![Everest Group Research logo]

Key Ingredients for a Digital-First HR Transformation

Human Resource Outsourcing (HRO)
Market Report – October 2018: Complimentary Abstract / Table of Contents

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

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- Price book
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- 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

Membership information

- This report is included in the following research program(s)
  – **Human Resources Outsourcing (HRO)**
- **If you want to learn whether your organization has a membership agreement or request information on pricing and membership options, please contact us at info@everestgrp.com, unitedkingdom@everestgrp.com, or india@everestgrp.com**

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Overview and abbreviated summary of key messages

This report aims to provide an insight into the next-generation paradigm of HR services and how it differs from the traditional paradigm. It also highlights how the preferences of enterprises have been evolving over time, driving changes in how the HR functions are being delivered. This report provides a comprehensive analysis of the key transformation levers for a successful digital-first HR transformation. These are automation and other digital levers, analytics, cloud / Business Process-as-a-Service (BPaaS), advisory services, and employee experience.

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

Evolving HRO paradigm

- Enterprises' view of talent and approach toward HR services is changing, which has resulted in the emergence of the next-generation HR model, at the heart of which is digital transformation
- Enterprises are looking for strategic partners that can help them with their HR transformation journeys including services. This in turn is driving accelerated market growth

Key transformation levers

- While each individual technology lever is powerful in itself, the maximum transformative impact is realized when all the levers are applied in cohesion
- Enterprises must place "digital employee experience" at the center/focal point of their HR functions. All the other transformation levers will typically revolve around this
- While still in its infancy, RPA has generated immense interest among enterprises due to its numerous advantages
- Analytics, especially advanced analytics, has tremendous business impact and rapid growth in adoption is expected in the future
- Enterprises are demanding service providers who have the capabilities across the consult-to-operate spectrum along with diverse experience in various third-party BPaaS solutions such as Workday, SuccessFactors, and Oracle HCM cloud

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This study offers a detailed analysis of how the HR paradigm is evolving and the key levers required for a successful transformation to the new age of HR
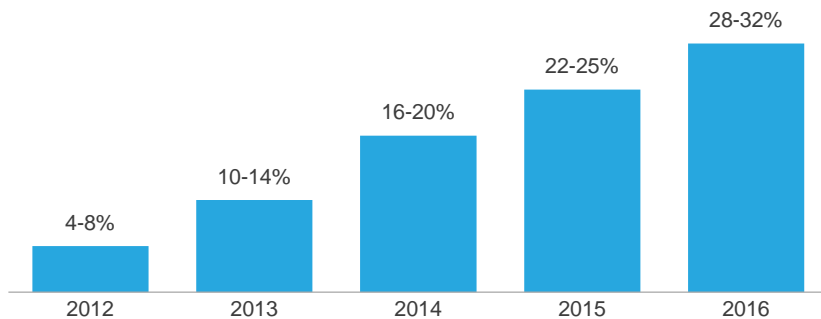
Key transformation levers

- Cloud/BPaaS
- Advisory
- Employee experience
- Automation and other digital levers
- Analytics

Transformation levers
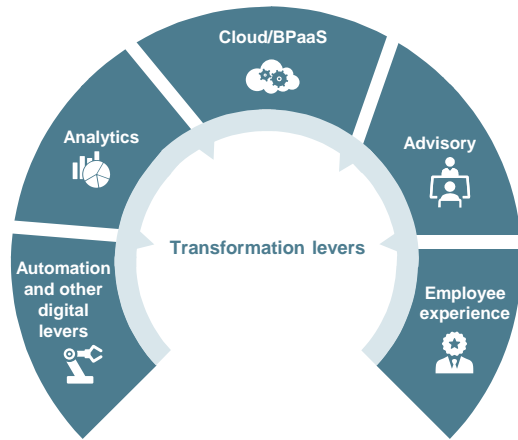
Key areas impacted in HR outsourcing engagements due to RPA

| Pricing model | Talent model | Shoring model |

Adoption of third-party BPaaS solutions

Percentage of new deals

Year	Value
2012	4-8%
2013	10-14%
2014	16-20%
2015	22-25%
2016	28-32%

Two sides of employee experience

Empowerment
- Employee self-service
- Omnichannel experiences
- Decision support tools

Engagement
- Ease of use; integration and navigation
- Intuitive look and feel
- Rapid response and accuracy

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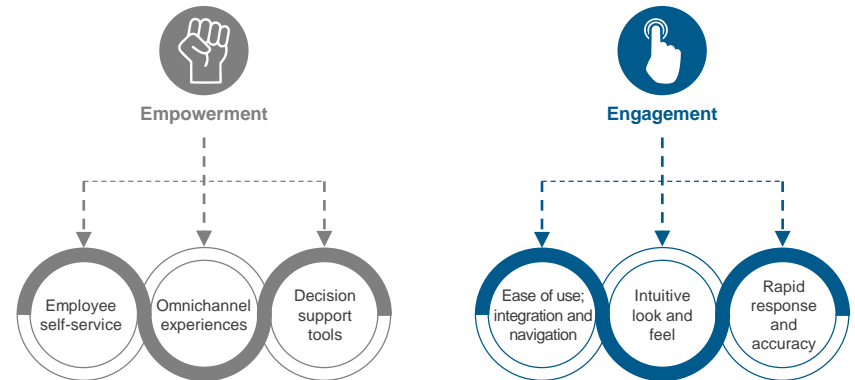
Research calendar – Human Resources Outsourcing (HRO)

Flagship HRO reports	Release date
SuccessFactors Business Process Services – Service Provider Landscape with PEAK Matrix™ Assessment 2018	June 2018
Multi-Country Payroll Outsourcing (MCPO) – Service Provider Landscape with PEAK Matrix™ Assessment 2018	September 2018
Rewards and Recognition (R&R) Outsourcing – Service Provider Landscape with PEAK Matrix™ Assessment 2018	September 2018
Rewards and Recognition (R&R) Outsourcing – Market Report 2019	October 2018
Multi-Country Payroll Outsourcing (MCPO) – Annual Report 2019	October 2018
Multi-Country Payroll Outsourcing (MCPO) – Service Provider Profile Compendium 2019	Q4 2018
Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Landscape with PEAK Matrix™ Assessment 2019	Q4 2018
Multi-Process Human Resources Outsourcing (MPHRO) – Annual Report 2019	Q4 2018
Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Profile Compendium 2019	Q4 2018

Thematic HRO reports	
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
Re-imagining Payroll in a Digital-First World	July 2018
Key Ingredients for a Successful Digital-First HR Transformation	**October 2018**

Note: For a list of all of our published HRO reports, please refer to our website page

Additional HRO research references

The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Landscape with PEAK Matrix™ Assessment 2017** (EGR-2017-3-R-2342); 2017. This report assesses the MPHRO capabilities of different service providers and evaluates their positioning on the Everest Group PEAK Matrix. It provides insights on how 20 MPHRO 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

2. **Multi-Process Human Resources Outsourcing (MPHRO) – Annual Report 2018** (EGR-2017-3-R-2509); 2017. This research provides comprehensive coverage of the 2016-17 MPHRO market across dimensions such as state of the market, MPHRO market size & adoption, key MPHRO market themes, and buyer adoption trends. It focuses on how the HRO market gained momentum due to the shift in the HR services paradigm

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 research 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.

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