



Topic: Learning Services Outsourcing (LSO) – Resurgent Market in the Post-Crisis World

Human Resources Outsourcing (HRO)
Market Report: December 2013 – Preview Deck

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¹ Banking, financial services, and insurance

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Everest Group's LSO research is based on multiple sources of proprietary information

1

- | Everest Group's proprietary database
- | The database tracks the following elements of each Learning Services Outsourcing (LSO) deal
 - Buyer details: Including industry, location, and signing region
 - Deal details: Including TCV¹, ACV², contract term, start date, learners served, and primary pricing structure
 - Scope: Process coverage and geographic coverage (learners covered by each region)
 - Technology ownership and maintenance
 - Global sourcing

2

- | Everest Group's proprietary database of operational capability of leading LSO service providers
- | The database tracks the following capability elements for each service provider:
 - Major LSO clients and recent wins
 - Overall LSO revenue, total clients, and learners served
 - Recent LSO-related developments (investments and partnerships)
 - LSO delivery locations and level of offshoring
 - Technology offerings within LSO
 - LSO service suite, languages offered, and modes of content delivery

3

- | Ongoing buyer conversations to understand their perspective of the LSO market, including the drivers for outsourcing

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 July 2013

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

1 TCV = Total contract value

2 ACV = Annual contract value

Source: Everest Group (2013)

Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any information we collect that is contract specific will only be presented back to the industry in an aggregated fashion

Overview and abbreviated summary of key messages

This report provides a comprehensive coverage of the 2013 LSO market and analyzes it across various dimensions such as market overview, buyer adoption trends, solution and transaction characteristics, and service provider landscape. Additionally, it includes emerging trends in the LSO market. Some of the findings in this report, among others, are:

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Market overview

After witnessing a lull, post the economic downturn, the learning services market rebounded in 2011-2012 period; growing at ~7 to 9% CAGR, it reached ~US\$2.0 billion in 2013

Buyer adoption trends

Manufacturing, hi-tech, and BFSI continue to be the biggest LSO adopters. However, energy and public sectors witnessed increased adoption

Emerging trends

Clients are looking to incorporate gaming in their learning strategy as it helps learners cultivate retention, enhance competition, increase connectivity, collaborate, and inculcate creativity

Solution and transaction characteristics

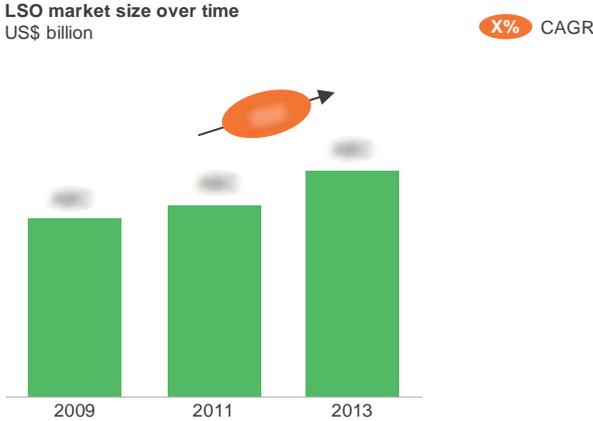
Service providers have increased their offshoring leverage over the last few years. Although India continues to be a “hotspot” for offshoring, China and Southeast Asia are growing faster in terms of global sourcing activity

Service provider landscape

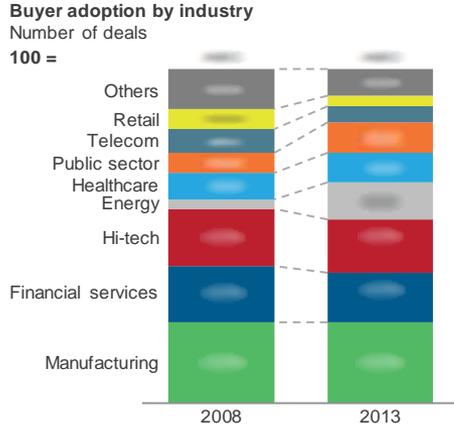
LSO provider landscape continues to evolve on the back of mergers and acquisitions (M&As). Primary reasons behind these M&As were geographic expansion and enhancement of capability

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

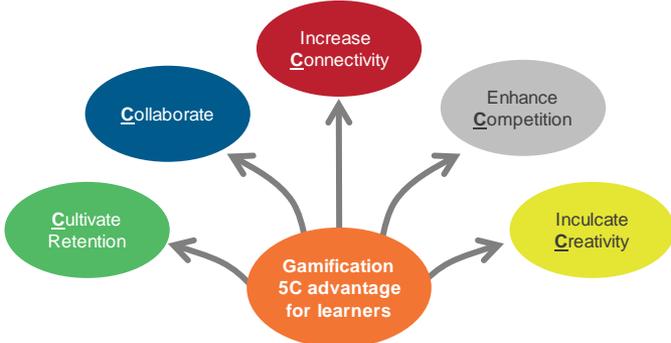
Market overview



Buyer adoption trends



Advantage of Gamification for learners



Areas of differentiation for service providers



Source: Everest Group (2013)

HRO research calendar

■ Published
 ■ Current

Topic	Release date
MPHRO – Annual Report 2013: The Sun is Rising in the East	May-2013
MPHRO – Service Provider Landscape with PEAK Matrix Assessment 2013	August-2013
Creating Value through Analytics in HR – Role of Third-Party Services	August-2013
Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Profile Compendium 2013	September-2013
Enabling Business Agility – How HR Organizations can Lead the Way and the Role of Outsourcing	November-2013
Analytics Business Process Services (BPS) – Deciphering the Analytics Code	November-2013
Learning Services Outsourcing (LSO) – Resurgent Market in the Post-Crisis World	December-2013
Growth of Horizontal BPO in LATAM	Q1-2014
Benefits Administration Outsourcing (BAO) – Annual Report 2013	Q1-2014
Benefits Administration Outsourcing (BAO) – Service Provider Landscape with PEAK Matrix Assessment 2014	Q1-2014
Multi-Process Human Resources Outsourcing (MPHRO) – Annual Report 2014	Q1-2014

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. **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
2. **Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Landscape with PEAK Matrix Assessment** ([EGR-2013-3-R-0913a](#)); 2013. The MPHRO service provider landscape continues to witness major flux with newer entrants, provider exits, and high M&A activity. This report gives an overview of the provider landscape and analyzes how the service providers differentiate themselves. Based on the comprehensive Everest Group PEAK Matrix, each of the 21 MPHRO service providers are segmented into Leaders, Major Contenders, and Emerging Players. Additionally, this report identifies the 2013 MPHRO Star Performers and provides key insights on individual PEAK dimensions
3. **Multi-Process Human Resources Outsourcing (MPHRO) – The Sun is Rising in the East** ([EGR-2013-3-R-0866](#)); 2013. This report provides a comprehensive coverage of the 2012 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
4. **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

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At a glance

- | With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of the next generation of global services
- | 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

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