



Global HR Outsourcing Trends Handbook 2016

Human Resources Outsourcing (HRO)
November 2016 – Preview Deck

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▶ **Market Vista™**

Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

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▶ **Global Sourcing**

▶ **Service Optimization Technologies**

▶ **Locations Insider™**

▶ **Transaction Intelligence**

Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

Subscription information

- The full report is included in the following subscription(s)
 - **Human Resources Outsourcing (HRO)**
- In addition to published research, a subscription may include analyst inquiry, data cuts, and other services
- **If you want to learn whether your organization has a subscription agreement or request information on pricing and subscription options, please contact us**



Corporate Headquarters

Office: +1-214-451-3000

info@everestgrp.com



European Headquarters

Office: +44-207-129-1318

unitedkingdom@everestgrp.com

¹ Banking, financial services, and insurance

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

- 1**
- Everest Group's proprietary database of **625+ Multi-Process HRO (MPHRO) deals and 5000+ Single-Process HRO (SPHRO) deals** (updated annually)
 - The database tracks the following elements of each MPHRO and SPHRO deal (in recruitment, benefits and payroll)
 - 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 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 and 50+ SPHRO service providers** (updated annually)
 - The database tracks the following capability elements for each service provider
 - Major 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 suites

3

Buyer surveys and interactions

Global survey and one-on-one executive-level interviews to understand how organizations perceive performance of their HRO provider. The survey/interviews focus on different aspects of an outsourcing relationship, including:

- Key drivers for outsourcing HRO
- 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

Objective

This report aims to provide an overview on the state of the HR services outsourcing market -- both single- and multi-process HRO markets. Additionally, the report identifies key trends in the market and the evolving needs of the buyers

The analyses in this report are presented at two levels:

- **Overall market analysis that highlights the overall HRO market composition/dynamics**
- **The current market trends based on deal activities up to September 2015**

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

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

Dimension

Key HRO market insight

1

Market overview

- The HRO market, which has traditionally been one of most outsourced business process, grew at a rate of ~8% in 2015
- Within the HR services outsourcing market, payroll outsourcing continued to be the largest market segment while RPO emerged to be the least commoditized and fastest growing market

2

Key trends

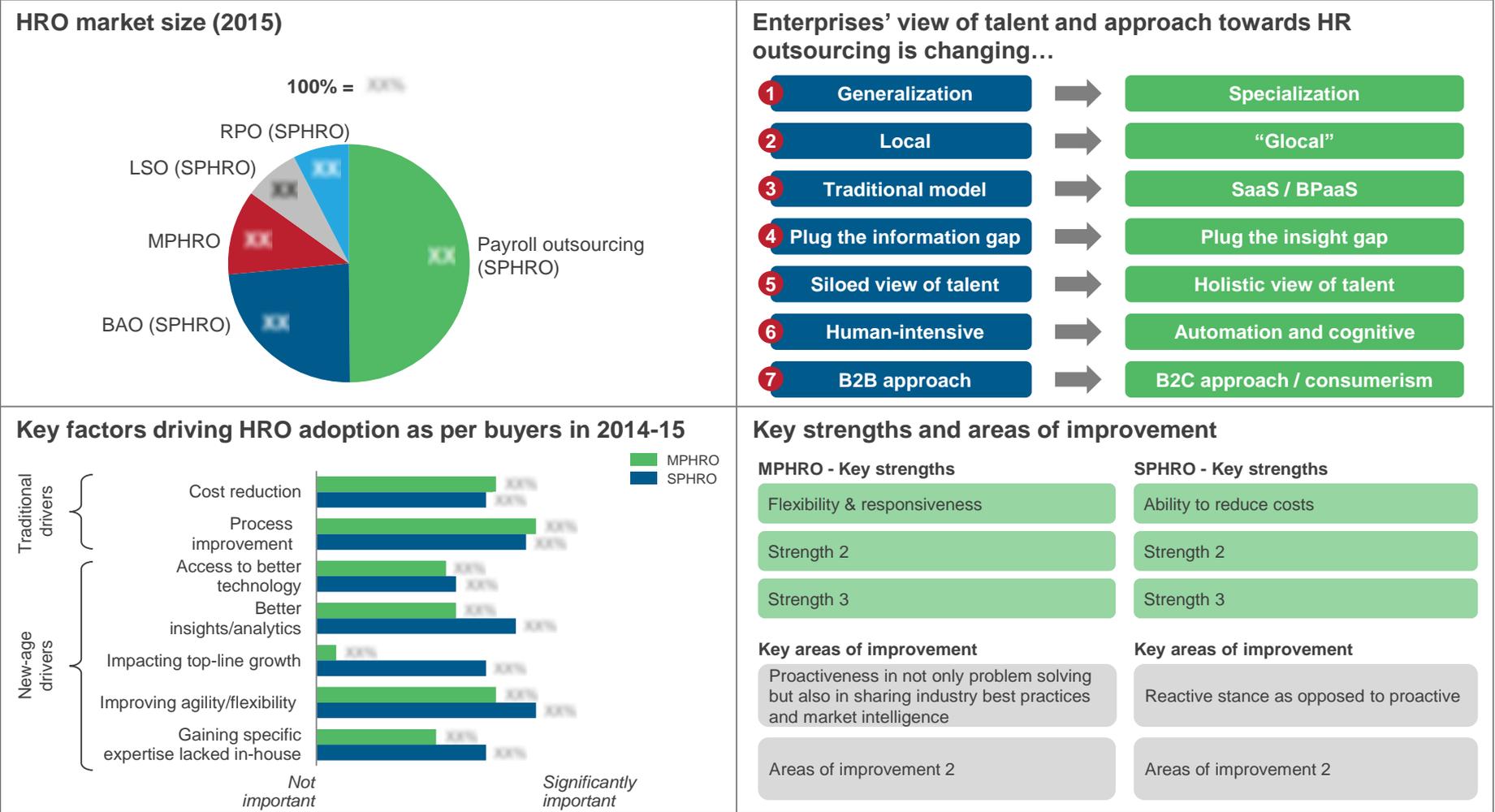
- An increased adoption of multi-country engagements is seen across most segments in HRO, to gain economies of scale and consistent levels of service across geographies
- Software-as-a-service / Business Process-as-a-Service continues to be adopted aggressively by HRO buyers, due to increased confidence in the model. Buyers are also looking at holistic talent management solutions, that will help them manage both permanent and contingent talent, especially in terms of talent acquisition

3

Buyer feedback trends

- While the key drivers for HRO, remain cost reduction and process improvement, buyers are also placing increased importance on factors such as gaining better insights and operational scalability
- Buyer's expectations from service providers, now largely revolve around proactiveness and innovation in both MPHRO and SPHRO

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



Source: Everest Group (2016)

HRO research calendar

■ Published
 ■ Current

Topic

Release date

MPHRO – Service Provider Profile Compendium 2015	December 2015
Analytics Business Process Services (BPS) – Analytics Goes Mainstream – Scope Expands Beyond Traditional Clients and Offerings	April 2016
Multi-Country Payroll Outsourcing (MCPO): A Must-check Buffet for MNCs in Asia Pacific	April 2016
Robotic Process Automation in HR Outsourcing: Not the Same as Other Business Process Service Lines	April 2016
Heralding a New Era of Transformative Business Process Services through Technology	April 2016
Multi-Country Payroll Platform Assessment	June 2016
Benefits Administration Outsourcing (BAO) – Service Provider Landscape with PEAK Matrix™ Assessment 2016	June 2016
Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Landscape with PEAK Matrix™ Assessment 2016	August 2016
Benefits Administration Outsourcing (BAO) – Evolving Customer Needs in a Complex Regulatory Landscape	September 2016
Benefits Administration Outsourcing (BAO) – Service Provider Profile Compendium 2016	September 2016
Global HR Outsourcing Trends Handbook 2016	November 2016
MPHRO – Service Provider Profile Compendium 2016	Q4 2016
Technology in Business Process Services (BPS) – Service Provider Landscape	Q4 2016
Technology in BPS - Service Provider Compendium 2016	Q4 2016

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 with PEAK Matrix™ Assessment 2016** ([EGR-2016-3-R-1811](#)); 2016. This report gives an overview of the BAO market and analyzes how service providers differentiate themselves. Based on the comprehensive Everest Group PEAK Matrix, each of the 11 BAO service providers are segmented into Leaders, Major Contenders, and Aspirants. The report also identifies Star Performers based on the relative year-over-year movement of different service providers on the PEAK Matrix. This report also provides key insights into the strengths and areas of improvements of each service provider
- 2. Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Landscape with PEAK Matrix™ Assessment 2016** ([EGR-2016-3-R-1831](#)); 2016. This report assesses the MPHRO capabilities of different service providers and evaluates their positioning on the Everest Group PEAK Matrix. It provides insights on how 20 MPHRO service providers are beefing up their capabilities and are differentiating themselves in the light of these shifts. These providers have been segmented into Leaders, Major Contenders, and Aspirants on the Everest Group PEAK Matrix. The report also includes remarks on service providers, highlighting their key strengths and development areas
- 3. Recruitment Process Outsourcing – Service Provider Landscape with PEAK Matrix™ Assessment 2016** ([EGR-2016-3-R-1834](#)); 2016. The global RPO market witnessed good traction in 2016 with over 200 new contracts signed. The market in North America showed an uptick as compared to last year and the market in Asia Pacific continued to exhibit strong growth. Last year, especially, saw a lot of M&A (Mergers & Acquisitions) activity in the RPO market. As the market is becoming more competitive, service providers are taking the inorganic route to strengthen their capabilities in different geographies, industries, or recruitment technology.

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

Rajesh Ranjan, Partner:
Anil Vijayan, Practice Director:
Arkadev Basak, Practice Director:
Priyanka Mitra, Senior Analyst:
HRO Team:

rajesh.ranjan@everestgrp.com
anil.vijayan@everestgrp.com
arkadev.basak@everestgrp.com
priyanka.mitra@everestgrp.com
HROresearch@everestgrp.com

Website: www.everestgrp.com | Phone: +1-214-451-3000 | Email: info@everestgrp.com



About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empowers clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

Bangalore

india@everestgrp.com
+91-804-276-4533

Delhi

india@everestgrp.com
+91-124-496-1000

London

unitedkingdom@everestgrp.com
+44-207-129-1318

New York

info@everestgrp.com
+1-646-805-4000

Toronto

canada@everestgrp.com
+1-647-557-3475

Stay connected

Website



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@EverestGroup



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