Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Landscape with PEAK Matrix™ Assessment 2016

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

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Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

Subscription information

- The full report is included in the following subscription(s)
  - **Human Resources Outsourcing (HRO)**

- In addition to published research, a subscription may include analyst inquiry, data cuts, and other services

- **If you want to learn whether your organization has a subscription agreement or request information on pricing and subscription options, please contact us**

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1 Banking, financial services, and insurance

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

1

- Everest Group's proprietary database of **625+ 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)
  - MPHRO delivery locations and level of offshoring
  - Technology offerings within MPHRO
  - MPHRO service suite

Service providers covered in the analysis[1]

1 Assessment for **MHR** excludes service provider inputs on this particular study, and is based on Everest Group's estimates which leverage Everest Group's proprietary Transaction Intelligence (TI) database, ongoing coverage, the service provider's public disclosures, and interaction with buyers
2 The data on Hewlett Packard Enterprise (HPE) was collected before its merger with CSC

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

3

Buyer surveys and interactions

Global surveys and one-on-one executive-level interviews of buyers are undertaken to understand how organizations perceive performance of their MPHRO provider. The surveys/interviews focus 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 elements such as:
  - Key MPHRO metrics
  - HR processes
  - 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 September 2015

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

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Overview and abbreviated summary of key messages

This report examines the dynamics of the Multi-Process Human Resources Outsourcing (MPHRO) service provider landscape. It provides a deep-dive analysis of how the service providers shape up in terms of their market success and delivery capability. Based on the comprehensive Everest Group PEAK Matrix, 20 MPHRO service providers are segmented into Leaders, Major Contenders, and Aspirants. Additionally, this report contains Everest Group's remarks on each service provider's strengths and areas of improvement.

Some of the findings in this report are:

1

MPHRO PEAK Matrix 2016

- Everest Group classifies 20 MPHRO service providers on Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix into the three categories of Leaders, Major Contenders, and Aspirants
- The 2016 MPHRO PEAK Matrix positioning is as follows:
  – Leaders: Accenture, ADP, Aon Hewitt, IBM, and NGA Human Resources (NGA)
  – Major Contenders: Ascender, Capita, Capgemini, CGI, Hexaware, HPE, Infosys, Neeyamo, TCS, Wipro, WNS, Xerox, and Zalaris
  – Aspirants: MHR, and OneSource Virtual
- Based on the relative Year-on-Year (YOY) movement of service providers on the PEAK Matrix, Everest Group identified four service providers as the "2016 MPHRO Market Star Performers" – Accenture, Hexaware, IBM, and Zalaris
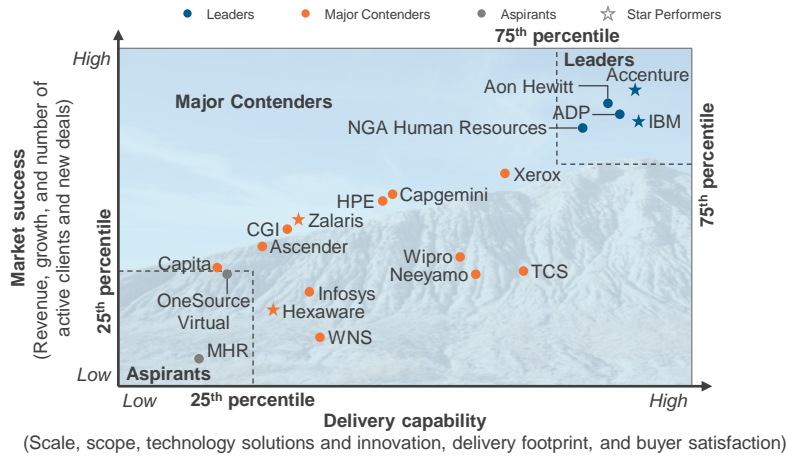
2

MPHRO service provider commentary

- Everest Group delineates each of the 20 service provider's strengths and areas of improvement
- The in-depth commentary is intended to help service providers, enterprise buyers and other stakeholders to understand the current situation and possible future direction of the provider landscape

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Everest Group PEAK Matrix – 2016 MPHRO market positions

● Leaders ● Major Contenders ● Aspirants ☆ Star Performers

Market success
(Revenue, growth, and number of active clients and new deals)

75th percentile

Leaders
Aon Hewitt   Accenture ★
ADP   IBM
NGA Human Resources

Major Contenders
Xerox
HPE   Capgemini
CGI ★ Zalaris
Ascender
Capita
Wipro
Neeyamo   TCS
OneSource Virtual
★ Infosys
Hexaware
WNS
MHR

Aspirants

High / Low — Market success axis
25th percentile / 75th percentile

Low   25th percentile   High

Delivery capability
(Scale, scope, technology solutions and innovation, delivery footprint, and buyer satisfaction)

MPHRO delivery capability

2016 MPHRO market Star Performers	Distinguishing features of market success in 2015	Distinguishing features of capability enhancements in 2015
Company A Logo	• ░░░	• ░░░
Company B Logo	• ░░░	• ░░░

Capability assessment

● Best in Class ◗ Very High ◑ High ◐ Medium High ◑ Medium ◔ Medium Low ◔ Low ○ Not Matured

Leaders   Major Contenders   Aspirants

Service provider	Scale	Scope	Technology and innovation	Delivery footprint	Buyer satisfaction	Overall	Market success
	Delivery capability						
Service provider 1	◑	◑	◑	◑	◑	◑	◑
Service provider 2	◑	●	◑	◑	●	◑	◑
Service provider 3	◑	◔	◑	◔	◑	◔	◑
Service provider 4	◑	◔	◑	◔	●	◑	◑
Service provider 5	◑	◔	◑	◑	◑	◑	◑
Service provider 6	◑	◔	◑	◑	◑	◑	◑
Service provider 7	◑	◔	◑	●	◑	◑	◑
Service provider 8	◑	◑	◑	◑	◑	◑	◑
Service provider 9	◑	◑	◑	◑	◑	◑	◑
Service provider 10	◑	◑	◑	◔	◑	◑	◔

Everest Group explains each service provider's strengths and areas of improvement

	Scale	Scope	Technology and innovation	Delivery footprint	Buyer satisfaction	Overall	Market success
	Delivery capability						
	◑	◑	◑	◑	◑	◑	◑

Strengths

• Service provider 1, a Leader in MPHRO, also emerged as a Star Performer due to a steady growth of MPHRO revenue on the back of seven new deals

• With a strong foothold in developed markets, especially North America, it has the expertise to combine HRO with Finance and Accounting Outsourcing (FAO) and/or Procurement Outsourcing (PO), to offer multi-tower solutions

Areas of improvement

• Service provider 1 market success in the fast-growing Asia Pacific space, is relatively low for a large global player, accentuating the need to adapt to this fast growing market

• Buyers highlight the highly contract driven nature of engagements as preventing a more flexible and agile implementation

Source: Everest Group (2016)

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HRO research calendar

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	August 2016
Benefits Administration Outsourcing (BAO) – Market 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. **Analytics Business Process Services (BPS) – Service Provider Landscape with PEAK Matrix™ Assessment 2016** (EGR-2016-10-R-1751); 2016. This study assesses the analytics business process capabilities of different service providers (legacy BPO providers and analytics specialists) and evaluates their positioning on the Everest Group PEAK Matrix. It focuses on service provider position & growth in the market, changing market dynamics & emerging service provider trends, and assessment of service provider delivery capabilities

2. **Multi-Country Payroll Outsourcing (MCPO): A Must-check Buffet for MNCs in Asia Pacific** (EGR-2016-3-R-1725); 2016. In this report, we look 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) – Service Provider Profile Compendium 2015** (EGR-2015-3-R-1669); 2015. The objective of this compendium is to provide key stakeholders a snapshot of the offerings and capabilities of the 20 major MPHRO service providers. While service providers will be able to benchmark their areas of strength and those of development vis-à-vis other service providers in the marketplace, buyers and potential buyers of MPHRO will be able to assess service providers on their desired set of capabilities

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