



Topic: Multi-Process Human Resources Outsourcing (MPHRO) – Annual Report 2013: The Sun is Rising in the East

Human Resources Outsourcing (HRO)
Annual Report: May 2013 – Preview Deck

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- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies

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1 Social media, Mobile solutions, Analytics, and Cloud/platform/SaaS offerings

Everest Group's HRO research is based on multiple sources of proprietary information (page 1 of 2)

1

- Everest Group's proprietary database of **475+ MPHRO deals** (updated annually)
- The database tracks the following elements of each MPHRO deal
 - Buyer details: Including industry, location, and signing region
 - Deal details: Including TCV, ACV, contract term, start date, buyer employees served, and primary pricing structure
 - Scope: Process coverage and geographic coverage (employees covered by each region)
 - Technology ownership and maintenance
 - Global sourcing

2

- Everest Group's proprietary database of **operational capability of 20+ MPHRO service providers** (updated annually)
- The database tracks the following capability elements for each service provider
 - Major MPHRO clients and recent wins
 - Overall MPHRO revenue, total clients, and buyer employees served
 - Recent HRO-related developments (investments and partnerships)
 - HRO delivery locations and level of offshoring
 - Technology offerings within HRO
 - HRO service suite

Service providers covered in the analysis


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Inspiring Innovation




Applying Energy



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Everest Group's HRO research is based on multiple sources of proprietary information (page 2 of 2)

3

Buyer surveys and interactions

- Global survey and one-on-one executive-level interviews to understand how organizations perceive performance of their MPHRO provider. The survey/interviews focused on different aspects of an outsourcing relationship, including:
 - Key drivers for outsourcing MPHRO
 - Contract details (including process scope, signing year, and duration)
 - Overall performance of the service provider including key strengths and improvement areas
 - Detailed assessment of service provider performance across different elements, such as:
 - ◆ Performance against key HRO metrics
 - ◆ Performance across various HR processes
 - ◆ Performance during the implementation and transition phases
 - ◆ Governance and relationship management

The analyses in this report are presented at two levels:

- Overall market analysis that highlights the overall market composition/dynamics
- The current market trends based on deal activities up to November 2012

The sample size varies for different analyses based on the deal detail availability

Overview and abbreviated summary of key messages

This report provides a comprehensive coverage of the 2012 global MPHRO market and analyzes it across various dimensions such as market overview and key regional trends, buyer adoption and solution trends, and service provider landscape. Additionally, it includes predictions for the 2013 MPHRO market. Some of the findings in this report, among others, are:

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Market overview and key regional trends

- While the new deal volume is up compared to the last two years, the market grew at a modest pace of ~2% in 2012
- Though the developed markets (North America and Europe) are still underpenetrated, the emerging markets (especially Asia Pacific) are growing faster
- Similar trend is observed in the large market (>15,000 employees) vs. mid-market (3,000-15,000 employees) where mid-market is growing faster though there is ample head room for potential growth in the large market

Buyer adoption and solution trends

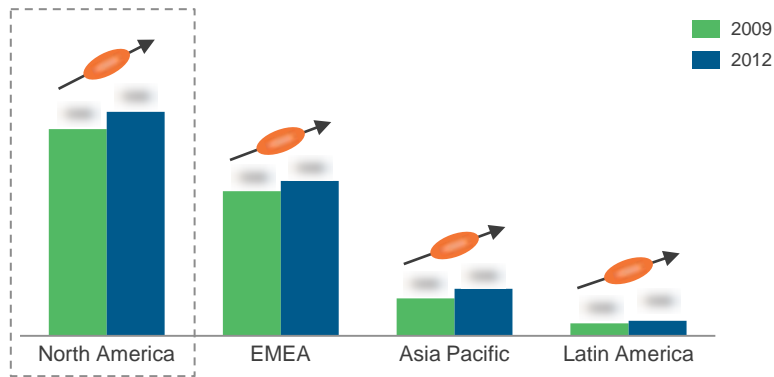
- Buyers approach HRO in a phased manner from a process scope perspective. Talent management components are often included in the second phase of the MPHRO arrangement
- The SMAC (social media, mobile solutions, analytics, and cloud/platform/SaaS offerings) phenomenon is making its mark in the MPHRO space. There is an increasing “pull” for these from the buyer community though current maturity of these components differ

Service provider landscape

- The MPHRO space was a hotbed for mergers and acquisitions in 2012

This study offers three distinct chapters providing a deep dive into key aspects of the MPHRO market; below are four charts to illustrate the depth of the report

MPHRO market growth across geographies
US\$ billion



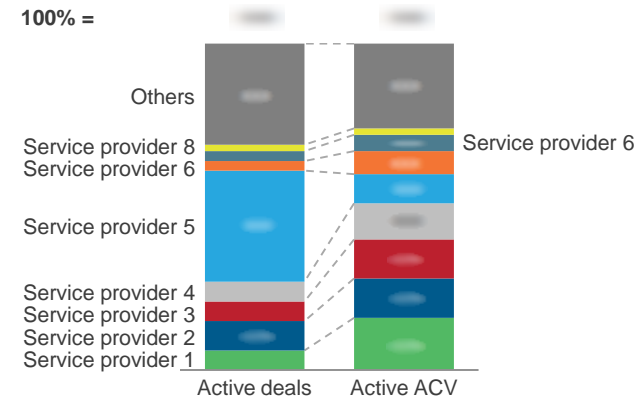
Average breadth of new contracts vs. extensions in MPHRO deals
2011-2012; Percentage



Impact of SMAC phenomenon in MPHRO space



Service provider market share distribution
2012; Number of active deals and active ACV in US\$ billion



Source: Everest Group (2013)

HRO research calendar

■ Published ■ Current

Topic	Release date
Multi-Country Payroll Outsourcing (MCPO) – No Longer a Pipe Dream	October-2012
Multi-Country Payroll Outsourcing (MCPO) – Service Provider Landscape and Capability Assessment	November-2012
Benefits Administration Outsourcing (BAO) Annual Report 2012 – The Horse is Ready to Bolt	December-2012
Multi-Country Payroll Outsourcing (MCPO) – Service Provider Profile Compendium	December-2012
Benefits Administration Outsourcing (BAO) – Service Provider Landscape and Capability Assessment	February-2013
Benefits Administration Outsourcing (BAO) – Service Provider Profile Compendium 2013	March-2013
MPHRO – Annual Report 2013: The Sun is Rising in the East	April-2013
MPHRO – Service Provider Landscape with PEAK Matrix Assessment 2013	Q2-2013
MPHRO – Service Provider Profile Compendium 2013	Q2-2013
Role of Analytics in HRO	Q2-2013
The Rise of Procurement and HR Collaboration – Effectively Managing HR-spend	Q3-2013
Talent Management Outsourcing – Will we Attain Nirvana?	Q3-2013
Learning Services Outsourcing (LSO) – Annual Report 2013	Q3-2013
Growth of Horizontal BPO in LATAM	Q3-2013
LSO – Service Provider Landscape with PEAK Matrix Assessment 2013	Q4-2013
LSO – Service Provider Profile Compendium 2013	Q4-2013
Benefits Administration Outsourcing (BAO) – Annual Report 2013	Q4-2013
Evaluation of BPaaS Solutions for FAO/PO/HRO	Q4-2013

Additional HRO research recommendations

The following documents are recommended for additional insight into the topic covered in this report. The recommended documents provide either additional details on the topic or complementary content that may be of interest:

1. **Benefits Administration Outsourcing (BAO) – Service Provider Landscape and Capability Assessment** ([EGR-2013-3-R-0839](#)); 2013. This report examines the dynamics of the global BAO service provider landscape and its impact on the BAO market. It gives an overview of the market and analyzes how the service providers differentiate themselves. Based on the comprehensive Everest Group [PEAK Matrix](#), each of the 10 BAO service providers are segmented into Leaders, Major Contenders, and Emerging Players. Additionally, it provides key insights on the individual PEAK dimensions and implications for buyers and service providers
2. **Multi-Country Payroll Outsourcing (MCPO) – No Longer a Pipe Dream** ([EGR-2012-3-R-0755a](#)); 2012. This report provides a comprehensive coverage of the MCPO market and analyzes it across various dimensions such as market overview, key business drivers, buyer adoption trends, solution characteristics, and service provider landscape
3. **Is BPaaS the Model for You?** ([ERI-2012-10-R-0667](#)); 2012. This research aims to compare Total Cost of Ownership (TCO) of Business-Process-as-a-Service (BPaaS) solutions with the traditional BPO using a comprehensive financial model and creates a comprehensive framework to evaluate BPaaS sourcing
4. **IBM's Acquisition of Kenexa – Advent of Holistic Talent Management "Solution"?** ([EGR-2012-3-V-0745](#)); 2012. This breaking viewpoint document analyses the recent acquisition announcement of Kenexa by IBM

For more information on this and other researches published by Everest Group, please contact us:

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