



Topic: Multi-Process Human Resources Outsourcing (MPHRO) – Annual Report 2014: The Times Are Changing

Human Resources Outsourcing (HRO)
Annual Report: May 2014 – Preview Deck

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Background and methodology of the research

Background of the research

The MPHRO market witnessed a marginal increase in growth in 2013 compared to 2012, driven mainly by mega-sized deal signings (covering over 50,000 employees) and increasing activity from Asia Pacific based buyers. Multi-country deals, especially global, increased which is a demonstration of confidence in the “large multi-country comprehensive HRO”.

Third-party BPaaS (process + SaaS) solutions made a major impact in MPHRO deals and Analytics emerged beyond the “theory of text-books” with real-world examples. On the other side, service providers of Indian-heritage have broken the tag of “new players”, and are getting recognized by both buyers and competitors. Other service providers are adopting new strategies such as increased focus on single-process HR, investing in enhanced offerings, etc. to deal with the slowing MPHRO market.

In this report, we analyze the MPHRO market across various dimensions:

- Market overview and key regional trends
- Buyer adoption and solution trends
- Service provider landscape

The scope and methodology of this report includes:

- HRO deals in which a minimum of three HR processes are included
- The buyer employee size is over 3,000 employees
- All geographies and industries

Table of contents (page 1 of 2)

Topic	Page no.
Introduction and overview	6
• Everest Group research methodology	7
• MPHRO definition	10
Summary of key messages	12
• Market overview and key regional trends	13
• Buyer adoption and solution trends	14
• Service provider landscape	15
Section I: Market overview and key regional trends	16
• Summary	17
• Market growth (overall and across regions)	18
• New deal activity	19
• Buyer geography trends	21
Section II: Buyer adoption and solution trends	26
• Summary	27
• Analyses dimensions	29
– Technology	30
– Process scope	34
– Geographic scope	38
– Industry	39
– Global sourcing	40
– Pricing model	42

Table of contents (page 2 of 2)

Topic	Page no.
Section III: Service provider landscape	43
• Summary	44
• MPHRO service provider landscape	45
• Service provider share analysis	46
• Service provider strategies	48
Appendix	50
• Glossary of terms	51
• HRO research calendar	53
• References	54

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

- 1**
- Everest Group's proprietary database of **525+ 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



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

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 2013

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 2013 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.

Some of the findings in this report, among others, are:

Market overview and key regional trends

- The MPHRO market showed marginal increase in growth in 2013 compared to 2012. Moderate number of new deal signings was offset by significant increase in new deal sizes, which drove the market growth
- In a significant turnaround, local Asia Pacific-headquartered organizations emerged as key adopters of MPHRO, in addition to western-headquartered organizations

Buyer adoption and solution trends

- In addition to the traditional BPaaS solutions offered by the likes of ADP, NGA, and TCS, new-age BPaaS solutions (Workday and SuccessFactors), which had made a strong mark in the wider HR market, made their entry into the HRO arena
- Analytics emerged beyond the “theory of text-books” with real-world examples. Descriptive analytics with operational impact is leading currently, with more advanced usage on the anvil

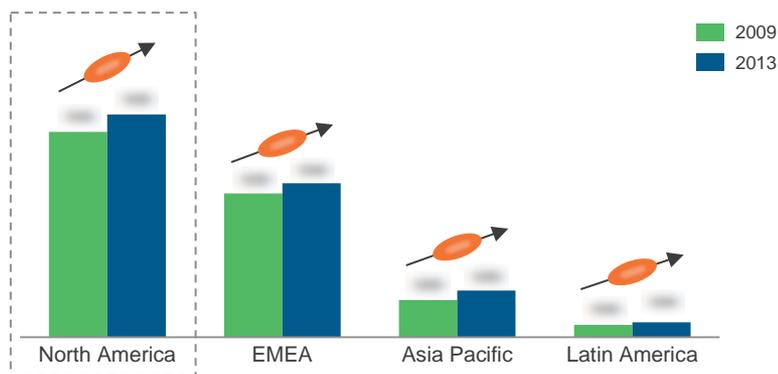
Service provider landscape

- Indian-heritage players have broken the tag of “new players”, as they start to get recognized by both buyers and competitors
- Faced with a slow-growth MPHRO market, providers are investing in enhanced offerings around high-value services (such as analytics), which are gaining interest and can command higher margins

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

Market overview

MPHRO market growth across geographies
US\$

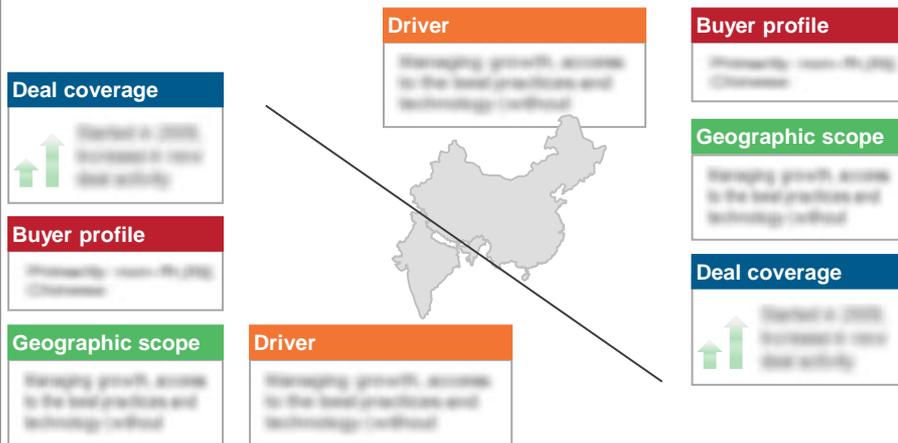


Solution trends

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

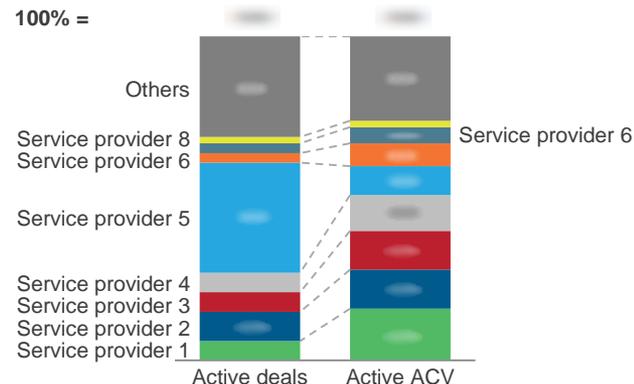


New buyer countries in Asia Pacific



Service provider landscape

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



Source: Everest Group (2014)

HRO research calendar

■ Published
 ■ Current

Topic	Release date
Global Location Insights: Sun Is Rising in the "Middle" East	October 2013
Enabling Business Agility – How HR Organizations can Lead the Way and the Role of HR 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	February 2014
Business Case for Procurement and HR Collaboration	April 2014
Benefits Administration Outsourcing (BAO) – Annual Report 2014	May 2014
Multi-Process Human Resources Outsourcing (MPHRO) – Annual Report 2014: The Times Are Changing	May 2014
Benefits Administration Outsourcing (BAO) – Service Provider Landscape with PEAK Matrix Assessment 2014	Q2 2014
Benefits Administration Outsourcing (BAO) – Service Provider Profile Compendium 2014	Q2 2014
MPHRO – Service Provider Landscape with PEAK Matrix Assessment 2014	Q2 2014
Evaluation of BPaaS solutions for FAO/PO/HRO	Q3 2014
Talent Management Outsourcing – Will we Attain Nirvana?	Q3 2014
MPHRO – Service Provider Profile Compendium 2014	Q3 2014
Multi-Country Payroll Outsourcing (MCPO) – Annual Report 2014	Q4 2014
Multi-Country Payroll Outsourcing (MCPO) – Service Provider Landscape with PEAK Matrix Assessment 2014	Q4 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. **Benefits Administration Outsourcing (BAO) Annual Report 2014: *Benefits in Alternate Paths*** ([EGR-2014-3-R-1099](#)); 2013. This research provides comprehensive coverage of the 2013 BAO market and analyzes it across various dimensions such as market overview, buyer adoption trends, solution and transaction trends, and service provider landscape. Additionally, this report includes the value proposition and adoption trends in the private health exchange space
2. **Learning Services Outsourcing (LSO) – Resurgent Market in the Post-Crisis World** ([EGR-2013-3-R-1035](#)); 2013. This report provides comprehensive coverage of the 2013 LSO market and analyzes it across various dimensions such as market overview, buyer adoption trends, solution & transaction characteristics, and service provider landscape. Additionally, it includes emerging trends in the LSO market
3. **Analytics Business Process Services (BPS) – Deciphering the Analytics Code** ([EGR-2013-10-R-1002](#)); 2013. This report provides a comprehensive understanding of an analytics solution with a focus on the business process services aspect. It analyzes the analytics business process services market across various dimensions such as market size and expected growth, value proposition and key business drivers, buyer adoption trends, solution characteristics, and service provider landscape
4. **Creating Value through Analytics in HR – Role of Third-Party Services** ([EGR-2013-3-R-0930](#)); 2013. This report examines the role of analytics in HR and identifies the ways to capture its value within an outsourcing construct

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

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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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