



# **Multi-Country Payroll Outsourcing (MCPO) – Annual Report 2017 – Evolution of Drivers and Enablers in a Rapidly-growing Market**

Human Resources Outsourcing (HRO)  
Annual Report – July 2017 – Preview Deck

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## ▶ Transaction Intelligence

## 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

- This 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
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\* Banking, financial services, and insurance



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

1

- Everest Group's proprietary database of over **800 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

2

- Everest Group's proprietary database of **operational capability of over 13 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

3

- 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<sup>1</sup>

 ADITRO

 ADP

 Ascender

 CELERGO  
GLOBAL PAYROLL

 cloudpay  
payroll with perspective

 elanor

 EXCELITY

 NEEYAMC  
HR Consulting | Technology Operations

 NGA  
Human Resources

 SafeGuard  
World International  
Your Payroll In Safe Hands

 sdworx  
Result driven HR

 TMF  
GROUP

 ZALARIS

The analyses in this report are presented at two levels:

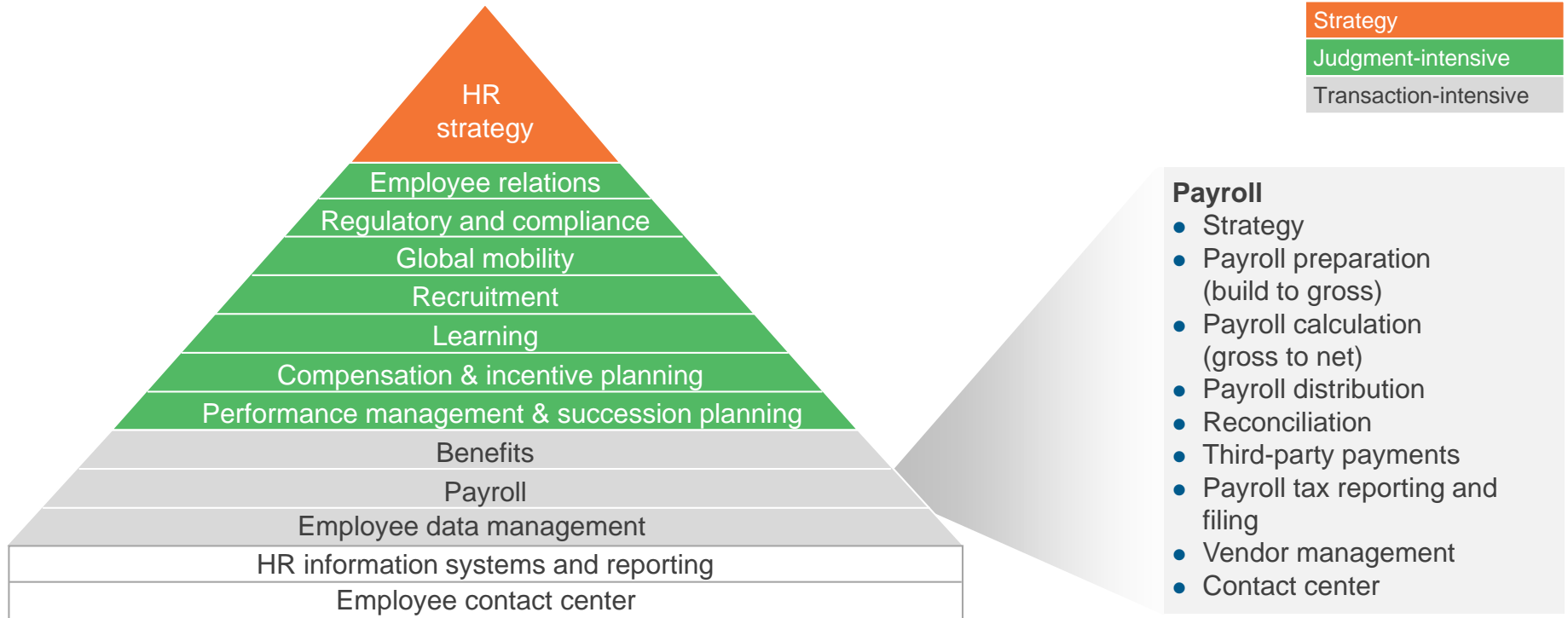
- Overall market analysis that highlights the overall market composition/dynamics
- The current market trends based on deal activities in the last three years

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

1 Assessment for **Aditro, Ascender, Celergo, Elanor, and SD Worx** 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

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

# Multi-country payroll outsourcing is defined as the transfer of ownership of some or all payroll subprocesses for multiple countries on an ongoing basis



Everest Group defines MCPO as a contract between a buyer and a service provider in which:

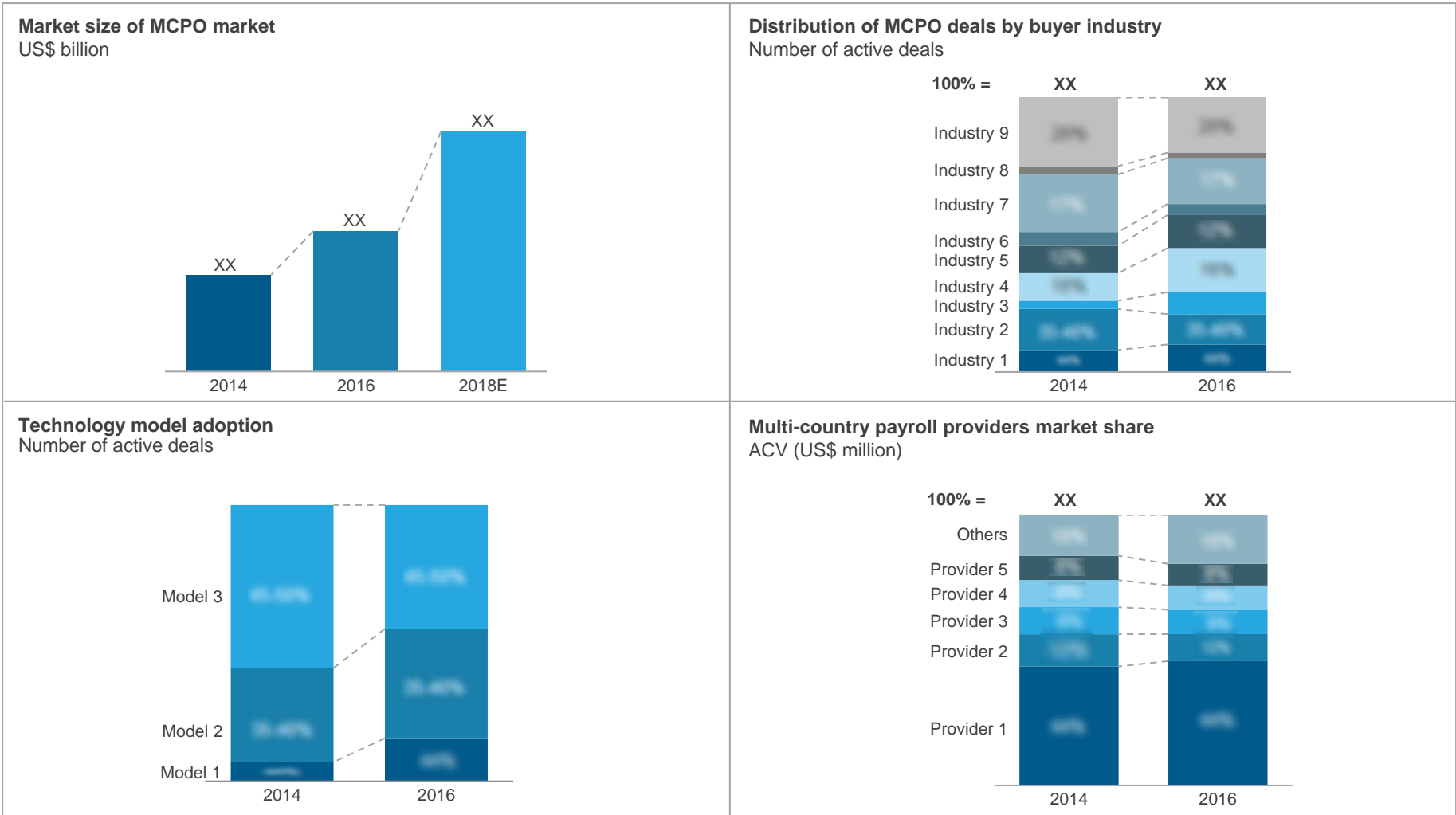
- At least **two countries** are in scope
- At least **payroll calculation** subprocess is included

Source: Everest Group (2017)

# Overview and abbreviated summary of key messages

Dimension	Key market insight
1 Market overview and key regional trends	<ul style="list-style-type: none"><li>• The MCPO market has grown rapidly at a CAGR of 19-23% from 2014 to 2016 to cross US\$1.5 billion. With the rising understanding of the MCPO value proposition and increasing provider maturity, this momentum is likely to continue for the next couple of years</li><li>• Control, cost, and compliance continue to remain the key drivers for greater adoption of MCPO; employee experience improvement is likely to become a key driver in the near future</li><li>• North America and Europe are relatively more mature and bigger MCPO markets, and they accounted for a large chunk of the global deal activity. Asia Pacific and Latin America are also emerging as strong MCPO markets on their own.</li></ul>
2 Buyer adoption trends	<ul style="list-style-type: none"><li>• In terms of buyer size, smaller firms continue to dominate the MCPO market adoption through simple deals spanning a few countries</li><li>• Services, hi-tech &amp; IT, and manufacturing continue to be the biggest adopters of MCPO globally</li><li>• Inclusion of core payroll subprocesses continued to see high traction, while, inclusion of ancillary subprocesses increased</li></ul>
3 Solution characteristics	<ul style="list-style-type: none"><li>• Country-specific pricing mechanism continued to be the dominant model for pricing, due to greater flexibility offered by it</li><li>• Although, there are three types of operating/technology models in the market, majority of the service providers offer an integrated hybrid solution owing to the complexity of processing long-tail countries</li><li>• Analytics, automation, and user interface improvements are the key areas of investment in terms of technology enhancements</li></ul>
4 Service provider landscape	<ul style="list-style-type: none"><li>• The MCPO market is characterized by primarily three categories of service providers with distinct value propositions – payroll specialists such as Ascender, TMF, CloudPay, Excelity, and SD Worx, large HRO providers such as ADP &amp; NGA HR, and mid-sized HRO providers such as Aditro, Neeeyamo, and Zalaris</li><li>• ADP and NGA HR, the large HRO providers, dominate the market constituting ~54% of the market in terms of revenue.</li></ul>

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



Source: Everest Group (2017)



# HRO research calendar

■ Published
 ■ Current

Topic	Release date
Global HR Outsourcing Trends Handbook 2016 .....	November 2016
Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Profile Compendium 2016 .....	December 2016
The Impact of Technology on HR GICs – A Call to Action .....	January 2017
Technology in BPS – Service Provider Profile Compendium 2016 .....	January 2017
Aon Goes Back to its Roots; the (Re-) Birth of an HR Outsourcing Specialist .....	March 2017
Payroll Outsourcing in Asia Pacific: Climbing Up the Maturity Ladder .....	March 2017
Long-Tail HR Operations: Key Challenges and How to Overcome Them .....	March 2017
Workday-Based HR BPS – Service Provider Landscape with PEAK Matrix™ Assessment 2017 .....	June 2017
Workday-Based Human Resources Business Process Services (HR BPS) – Market Report 2017 .....	June 2017
Multi-Country Payroll Outsourcing (MCPO) – Service Provider Landscape with PEAK Matrix™ Assessment 2017 .....	June 2017
Multi-Country Payroll Outsourcing (MCPO) – Annual Report 2017 – Evolution of drivers and enablers in a rapidly-growing market .....	July 2017
Multi-Country Payroll Outsourcing (MCPO) – Service Provider Profile Compendium 2017 .....	Q3 2017
Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Landscape with PEAK Matrix Assessment 2017 .....	Q3 2017

# 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. **Multi-Country Payroll Outsourcing (MCPO) – Service Provider Landscape with PEAK Matrix™ Assessment 2017** ([EGR-2017-3-R-2225](#)); 2017. This report assesses the MCPO capabilities of different service providers and evaluates their positioning on the Everest Group PEAK Matrix. It provides insights on how 13 MCPO service providers are beefing up their capabilities and are differentiating themselves in this market. These providers have been segmented into Leaders, Major Contenders, and Aspirants on the Everest Group PEAK Matrix. The report also includes remarks on service providers, highlighting their key strengths and development areas
2. **Workday-Based Human Resources Business Process Services (HR BPS) – Service Provider Landscape with PEAK Matrix™ Assessment 2017** ([EGR-2017-3-R-2209](#)); 2017. This report assesses the Workday-based HR BPS capabilities of different service providers and evaluates their positioning on the Everest Group PEAK Matrix. It provides insights on how 10 service providers are beefing up their capabilities and are differentiating themselves in the light of these shifts. These providers have been segmented into Leaders, Major Contenders, and Aspirants on the Everest Group PEAK Matrix. The report also includes remarks on service providers, highlighting their key strengths and development areas
3. **Global HR Outsourcing Trends Handbook 2016** ([EGR-2016-3-R-1996](#)); 2016. This report provides a comprehensive overview on the state of the HRO market - both single- and multi-process. The report also identifies key business drivers trends, and the evolving needs of the buyers in the market.

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

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## About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at [www.everestgrp.com](http://www.everestgrp.com).

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