



Multi-Country Payroll Outsourcing (MCPO) – On the Verge of a Quantum Leap

Human Resources Outsourcing (HRO)
Market Report: May 2015 – Preview Deck

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¹ Banking, financial services, and insurance

Background and methodology of the research

Background of the research

The Multi-Country Payroll Outsourcing (MCPO) market is among the fastest growing markets in the HRO space. While North America- and Europe-based buyers were the primary adopters, geographies like Latin America and Asia Pacific are catching up, and have seen high growth in the previous few years. This can be largely attributed to the growing buyer maturity and the general move toward consolidating global HR processes. Service providers are, thus, beginning to adopt new strategies to gain market share. While technology and partnerships continue to play an important role, providers are coming up with innovative solutions to maximize their process and geographic coverage. In such a scenario, buyers need to carefully match their own requirements with the providers' solutions to create an effective and successful engagement. Value-added services, such as mobility, analytics, and online dashboards, are also gaining importance. Hence, buyers need to look at the provider's offer spectrum in its entirety to drive maximum cost and business impact for their organization.

In this research, we analyze the global MCPO market across the following dimensions:

- Market overview
- Geography focus
- Buyer adoption trends and solution characteristics
- Service provider landscape
- Technology and operating model

The scope of this report include

- Deals where necessarily “payroll calculation (gross-to-net)” has been outsourced
- Deals including at least two countries
- All industries and geographies

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

- Everest Group's proprietary database of over **750 MCPO deals**
 - The database tracks the following elements of each MCPO deal:
 - Buyer details: Including industry, location, and headquarter region
 - Deal details: Including TCV, ACV, term, start date, buyer employees served, pay-slips processed, and the primary pricing structure
 - Scope: Process coverage and geographic coverage (in terms of number of countries covered within each region)
 - Technology ownership and maintenance
 - Global sourcing
- Everest Group's proprietary database of **operational capability of over 16 MCPO service providers**
 - The database tracks the following capability elements for each service provider:
 - Major MCPO clients and recent wins
 - Overall MCPO revenue, total clients, pay-slips processed, and buyer employees served
 - Geographic coverage by employees and split of clients by industry, number of countries, and employee-size coverage
 - MCPO service suite, delivery locations, and level of offshoring
 - Technology offerings within MCPO
 - Overall country coverage and partnerships
- Ongoing interaction with buyers, both as part of syndicated research relationships as well as custom research engagements

Service providers covered in detail in the analyses



The analyses in this report are presented at two levels:

- Comprehensive market analysis that highlights the overall market composition/dynamics
- The current market trends based on deal activities in the last three years

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

¹ Based on pre-acquisition 2014 data

Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any contract-specific information collected is only presented back to the industry in an aggregated fashion

Overview and abbreviated summary of key messages

This report provides a comprehensive coverage of the 2014 global MCPO market and analyzes it across various dimensions such as market overview, geography focus, buyer adoption trends and solution characteristics, service provider landscape, and technology and operating model.

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

Market overview and geography focus

- The MCPO market has seen a rapid growth of ~20% CAGR from 2012 to 2014 and has reached a market size of US\$ 1.1-1.2 billion globally. This momentum is expected to continue in the coming years
- North America and Europe are the largest markets by size; APAC and LATAM are promising markets and are growing very rapidly

Buyer adoption and solution trends

- MCPO deal duration generally varies between the four- to five-year period. With increasing market and service provider maturity the difference in term length between simple and complex deal is gradually dissipating
- Besides the key source geographies of North America and Western Europe, MCPO providers are present in emerging markets – as source geographies and for offshoring

Service provider landscape

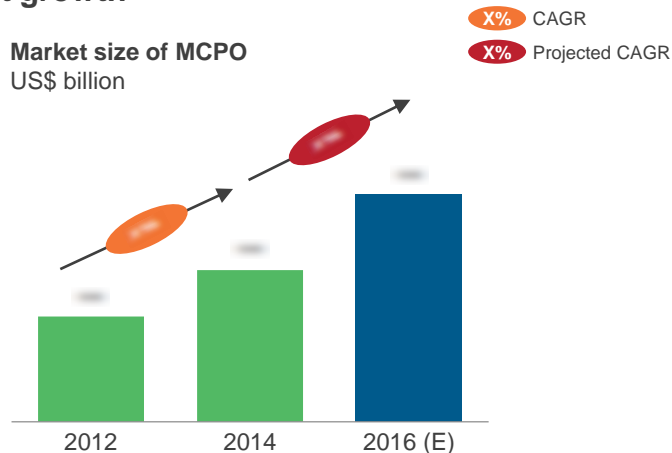
- There are primarily three categories of service providers in the MCPO market with distinct value propositions:
 - MCPO specialists,
 - HRO/BPO providers, and
 - Providers who lie in between

Technology and operating model

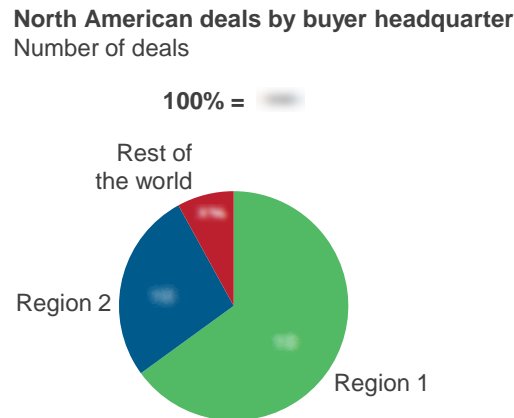
- MCPO providers differ in their operating and technology framework in terms of degree of use of self-country processing capability and in-country partners. This gives rise to three primary models:
 - Single-platform solution
 - Integrated hybrid solution
 - Pure aggregator solution

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

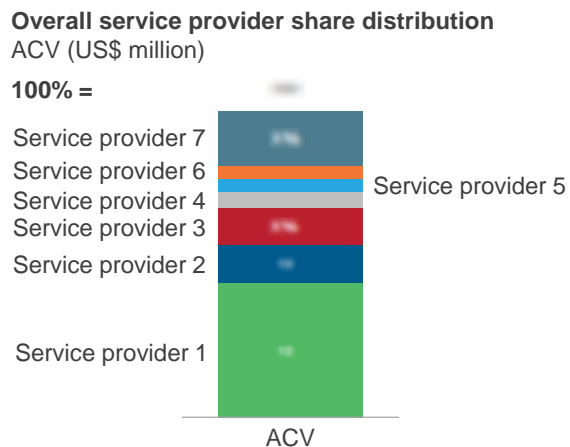
MCPO market growth



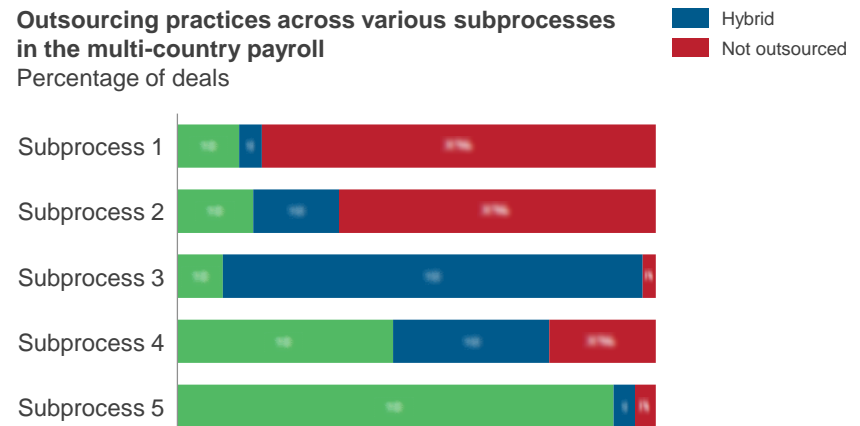
MCPO market – North America



MCPO market share



Outsourcing practices



Source: Everest Group (2015)

HRO research calendar

Published Current

Topic

Release date

BPS Code of Conduct: A Shared Solution for Protecting Confidential Information	October 2014
Benefits Administration Outsourcing (BAO) – Service Provider Profile Compendium 2014	October 2014
Rising Anti-Incumbency in Outsourcing: Breaking Up Is Not Hard to Do	October 2014
Service Delivery Automation (SDA) Market in 2014 – Moving Business Process Services Beyond Labor Arbitrage	October 2014
MPHRO – Service Provider Profile Compendium 2014	November 2014
Analytics Business Process Services (BPS) – Service Provider Landscape with PEAK Matrix™ Assessment 2015	November 2014
Multi-Country Payroll Outsourcing (MCPO) – Service Provider Landscape and Capability Assessment	March 2015
Reinventing Business Process Services (BPS) – Leveraging Technology to Deliver on New Expectations	March 2015
Multi-Country Payroll Outsourcing (MCPO) – On the Verge of a Quantum Leap	May 2015
HR Outsourcing in APAC	Q2 2015
Adoption of Analytics in HR in Europe	Q2 2015
Benefits Administration Outsourcing (BAO) – Annual Report 2015	Q2 2015
Multi-Country Payroll Outsourcing (MCPO) – Service Provider Profile Compendium 2015	Q2 2015
Multi-Process Human Resources Outsourcing (MPHRO) – Annual Report 2015	Q2 2015
Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Landscape with PEAK Matrix Assessment 2015	Q3 2015

Additional HRO research references

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. Multi-Country Payroll Outsourcing (MCPO) – Service Provider Landscape with PEAK Matrix™ Assessment 2015** ([EGR-2015-3-R-1396](#)); 2015. This report 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 16 MCPO service providers are segmented into Leaders, Major Contenders, and Emerging Players. Additionally, this report provides key insights on the individual PEAK Matrix dimensions as well as service provider assessment and remarks about each of these providers
- 2. Multi-Process Human Resources Outsourcing (MPHRO) Annual Report 2014 – The Times Are Changing** ([EGR-2014-3-R-1107](#)); 2014. This report provides comprehensive coverage of the MPHRO market and analyzes it across various dimensions such as market overview & key regional trends, buyer adoption & solution trends, and service provider landscape
- 3. Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Landscape with PEAK Matrix™ Assessment 2014** ([EGR-2014-3-R-1192](#)); 2014. 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 18 MPHRO service providers are segmented into Leaders, Major Contenders, and Emerging Players. Additionally, this report identifies the 2014 MPHRO Star Performers and provides key insights on individual PEAK Matrix dimensions

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At a glance

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- 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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