



Multi-Process Human Resources Outsourcing (MPHRO) Annual Report 2018 – Digital-Driven Market Resurgence

Human Resources Outsourcing (HRO)

Annual Report – December 2017: Complimentary Abstract / Table of Contents

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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 report is included in the following subscription(s)
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Corporate Headquarters

Office: +1-214-451-3000

info@everestgrp.com



European Headquarters

Office: +44-207-129-1318

unitedkingdom@everestgrp.com



Delhi Office

Office: +91-124-284-1000

india@everestgrp.com

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

- 1**
- Everest Group's proprietary database of **700+ 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 22+ 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 analysis¹



1 Assessment for **Ascender, Capita, DXC Technology, MHR, Infosys, and TCS** 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, will only be presented back to the industry in an aggregated fashion

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

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 December 2016

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

Overview and abbreviated summary of key messages

This report provides a comprehensive coverage of the 2017 global MPHRO market and analyzes it across various dimensions such as market overview and key regional trends, buyer adoption and solution trends, and service provider landscape. It also identifies the key implications of the research findings for buyers and service providers.

Some of the findings in this report, among others, are:

Market overview and key regional trends

- The global MPHRO market has been able to consistently maintain an upward growth trajectory, witnessing a CAGR of six to seven percent during 2014-2016
- Asia Pacific became the region to watch out for, with unique trends and the fastest growth among all the major MPHRO markets
- North America continues to dominate in terms of market share and was also the primary decision-making region where majority of the new deals were signed

Buyer adoption and solution trends

- There are two segments of buyers emerging in the HRO market based on differing needs – one looking for strategic benefits by transforming their entire HR organization while the other primarily interested in cost take-out
- Manufacturing, financial services, and services industries witnessed higher traction between 2013 and 2016, while retail, healthcare, and public sector industries saw relatively lower activity
- Traditional transactional processes such as payroll, contact center, EDM, HRIS, and benefits were more frequently included in the new MPHRO deals signed in 2016
- Offshoring continues to be adopted aggressively. India continued to be the preferred sourcing location, with Latin America and Eastern Europe slowly catching up

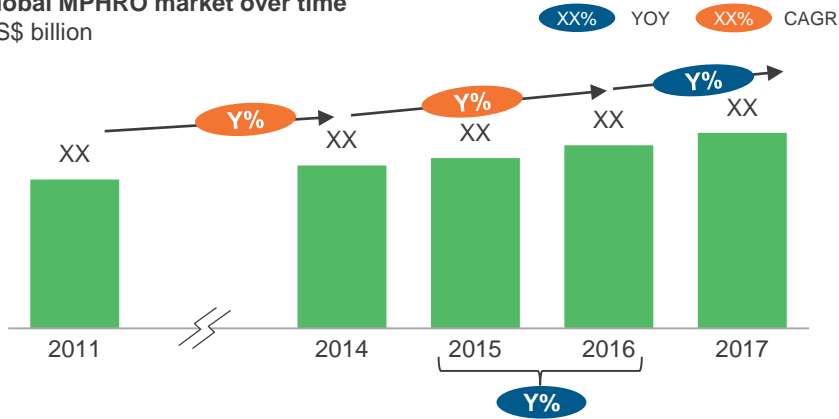
Emerging service provider trends

- The top five MPHRO providers continue to dominate the market, both in terms of revenue and number of active deals. They accounted for over 50% of all active deals and over 60% of all active ACV in the MPHRO market
- The top players also have a strong presence in the mature markets of North America and EMEA. In emerging economies of Asia Pacific and Latin America; however, local and Indian-heritage players dominate

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

MPHRO market size and growth

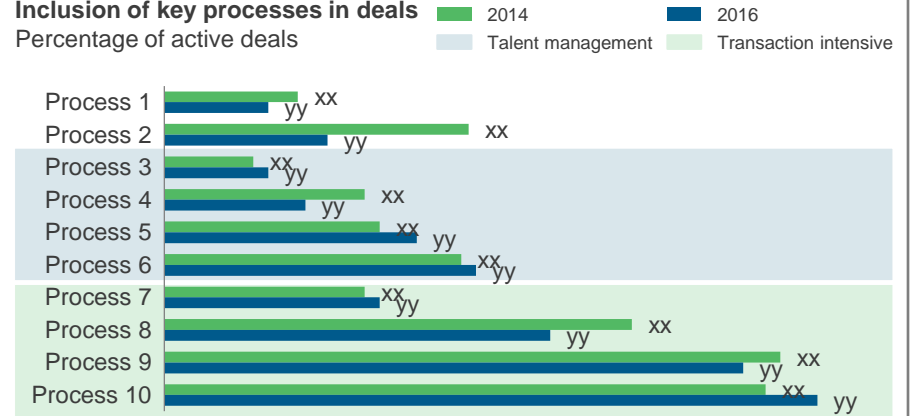
Global MPHRO market over time
US\$ billion



Process inclusion

Inclusion of key processes in deals

Percentage of active deals

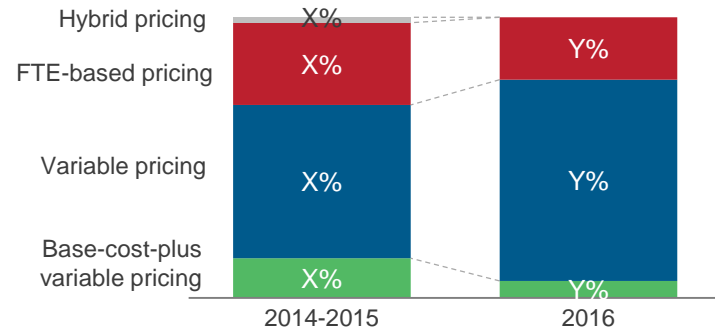


Pricing models

Adoption of pricing models

Number of new deals

100%=

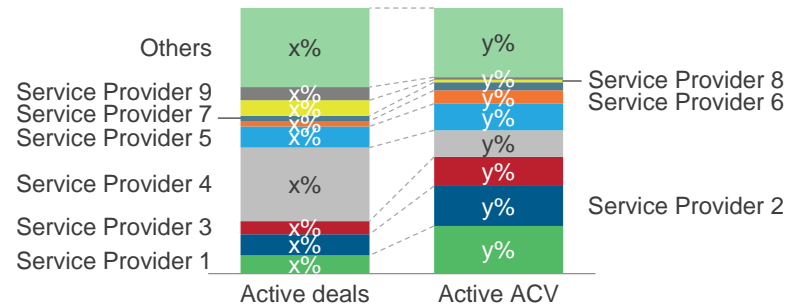


Global market shares

Service provider share distribution (2016)

Number of active deals and active ACV in US\$ billion

100% =



Source: Everest Group (2017)

HRO research calendar

■ Published ■ Planned ▭ Current release

Flagship HRO reports

Release date

Technology in BPS – Service Provider Profile Compendium 2016	January 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	August 2017
MPHRO – Service Provider Landscape with PEAK Matrix™ Assessment 2017	September 2017
Multi-Process Human Resources Outsourcing (MPHRO) Annual Report – Digital-Driven Market Resurgence	December 2017

Thematic HRO reports

Global HR Outsourcing Trends Handbook 2016	November 2016
The Impact of Technology on HR GICs – A Call to Action	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
The Future of HR Services – An Employee-Centric, Digital-First Approach	September 2017

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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. **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
2. **Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Profile Compendium 2016** ([EGR-2016-3-R-2002](#)); 2016. The objective of this compendium is to provide key stakeholders a snapshot of the offerings and capabilities of 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
3. **The Future of HR Services – An Employee-Centric, Digital-First Approach** ([EGR-2017-3-V-2316](#)); 2017. This viewpoint looks at the downsides of the traditional model of HR services, the evolving paradigm of HR services driven by focus on employee experience & engagement, and a new model of digital-first HR services that is differentiated from the traditional model in terms of technology, people, and process. It provides use cases in HR for the disruptive technologies of advanced analytics and Service Delivery Automation (SDA). Further, it describes the immense potential of the new model for service providers and best practices that can drive success for enterprises

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

Rajesh Ranjan, Partner:

rajesh.ranjan@everestgrp.com

Anil Vijayan, Practice Director:

anil.vijayan@everestgrp.com

Priyanka Mitra, Senior Analyst:

priyanka.mitra@everestgrp.com

Krishna Charan, Analyst:

krishna.charan@everestgrp.com

HRO Team:

HROresearch@everestgrp.com

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



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.

Dallas (Headquarters)

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

Bangalore

india@everestgrp.com
+91-804-276-4533

Delhi

india@everestgrp.com
+91-124-496-1000

London

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

New York

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

Toronto

canada@everestgrp.com
+1-416-388-6765

Stay connected

Website



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