



# From product-led to performance-driven

The rise of managed services in the TMT industry



Companies in technology, media, and telecommunications (TMT) are driven by a passion for innovation. With a startup mindset and a culture that thrives on creativity, they consistently bring fresh ideas to market and develop cutting-edge solutions for their customers.

To support this innovation, many TMT organizations are turning to managed services as a strategic investment—especially to strengthen and streamline the operational processes that power their businesses. These services are helping companies transform mission-critical functions, including finance, to boost performance and agility in a constantly evolving landscape.

That's one of the key findings from the latest KPMG and HFS Research Managed Services Outlook Survey, which reveals that more than half of TMT companies rank operating model transformation as a top organizational priority. In fact, over 75 percent have already adopted managed services for at least one business function or scaled them across the enterprise.

## Defining modern managed services: moving from transactional to transformational

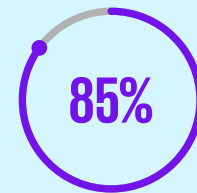
According to the survey, 93 percent of TMT executives believe that managed services, in order to be effective, must be delivered by a new class of providers without a transactional outsourcing heritage.

Indeed, a modern managed services model is very different from business process outsourcing (BPO), which replicates a client's process in a low-cost location. BPO providers typically deliver a process based on service level agreements, such as 99.999% system uptime or 10,000 invoices processed per month.

In today's managed services, on the other hand, providers combine advanced technology and domain expertise to reengineer the client's process and deliver it in a completely new way.

**Instead of paying just for transactional metrics, clients pay for transformational outcomes.**

These are aligned to broader strategic goals, such as growth, resilience, risk management, speed to market, and stakeholder trust—all packaged in a multi-year subscription with predictable costs, any-shore delivery, and the option to flex up or down to meet changing priorities.



of executives in TMT, notably more than other sectors, trust leading global professional services firms to deliver managed services more completely and competently than legacy BPO providers.



## Taking the FaaS track with finance as a service

One area of increasing TMT adoption is finance as a service (FaaS), in which providers take responsibility for a wide range of financial processes. In addition to aiding overall digital finance transformation and operational agility in TMT, this managed service can advance specific outcomes such as:



Accelerated financial closing, due to streamlined processes



Faster, more accurate reporting and insights, due to improved data management



Enhanced compliance, due to automated controls



Real-time forecasting, due to AI predictive models

FaaS is proving a compelling solution for TMT companies that are weighed down by outdated operating processes, disparate systems, fragmented data, inadequate insights, talent shortages, and an overall lack of investment to address those issues.

### Managed services for core operations

In addition to outsourcing traditional, non-core activities such as invoicing and accounts payable, TMT companies use FaaS for core activities central to their competitive advantage. This trend is consistent with the survey finding that 82 percent of TMT companies have launched managed services for core operations in a business function or at scale across the enterprise.

For example, some global TMT firms engage FaaS providers for core accounting practices such as intercompany transfer pricing, transactions, and reconciliations. These knowledge-intensive processes contribute to strategic outcomes such as profitability, regulatory compliance, and minimized tax liability across multiple jurisdictions. Still, historically, they are very onerous, requiring a significant amount of qualified personnel. Leading FaaS providers are rising

to the task with scaled technology, expertise, and strategic oversight.

These processes also help accelerate the financial closing, which can be a bottleneck in many organizations. A faster close allows for timely and accurate financial data, which can improve TMT firms' decision-making, agility, and cash management for product development.

### Managed services adoption

An average of three in four TMT companies use managed services for either a business function or at scale across the enterprise:

	Business function	At scale
Applications management	29%	46%
Compliance	33%	43%
Cybersecurity	27%	51%
Risk	31%	47%
Industry-specific core operations	38%	44%
Data management	25%	44%
Finance & accounting	32%	45%
ESG	42%	37%
Legal	34%	39%
AI management/ COE	30%	44%
Tax	33%	42%

Managed services uptake in these areas reflects a growing interest in FaaS.

## Next-gen data management

Data management is a key capability in FaaS, and an area where 44 percent of TMT firms reported using managed services at scale. Due to legacy tech and processes, companies often face inconsistent data across systems, which creates multiple sources of the truth, time-consuming reconciliations, and challenges related to internal controls and regulatory compliance.

Leading FaaS providers, on the other hand, deliver data quality and availability as an outcome, thanks to:



Data models that are integrated with cloud-based systems



Data validation and cleansing tools that continually scan for anomalies and resolve discrepancies



Generative AI that can extract required data from applications and format it as needed



## Getting down to brass tacks

Another finance area where TMT companies are adopting managed services is tax, which is especially relevant amid widespread disruption from tariffs.

In tax managed services, providers combine specialized expertise, technologies, and leading practices to take responsibility for tax accounting, routine filings, regulatory compliance, and more. Backed by strategic collaboration, these services can generate outcomes such as:



Optimized tax liability



Cost-effective compliance and reporting



Improved cash flow and profitability



Operational agility

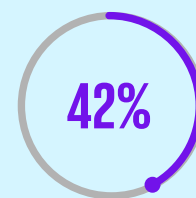


Proactive risk management and scenario planning



Improved resource allocation

One managed service that is increasingly popular in TMT centralizes sophisticated tax tech and expertise in a single cloud platform. Subscribers can access data management, analytics, and visualization in areas such as direct and indirect taxes, transfer pricing, and trade and customs. [Learn more.](#)



42% of TMT firms use tax managed services at scale.





## Accelerating the business

Faced with economic volatility, TMT companies' number one goal for managed services is to ensure predictable costs, and most are finding this in multi-year subscription models. Another top TMT goal, consistent with other sectors evaluated in the survey, is faster speed to market for new products and services.

TMT companies' operational challenge is not developing new services, but rather transacting them, accounting for them, billing and collecting for them, and recognizing the revenue. These operational processes are sometimes an afterthought for TMT innovators, but are an excellent fit for FaaS.

For example, many TMT organizations continually create new service bundles, launching them at a rapid pace to meet fast-changing buyer needs. But all too often, the finance function is the last to know about a new service bundle, which results in cumbersome or nonexistent processes for accounting for sales.

Leading FaaS providers, on the other hand, bring end-to-end process thinking to help with these kinds of challenges. In the above example, the FaaS provider could help teams think through implications like cost centers, accounting, compliance, controls, and tax, and engineer a new process to facilitate sales and expedite speed to market for the bundled offering.

## TMT's top goals for managed services



# Managed services: a recipe for success

This kind of process engineering, underpinned by strong advisory capabilities, is a hallmark of modern managed services—one that differentiates it from BPO—and TMT companies firmly agree. The survey shows that 90 percent of them, significantly more than any other sector, believe that a managed service today is not truly a managed service unless it includes consulting. TMT companies also place high value on embedded expertise.

## Defining ingredients of managed services

TMT executives cite these required elements of modern managed services, driving ongoing transformation:

Embedded process & tech expertise	96%
Embedded industry expertise	91%
Advisory capabilities	90%
Embedded AI capabilities	86%
Strategic collaboration toward enterprise outcomes	85%
Combination of advanced tech and human capabilities	83%

When analyzing a business process for managed services, the best providers take an end-to-end perspective to find the root cause of inefficiencies and other problems, while also advising companies on ways to improve retained processes. Take customer invoicing as an example. In addition to delivering the process as a managed service, a FaaS provider might look upstream to connected elements, such as the quality of customer profile data, and bring advisory solutions to address them.

In this way, managed services providers become trustworthy advisors, helping clients improve their business in different ways, beyond the outsourced process at hand. This strategic collaboration, focusing on enterprise outcomes, process innovation, and continual evolution, points to the difference between transactional and transformational services. And TMT companies are leading the charge, embracing modern managed services as a top priority.



Source: KPMG International, “Accelerating business transformation” (January 2025).





## About KPMG Managed Services

Business transformation is the path to sustained advantage. But transformation is not a fixed destination; it's an ongoing journey. How can you continually evolve your business functions to keep up with ever-changing targets?

KPMG Managed Services can help by handling knowledge-intensive processes across your enterprise on a subscription, as-a-service basis. This outcome-based approach has the potential to reduce your total cost of operations by as much as 15 to 45 percent, in addition to driving priorities like resilience, customer and employee retention, and stakeholder trust.

Taking you beyond traditional managed services, KPMG firms combine advanced technology with functional, process, and sector expertise—plus smart analytics, data governance, and change management—to operationalize your growth ambition. It's this strategic collaboration that makes the difference between transactional and transformational services, helping you gain a competitive advantage, sustain it through ongoing transformation, and limit disruption and risk.

**KPMG. Make the Difference.**

[Learn more about KPMG Managed Services.](#)

## About Finance as a Service by KPMG

KPMG excels at helping companies elevate their finance operations. Our knowledgeable, industry-centric teams have extensive experience in the finance domain, backed by leading technology capabilities in areas like AI, GenAI, machine learning, process automations, cloud-based solutions, enterprise data management, and more. We also bring industry experience from across our firm to help our clients identify strategic opportunities and stay up to date on changes within their sector. Our wide-ranging services help our clients thrive in today's fast-paced, increasingly complex business environment.

The KPMG FaaS model is empowering finance at the speed of AI. This wide-ranging solution is operated for clients at scale. FaaS enhances their transactional closing, and FP&A processes can help them establish a dynamic new data foundation. We do this in close collaboration with our clients' business leads: finance, accounting, controller, tax, risk and compliance, and the C-suite.

Our FaaS solutions provide clients with the flexibility to meet their strategic and operational needs. Please reach out to us if you'd like to learn more about how we can help your company transform its finance operations and generate new value for the entire organization.

[Learn more about FaaS by KPMG.](#)





Learn more about the KPMG Technology, Media, and Telecommunications capabilities and offerings [here](#).

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