



Topic: Business Case for Procurement and HR Collaboration

Business Process Outsourcing (BPO)
Market Report: April 2014 – Preview Deck

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Table of contents

| Topic | Page no. |
|---|-----------|
| • Executive summary | 4 |
| – Summary of key messages | 5 |
| – Implications for key stakeholders | 8 |
| • Section I: Business needs and challenges for an integrated HRO+PO approach | 9 |
| – Summary | 10 |
| – Overlap between HR and procurement | 11 |
| – Reasons behind outsourcing HR and PO separately | 14 |
| – Value creation through integrated HRO and PO approach | 15 |
| • Section II: Illustrating benefits of an integrated HRO+PO approach | 17 |
| – Summary | 18 |
| – Learning services – an example | 20 |
| – Recruitment services – an example | 32 |
| • Section III: Key considerations for pursuing an integrated HRO+PO approach | 39 |
| – Summary | 40 |
| – Creation of a holistic business case | 41 |
| – Alignment of stakeholders' objectives | 42 |
| – Selection of service provider | 43 |
| – Design of outsourcing contract | 44 |
| – Governance of outsourcing relationship | 45 |
| • Appendix | 46 |
| – Glossary of key terms | 47 |
| – HRO research calendar | 48 |
| – PO research calendar | 49 |
| – References | 50 |

Overview and abbreviated summary of key messages

An integrated approach to HRO and PO can ensure that the operational expertise on the HR side is effectively combined with the sourcing and vendor management expertise on the procurement side to unlock the full value of outsourcing. The objective of this study is to develop a robust framework and analysis to demonstrate the value creation potential of an integrated HRO+PO approach.

Some of the findings in this report are:

Business needs and challenges for an integrated HRO+PO approach

- Some HR processes, such as global mobility, learning and development, contingent labor recruitment, and employee benefits, have a strong overlap with procurement
- Outsourcing of HR-related spend in PO contracts is increasing, however, very few contracts have an integrated HRO+PO approach

Illustrating benefits of an integrated HRO+PO approach

- To illustrate the benefits of an integrated HRO+PO approach, Everest Group analysed two HR processes where an integrated approach has significant potential – learning and recruitment

Key considerations for pursuing an integrated HRO+PO approach

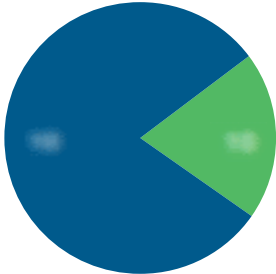
- The five key considerations that are required to capture value from an integrated approach are creation of a holistic business case, alignment of stakeholders' objectives, selection of the service provider, design of outsourcing contract, and governance of outsourcing relationship

Below are charts to illustrate the depth of the report

Categories of outsource-addressable procurement spend

Other non-core procurement spend

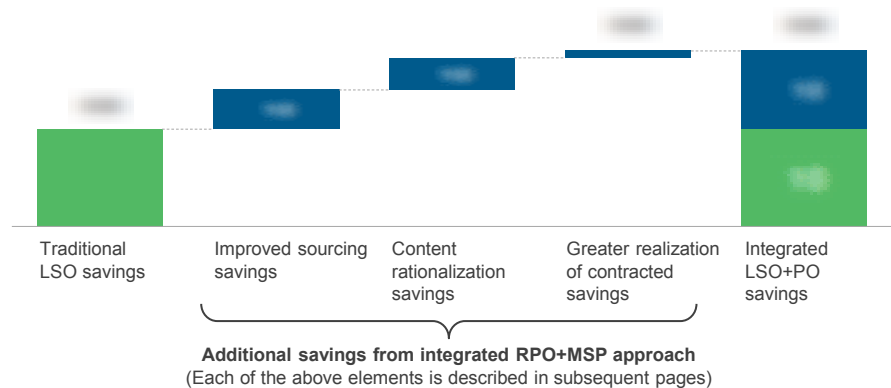
- Facilities and office supplies
- IT/telecom
- Marketing- / sales-related
- Professional services
- Maintenance, Repair, and Overhaul (MRO)
- Travel and third-party logistics
- Utilities



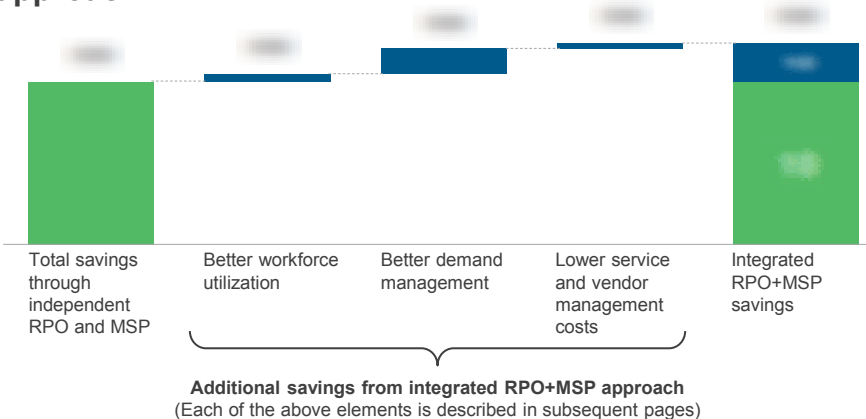
HR-related spend

- Employee insurance and medical services
- Temporary labor and recruiting agencies
- Learning and training resources
- Relocation services

Expected annual savings profile for a five-year outsourcing contract with an integrated LSO+PO scope



Expected annual savings from integrated RPO+MSP approach



Cost baseline for an integrated HRO+PO initiative



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 |

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| Business Case for Procurement and HR Collaboration | April 2014 |
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|---|---------|
| Benefits Administration Outsourcing (BAO) – Annual Report 2013 | Q2 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 |
| Multi-Process Human Resources Outsourcing (MPHRO) – Annual Report 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 |

PO research calendar

Published Current

| Topic | Release date |
|---|---------------|
| Managed Service Provider (MSP) – Mastering the Winds of Change | October 2013 |
| Source-to-Contract (S2C) Outsourcing – Significant Value Potential but Difficult to Implement | October 2013 |
| Role of Social Media, Mobility, Analytics, and Cloud (SMAC) in PO – How SMAC can Unlock Additional Value in PO Services | October 2013 |
| Accenture + Procurian = One-third of the PO Market | October 2013 |
| PO – Service Provider Landscape with PEAK Matrix Assessment 2013 | October 2013 |
| Global Location Insights: Sun Is Rising in the "Middle" East | October 2013 |
| Analytics Business Process Services (BPS) – Deciphering the Analytics Code | November 2013 |
| PO – Service Provider Profile Compendium 2013 | December 2013 |
| Growth of Horizontal BPO in Latin America across FA, HR, and Procurement | February 2013 |
| Tail-end Spend Management | March 2014 |
| Business Case for Procurement and HR Collaboration | April 2014 |
| PO – Annual Report 2014 | Q2 2014 |
| PO – Service Provider Landscape with PEAK Matrix Assessment 2014 | Q2 2014 |
| PO – Service Provider Profile Compendium 2014 | Q2 2014 |
| Evaluation of BPaaS Solutions for FAO/PO | Q3 2014 |
| Procure-to-Pay (P2P) – Service Provider Landscape with PEAK Matrix Assessment 2014 | Q3 2014 |

Additional research references

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

1. **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
2. **Managed Service Provider (MSP) – Mastering the Winds of Change** ([EGR-2013-3-R-0958](#)); 2013. This research provides comprehensive coverage of the MSP market and analyzes it across various dimensions such as market overview, key business drivers, and shifting market dynamics across buyer adoption trends, solution and transaction trends, and service provider landscape. Additionally, it includes predictions for market size, buyer adoption, solution and transaction trends, and service provider landscape for the MSP market

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