



# **Multi-Country Payroll Outsourcing (MCPO) Annual Report 2019 – Persistent Growth Amidst Evolving Propositions**

Human Resources Outsourcing (HRO)

Annual Report – October 2018: Complimentary Abstract / Table of Contents

# Our research offerings for global services

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Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

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## Membership information

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In addition to a suite of published research, a membership may include

- Price book
- Accelerators™
- Data cuts
- Analyst access
- Virtual Roundtables
- Workshops

## 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

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

- Everest Group's proprietary database of over **1,000 MCPO deals**
- The database tracks the following elements of each MCPO deal:
  - Buyer details: Industry and location including facilities and headquarters
  - 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

- Everest Group's proprietary database of **operational capability of over 15 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

## Service providers covered in detail in the analyses<sup>1</sup>



<sup>1</sup> Assessment for **activpayroll**, **Elanor**, **PaySpace**, 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

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

## Buyer surveys and interactions

Global surveys and one-on-one executive-level interviews of buyers are undertaken to understand how organizations perceive the performance of their MCPO provider. The surveys/interviews focus on different aspects of an outsourcing relationship including:

- Key drivers for outsourcing multi-country payroll
- 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 payroll performance metrics
  - Payroll subprocesses
  - Implementation and transition phases
  - Governance and relationship management

## The analyses in this report are presented at two levels:

- Overall market analysis that highlights the complete 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 availability of deal details

## The scope of this report includes:

- Deals where “payroll calculation (gross-to-net)” has been necessarily outsourced
- Deals that have at least two countries in scope
- All industries and geographies

# Overview and abbreviated summary of key messages (page 1 of 2)

This report provides a comprehensive coverage of the 2018 global Multi-Country Payroll Outsourcing market and analyzes it across various dimensions such as market overview and key market 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

- The MCPO market grew rapidly at a rate of ~20% from 2016 to 2017
- With growing awareness of the MCPO value proposition and increasing provider maturity, this momentum is likely to continue for the next couple of years
- Europe emerges as the dominant market in terms of revenue. The North American and Asia Pacific markets closely follow suit. The North American market, owing to its high maturity, has witnessed a slump in its growth rate, while Europe and Asia Pacific have witnessed very strong growth. Other regions of Latin America and Middle East also witnessed very strong growth, albeit from a smaller base
- Although service providers have performed well with respect to the traditional drivers of cost reduction, process standardization, and compliance, buyers expect more in terms of next-generation technologies and strategic support

## Buyer adoption trends

- Buyers headquartered in North America and Europe, the two most mature markets, are the leading adopters of MCPO globally. Rising adoption is seen from the emerging markets of Asia Pacific and Latin America
- The market has witnessed strong adoption by small-sized MNCs, which are spread across two to five countries. The large market segment has also witnessed a resurgence of activity, with many large enterprises venturing into large multi-continent deals

## Solution characteristics

- The small market segment witnessed a dip in the average deal size, while the mid- to large-sized segments witnessed a significant rise due to the increase in large multi-country deals
- Offshoring continues to be adopted aggressively. India continued to be the most popular offshore location, though other locations in Eastern Europe and Latin America are also rapidly gaining traction
- Due to the greater flexibility offered by country-specific pricing mechanisms, it continues to be the dominant model; the other two (uniform-blended pricing and differentiated-regional pricing) models have become increasingly rare
- Analytics, automation, and enhancing user/employee experience are the key focus areas among providers

## Service provider landscape

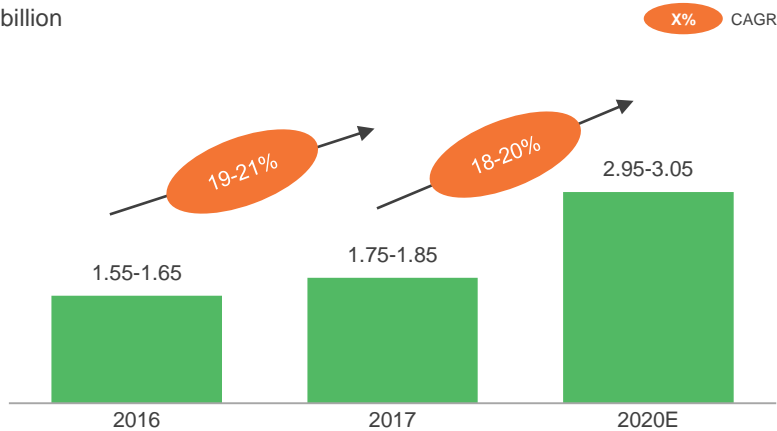
- ADP, followed by NGA HR and TMF Group, dominates the MCPO market in terms of market revenue. The three companies cumulatively constitute over 50% of the total market revenue
- TMF Group is the most dominant player in terms of number of active deals, as they have numerous small deals which skew the market share in their favor. However, while considering deals with a greater number of countries, ADP and NGA HR emerge as strong contenders
- The market share scenario changes by the complexity and/or the size of deals (in terms of number of countries involved / employees covered)



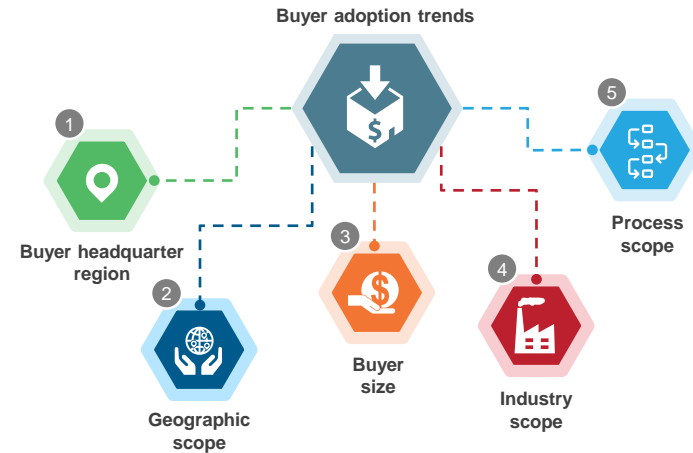
# This study offers four distinct chapters providing a deep dive into key aspects of MCPO market; below are four charts to illustrate the depth of the report

## Market size and growth

Market size of the MCPO market  
US\$ billion

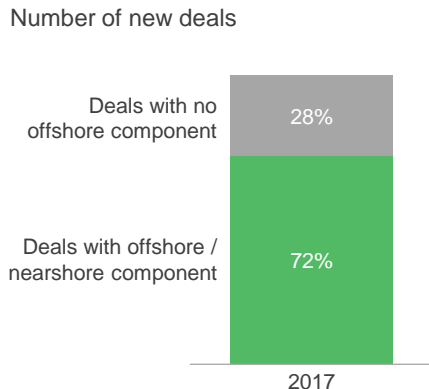


## Buyer adoption trends are analyzed across five dimensions

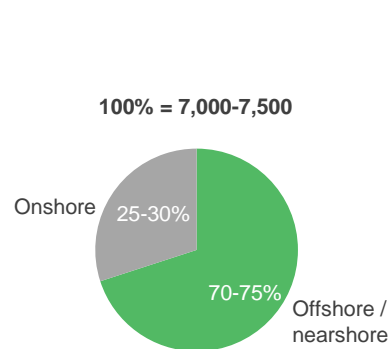


## Degree of offshoring

Extent of leverage of offshore/nearshore locations  
Number of new deals

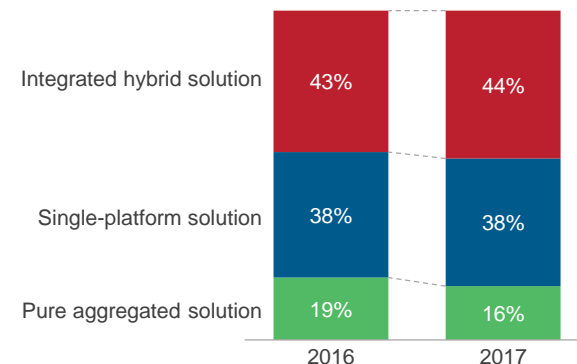


Shoring mix of the MCPO market  
Number of service provider FTEs



## Market share by number of current deals

Technology model adoption  
Number of active deals



# Research calendar – Human Resources Outsourcing (HRO)

Published
  Planned
  Current release

## Flagship HRO reports

### Release date

Multi-Process Human Resources Outsourcing (MPHRO) – Buyer Satisfaction Report 2018 .....	March 2018
Heath and Welfare (H&W) Benefits Administration Outsourcing – Service Provider Landscape with PEAK Matrix™ Assessment 2018 .....	March 2018
SuccessFactors-Based Human Resources Business Process Services (HR BPS) – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018 .....	June 2018
Heath and Welfare (H&W) Benefits Administration Outsourcing – Market Report 2018 .....	June 2018
Heath and Welfare (H&W) Benefits Administration Outsourcing – Service Provider Profile Compendium 2018 .....	June 2018
Multi-Country Payroll Outsourcing (MCPO) – Service Provider Landscape with PEAK Matrix™ Assessment 2018 .....	September 2018
<b>Multi-Country Payroll Outsourcing (MCPO) Annual Report 2019 – Persistent Growth Amidst Evolving Propositions .....</b>	<b>October 2018</b>
Multi-Country Payroll Outsourcing (MCPO) – Service Provider Profile Compendium 2019 .....	Q4 2018
Multi-Country Payroll Platform (MCPP) – Service Provider Landscape with PEAK Matrix™ Assessment 2019 .....	Q4 2018

## Thematic HRO reports

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

Note: For a list of all of our published HRO reports, please refer to our [website page](#)

# 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. Heath and Welfare (H&W) Benefits Administration Outsourcing – Service Provider Landscape with PEAK Matrix™ Assessment 2018** ([EGR-2018-24-R-2678](#)); 2018. This report examines the dynamics of the global H&W BAO service provider landscape and its impact on the H&W BAO market. Based on the comprehensive Everest Group PEAK Matrix, each of the 11 H&W BAO service providers are segmented into Leaders, Major Contenders, and Aspirants. The report presents some key findings on the performance of different service provider categories. Additionally, it provides insights into the strengths and areas of improvements of each service provider.
- 2. SuccessFactors-Based Human Resources Business Process Services (HR BPS) – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018** ([EGR-2018-24-R-2675](#)); 2018. This research provides comprehensive coverage of the 2017 SuccessFactors-based HR BPS market and analyzes it across various dimensions such as market overview, buyer adoption trends, solution trends, and service provider landscape. Based on the comprehensive Everest Group PEAK Matrix assessment, in this report 11 service providers are segmented into Leaders, Major Contenders, and Aspirants. Additionally, this report also contains Everest Group's remarks on each of the 11 service providers' strengths and areas of improvement.
- 3. Heath and Welfare (H&W) Benefits Administration Outsourcing Market Report 2018 - Unlocking Value Through Improved Employee Experience** ([EGR-2018-24-R-2719](#)); 2018. Health and Welfare Benefits Administration Outsourcing (H&W BAO) is one of the most compliance-driven markets in the HRO space. This research report provides a comprehensive coverage of the 2017 H&W BAO market and analyzes it across various dimensions such as market overview, buyer adoption trends, solution & transaction trends, and service provider landscape.

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

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## About Everest Group

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