation, so potential customers can easily find you online.

## **3. What competition do you face on the European finance and accounting services outsourcing market?**

### **Which countries are you competing with?**

India, Brazil, Vietnam, Ireland, Poland and Czechia can be considered your strongest competition. This selection is based on their location, their BPO industry and the [Global Services Location Index](#) (GSLI).

The Global Services Location Index ranks ITO/BPO destinations by competitiveness across four categories: financial attractiveness, people skills and availability, business environment, and digital resonance. The selection criteria for the GSLI are weighted as follows: digital resonance 60%, business environment 20%, financial attractiveness 10%, and people and skills 10%.

In general, European companies prefer to outsource services to providers within the same country (also known as domestic outsourcing or onshore outsourcing). For more information on nearshoring versus offshoring, see our study on the [European market potential for finance and accounting services](#).

### **India**

India continues to lead the Global Services Location Index. This is mainly due to the country's unique combination of low-cost services and excellent English language skills, because when it comes to digital resonance, India is only in 17th place.

Example: do not only compete on price

India was one of the countries that successfully catered to the initial surge in demand for ITO and BPO, and continues to rely on low-skilled workers who perform services that meet the traditional demand. However, with the current digital transformation, a gap has emerged between the demand for digitally savvy professionals and the skillset of the workforce being developed in India.

This illustrates that although offering competitive rates is important, you should not compete only on price. As relatively simple (and therefore cheap) tasks can be automated, your focus should be on excellent skills, knowledge and creativity, which have a higher value. Demonstrating your commitment to quality through references and quality management systems is key to building trust among potential European clients, especially when it comes to cyber security services.

## Brazil

Brazil scores high on the GSLI, taking fifth place overall. This is a four-point increase from its position in 2019. Sao Paulo is rapidly becoming the digital hub of Latin America, [they are attracting more start-up investment than Chile, Colombia, Argentina and Mexico combined](#). However, Brazil is not (yet) a very common finance and accounting outsourcing destination for European companies.

## Vietnam

Vietnam has steadily climbed in the GSLI, going from position 24 in 2017 to 20 in 2019 and reaching sixth place in 2021, by improving its infrastructure costs and business environment. Vietnam has a large workforce of young and skilled professionals that can meet the demands for several types of finance and accounting services. And although Vietnamese generally have [low English proficiency](#), most Vietnamese FAO specialists have intermediate to upper-intermediate English language skills.

[The average costs of compensation and infrastructure combined with an attractive tax system and solid government investments in education and Information and Communication Technology \(ICT\) make Vietnam a very interesting FAO destination for European companies.](#)

## Ireland

[Ireland is one of the top FAO destinations](#). Ireland is home to the European headquarters of eight of the world's top ten software companies and [home base to more than 250 leading financial-service firms](#). Their native language is English, the Irish have a good reputation (which is especially important for finance and accounting services outsourcing), their education system is very good and their technology is among the best in the world.

However, the high-quality service that Ireland offers comes with a high price tag. For this reason, it is not the preferred destination for European companies that wish to outsource their finance and accounting to other companies to save money. Also, [the Irish talent pool is large, but not sufficient](#).

## Poland

[Poland has a high concentration of centres providing IT as well as finance and accounting services](#). It is even estimated that these two specialisations account for half of all employment in the outsourcing market. Centres that provide HR services, banking, financial services and insurance (BFSI) and customer contact services are also strongly represented in Poland.

Poland currently ranks 14th in the GSLI, having climbed ten places, primarily due to its financial attractiveness and start-up activity. Polish people also [score very high on English proficiency](#), making it relatively easy for European clients to communicate with them. This makes Poland a particularly strong competitor.

As its finance and accounting industry flourishes, Poland may increasingly need to turn to offshore partners to meet demand. With relatively high rates for finance and accounting services, Polish software companies can actually achieve significant cost savings by outsourcing some tasks or projects to you.

## Czechia

Czechia is opening up to be a subcontracting destination. It already is a well-known nearshoring destination for finance and accounting services in Central and Eastern Europe (CEE), benefiting from its convenient location, its large workforce of highly skilled professionals and its financial attractiveness. The country ranks number 34 in the GSLI and has a strong reputation among European companies.

Czechia is one of countries in the top 20 that [strongly invest in the development of the tech sector](#). Total funds in the industry make up 2% of the country's GDP, surpassing tech giants like Canada and the United Kingdom. Like in Poland, the Czech BPO industry focuses mainly on finance and accounting work. Czech people are also [highly proficient in English](#). This makes Czech finance and accounting professionals strong competitors in your lines of business.

However, it is difficult for Czech companies to attract new employees. And, as in Poland, the hourly rates for finance and accounting services in Czechia are relatively high. The country currently has around 65,000 people employed in the BPO industry, which is expected to grow to 100,000 by 2022. [Czechia is also home to more than 180 BPO service centers, nearly half of which are located in Prague.](#)

### Tips:

Compete on the quality of your services, rather than just on costs.

Visit the websites of outsourcing associations, and finance and accounting associations in particular, to get a better understanding of competing countries. Examples are the [Central and Eastern European Outsourcing Association \(CEEEOA\)](#) and the [Ghana Export Promotion Authority \(GEPA\)](#).

## Which companies are you competing with?

Examples of successful finance and accounting service providers from the abovementioned six countries are:

### India

[TopSource](#) is a very successful FAO provider from India. They have a good website that clearly states their services and also has an extensive FAQ section with the most frequently asked questions. You can find more FAO providers in India, and reviews of these companies, on the [website of Clutch](#).

### Brazil

[Conube](#) is a successful FAO provider from Brazil. Their website has a personal feel, showing (potential) customers who they will be working with. This is an important feature in finance and accounting outsourcing, because it is a trust business. You can find more FAO providers in Brazil, and reviews of these companies, on the [website of Clutch](#).

### Vietnam

Most FAO service providers in Vietnam are subsidiaries of large international companies like Deloitte, KPMG and EY. But there are also smaller Vietnamese founded companies like [SEOU Vietnam](#). Many smaller Vietnamese companies cater to the Chinese market. You can find more FAO providers in Vietnam, and reviews of these companies, on the [website of Clutch](#).

## Ireland

Ireland is home to more than 250 large FAO providers. One example is [IFAC](#). They are an Irish based company that was initially founded to support the agricultural industry with finance and accounting services. Today all types of companies can benefit from their services. You can find more FAO providers in Ireland, and reviews of these companies, on the [website of Clutch](#).

## Poland

There are numerous BPO providers in Poland, many of which operate in the FAO industry. One example is [Getsix](#). You can find more FAO providers in Poland, and reviews of these companies, on the [website of Clutch](#).

## Czechia

[DoMyTax](#) is an example of a Czech FAO provider. They serve both the local and the international market. You can find more FAO providers in Czechia, and reviews of these companies, on the [website of Clutch](#).

### Tips:

Use the services of your national export promotion agency and actively participate in the creation of export strategies.

Search company databases to find more competing companies. These databases can be free, like [company.info](#), paid databases provided through chambers of commerce (such as the Dutch [Kamer van Koophandel](#)), or commercial databases like [Bold Data](#).

## Which products are you competing with?

There is no product to compete with in finance and accounting services, as the product is a service. At the same time, every company in Europe has to deal with financial tasks that could be outsourced to a company like yours.

So the real question is: What makes one service provider different from another? What helps you to stay competitive? The answer is: available capacity, references, language skills, flexibility, reliability, communication, quality management, security infrastructure, vertical and/or horizontal market focus and niche market orientation, among other things. The location (country) of the service provider is also an important factor.

Research by finance online revealed that the [top skills needed by accountants](#) in 2021 are: technology literacy (57%), relationship building (46%), business advisory (44%), industry experience outside accountancy (43%) and project management (36%). The same research found out that the four most in-demand training goals for accountants are client service and management (63%), financial business advisory (63%), business management (59%) and project management (56%).

## Automation is a competitor

Automation can also be a source of competition. [Companies that have implemented accounting software by size](#), in 2018: small companies (45%), mid-size companies (57%) and large companies (58%).

Automation is the main alternative to the outsourcing of finance and accounting services. An increasing number of finance and accounting activities are being automated to save costs, particularly relatively simple, rule-based and repetitive tasks. Currently, the [most popular accounting software](#) are Freshbooks, Sage50cloud, NetSuite ERP, Zoho Books and QuickBooks Enterprise.

The search for automation is expected to grow, so the threat of automation will increase. Opportunities exist if you can combine your services with some level of automation and offer added value.

### **Tips:**

Focus on services that are difficult to automate or offer services/solutions that already contain some level of automation. Read more about [the state of automation in finance and accounting](#), on the website of Finances Online.

Reduce the threat posed by automation by offering consistent, high-quality products/services, compliance and reliability. You should follow developments in new technologies and models. Build capabilities in these areas to avoid being replaced by providers with newer technologies.

For more in-depth information on automation in finance and accounting services outsourcing, see our study on the [European market potential for finance and accounting services](#).

## **4. What are the prices for finance and accounting services outsourcing?**

When trying to make a sale in Europe it is important to offer the right price. The outsourcing market is a buyer's market, driven by demand. The finance and accounting services outsourcing market is a commodity market and one of the most price driven outsourcing markets in general.

Buyers set the conditions, as they can choose from a wide range of service providers worldwide offering similar services. As more countries are promoting outsourcing services, this gives buyers even more options in outsourcing destinations and providers. At the same time, as long as the costs and risks of switching providers are high, this somewhat reduces the power of buyers who are already tied to service providers.

Within the next few years, [finance and accounting salaries are expected to remain stable](#). This is mainly due to COVID-19, which prompted many European companies to freeze the salaries of their employees.

In finance and accounting services, the most commonly used pricing models are:

- full-time equivalent-based pricing (FTE: generally eight hours per day, five days per week)
- transaction-based pricing
- outcome-based pricing.

If you want to determine the average prices, you need to look at the exact services you want to calculate a price for, because finance and accounting services are a very diverse industry.

There are three types of deployment for FAO providers:

### **Traditional FAO**

All services are processed on the site of the outsourcing provider. They use their own software application environment (for example: MS Dynamics NAV, MS SharePoint, MS Reporting Services). The service provider can provide tools to give the customer access to the data and financial reports. For example, through their customer extranet.

### **Hybrid FAO**

With this solution, the service provider and the customer use the software application environment together.

They sign a Service Level Agreement (SLA), which defines which tasks will be done by the customer and which ones by the service provider.

## FAO on a remote system

The service provider uses the software environment provided by the customer (for example SAP). The documents and information needed for processing are provided by the customer.

### Tips:

Check the cost and wages of people in your sector on websites like [Payscale](#), a global database for salary profiles.

Choose a type of [price model](#) for your outsourcing contract. For more information, see this paper on [pricing models in outsourcing](#). Go beyond setting the right price and work out your pricing strategy. This could include your preferred pricing model (and your clients' preferred pricing model), payment terms and expectations, and how and when you offer discounts.

Create the "ideal" client persona to help you tailor your offer. An example of a client persona is: "a finance and accounting service provider with fewer than 200 staff members, in the Munich area, specialised in accounting for the healthcare sector". Check out [online resources](#) which can help you [writing the right client persona](#) for you.

This study was carried out on behalf of CBI by [Globally Cool B.V.](#) in collaboration with Laszlo Klucs.

Please review our [market information disclaimer](#).