



Topic: Benefits Administration Outsourcing (BAO) – Service Provider Landscape with PEAK Matrix™ Assessment 2014

Human Resources Outsourcing (HRO)
Market Report: July 2014 – Preview Deck

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This report is based on two key sources of proprietary information

1

- Everest Group's proprietary database of over **1,100 BAO deals** (updated annually)
- The database tracks the following elements of each BAO deal
 - Buyer details: Including industry, size, and signing region
 - Deal details: Including TCV, ACV, term, start date, total participants managed, and the primary pricing structure
 - Scope: Process coverage and geographic coverage
 - Technology ownership and maintenance
 - Global sourcing

2

- Everest Group's proprietary database of **operational capability of 10 BAO service providers**
- The database tracks the following capability elements for each service provider
 - Major BAO clients and recent wins
 - Overall BAO revenue, total number of participants managed, and number of BAO FTEs
 - BAO clients split by H&W, DB and DC, geography scope and coverage, industry, headquarter location, and buyer size
 - BAO service suite, delivery locations, and level of offshoring
 - Benefits-related technology capability
 - Recent BAO-related developments (investments and partnerships)

Service providers covered in detail in the analyses



The analyses in this report are presented at two levels

- Overall market analyses that highlight the overall market composition/dynamics
- The current market trends are based on deal activities in the last five years

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 is only presented back to the industry in an aggregated fashion

Overview and abbreviated summary of key messages

This report examines the dynamics of the global BAO service provider landscape and its impact on the BAO market. It 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 10 BAO service providers are segmented into Leaders, Major Contenders, and Emerging Players. Additionally, it provides key insights on the individual PEAK dimensions and implications for buyers and service

Some of the findings in this report are:

1

BAO market overview

- The Benefits Administration Outsourcing (BAO) market grew at a steady rate of over 6% to reach US\$6.3 billion in annualized revenue in 2013
- However, the H&W market grew at a faster pace of ~10%, contributing one-third to the overall BAO market. Several first-generation buyers from the upper end of the mid-market segment (5,000 to 10,000 employees) in North America signed BAO deals in 2013

2

BAO PEAK Matrix 2013

- Everest Group classifies 10 BAO service providers on Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix into three categories of Leaders, Major Contenders, and Emerging Players
- Everest Group also identifies the a few providers as Star Performers based on their year-on-year movement on the PEAK Matrix

3

Key insights into PEAK dimensions

- Top service providers (having greater than 75% score in each individual dimension) across each PEAK Matrix dimension are compared with others to identify differentiating strategy and operational capability

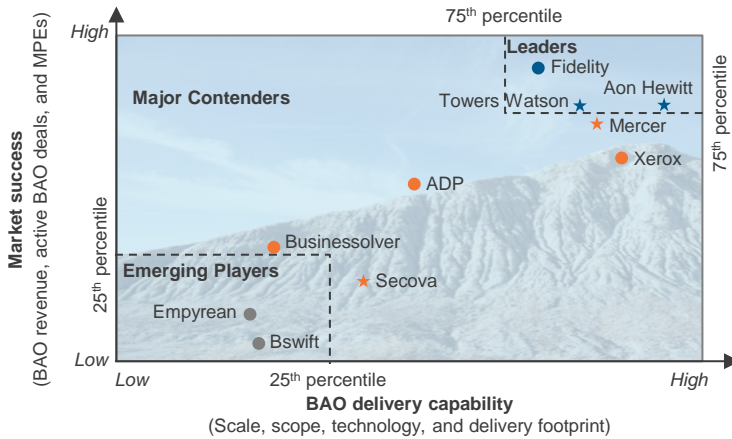
4

Emerging trends in the BAO landscape

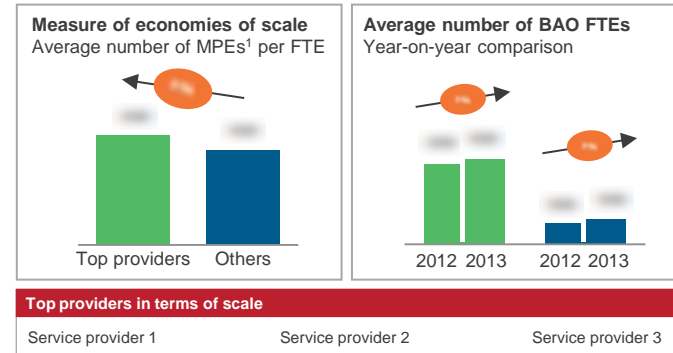
- The BAO landscape is witnessing changes across different areas, like,
 - Growing maturity in the Private HIX landscape
 - Focus on value-added services increasing
 - Evolving competition in the mid-market segment
 - Service providers moving toward a balanced offshore/onshore delivery model

This study offers four distinct chapters providing a deep dive into key aspects of the BAO service provider landscape; below are four charts to illustrate the depth of the report

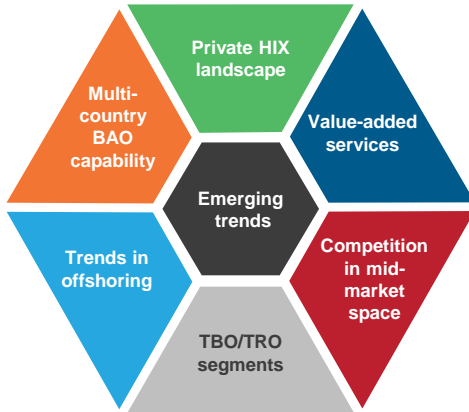
Everest Group PEAK Matrix – 2014 BAO market standing



Delivery capability – scale: Top providers have utilized their huge scale of operations to benefit from economies of scale. However, other providers are scaling up fast

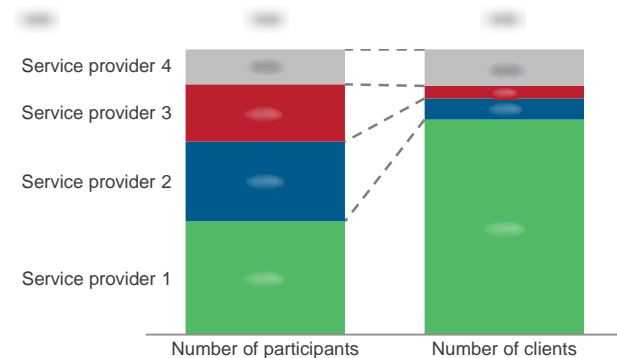


Emerging trends in the BAO landscape



Four service providers dominate the private HIX market with Service provider X leading the market

Market share of providers in the private HIX market
Number of participants; Number of clients



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 2013	April-2014
Multi-Process Human Resources Outsourcing (MPHRO) – Annual Report 2014	May-2014
Benefits Administration Outsourcing (BAO) – Service Provider Landscape with PEAK Matrix Assessment 2014	July-2014
MPHRO – Service Provider Landscape with PEAK Matrix Assessment 2014	Q3-2014
Benefits Administration Outsourcing (BAO) – Service Provider Profile Compendium 2014	Q3-2014
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
Multi-Country Payroll Outsourcing (MCPO) – Service Provider Profile Compendium 2014	Q1-2015

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](#)); 2014. This research provides comprehensive coverage of the BAO market and analyzes it across various dimensions such as market overview, spotlight on H&W outsourcing market, buyer adoption trends, solution and transaction trends, and service provider landscape
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. **Navigating Complexity in HR Outsourcing (HRO) Price Benchmarking** ([EGR-2014-9-R-1073](#)); 2014. This viewpoint explains the challenges in benchmarking HRO services pricing (some known and most unknown to even the mature end-user of benchmarking). More importantly, the viewpoint provides guidance on how to overcome these challenges and the best practices to follow to maximize the gains from HRO price benchmarking study

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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
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