



Benefits Administration Outsourcing (BAO) – Service Provider Landscape with PEAK Matrix™ Assessment 2016

Human Resources Outsourcing (HRO)
Market Report – June 2016 – Preview Deck

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- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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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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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 over 11 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 the analyses*



The analyses in this report are presented at two levels

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

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

Note: This assessment excludes Fidelity and Empyrean's inputs on this particular study and is based on Everest Group's estimates that leverage its proprietary Transaction Intelligence (TI) database, ongoing coverage of Fidelity and Empyrean, service provider public disclosures, and interaction with buyers

Background and methodology of the research

Background of the research

The Benefits Administration Outsourcing (BAO) market is a consolidated space dominated by a handful of players. However, the recent healthcare reforms and the strategic shift from Defined Benefits (DB) to Defined Contributions (DC) have created increased outsourcing opportunities for the service providers, especially in the mid- and large-market space. As consumerism becomes the key focus area, service providers are looking to expand the services offered to focus on the “consumer”. The rise in demand for consumer-driven health plans, voluntary benefits schemes, self-service benefits portals, and private health insurance exchanges (HIX) are a testament to this fact. The service provider community has also started focusing on value-added service offerings with the majority of them offering lifestyle as well as financial wellness programs, such as financial and investment planning tools, health and lifestyle coaching, smoking cessation programs, incentivized fitness programs, or complete health assessments.

Buyers, too are becoming increasingly aware of the important role of benefits in helping reinforce their brand to attract and retain top talent. With the looming ACA reporting and Cadillac tax, operational efficiency, cost-effectiveness, and legislative compliance become even more important for buyers across the board. Thus, buyers need to understand the service providers’ value proposition, while taking a holistic view of their own requirements, to create an effective and successful engagement.

In this research, we analyze the global BAO service provider landscape in 2016. We focus on:

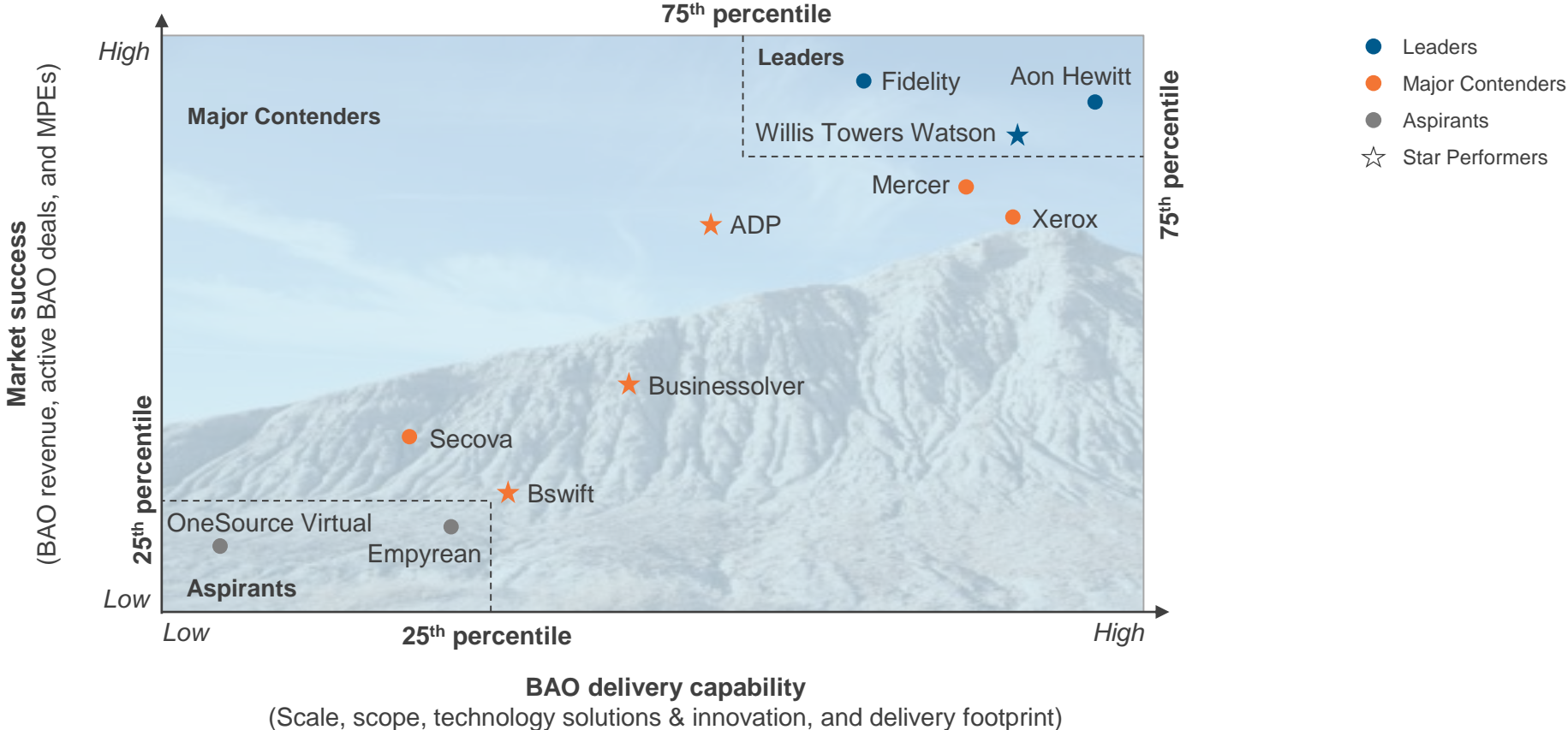
- The position of 11 service providers on the Everest Group PEAK Matrix for BAO
- Strengths and areas of improvement for each of the service providers

The scope and methodology of this report includes:

- At least one of the following core-benefits areas – Health & Welfare (H&W), DB, or DC – is included
- Minimum contract term of a deal is at least two years
- Coverage across 11 BAO service providers, including ADP, Aon Hewitt, Bswift, Businessolver, Empyrean, Fidelity, Mercer, OneSource Virtual, Secova, Willis Towers Watson, and Xerox

This study offers the BAO PEAK Matrix followed by Everest Group's assessment of each service provider; below is the 2016 BAO PEAK Matrix

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for BAO



Note: This assessment excludes Empyrean's and Fidelity's inputs on this particular study and is based on Everest Group's estimates that leverage its proprietary Transaction Intelligence (TI) database, ongoing coverage of Empyrean and Fidelity, service provider public disclosures, and interaction with buyers

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 | Q3 2016 |
| Benefits Administration Outsourcing (BAO) – Market Report | Q3 2016 |
| Multi-Process Human Resources Outsourcing (MPHRO) – Annual Report | Q3 2016 |
| Benefits Administration Outsourcing (BAO) – Service Provider Profile Compendium | Q3 2016 |
| Technology in BPS - Service Provider Compendium 2016 | Q3 2016 |
| Technology in Business Process Services (BPS) – Service Provider Landscape | Q3 2016 |
| Global HR Trends Handbook 2016 - Innovation, technology, outsourcing, and vendors | 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. Robotic Process Automation in HR Outsourcing: Not the Same as Other Business Process Service Lines** ([EGR-2016-13-R-1747](#)); 2016. A study on how prevalence of output-based pricing in Human Resource Outsourcing (HRO) is changing the way Robotic Process Automation (RPA) is viewed and used within HRO
- 2. Multi-Country Payroll Outsourcing (MCPO): A Must-check Buffet for MNCs in Asia Pacific** ([EGR-2016-3-R-1725](#)); 2016. This report looks at the maturation of MCPO – globally and within the Asia Pacific region – offering details regarding the circumstances driving growth and development. In particular, we look at challenges enterprises in Asia Pacific face in implementing MCPO and specific steps organizations can take to create successful MCPO outcomes in Asia Pacific
- 3. Multi-Process Human Resources Outsourcing (MPHRO) Annual Report – Transition to Changing Realities** ([EGR-2015-3-R-1570](#)); 2015. 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

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

Rajesh Ranjan, Partner:
Anil Vijayan, Practice Director:
Rachit Saran, Senior Analyst:
Ashish Gupta, Senior Analyst:

rajesh.ranjan@everestgrp.com
anil.vijayan@everestgrp.com
rachit.saran@everestgrp.com
ashish.gupta@everestgrp.com

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



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Dallas (Headquarters)

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

New York

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

Toronto

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

London

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

Delhi

india@everestgrp.com
+91-124-284-1000

Stay connected

Websites

www.everestgrp.com
research.everestgrp.com



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