



Multi-Process Human Resources Outsourcing (MPHRO) Annual Report 2019 – Unraveling the HR Conundrum Through Digital Adoption

Human Resources Outsourcing (HRO)

Annual Report – January 2019: Complimentary Abstract / Table of Contents

Our research offerings for global services

▶ Market Vista™

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

▶ Application Services

▶ BPS | Banking & Financial Services

▶ BPS | Healthcare & Life Sciences

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More about membership

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

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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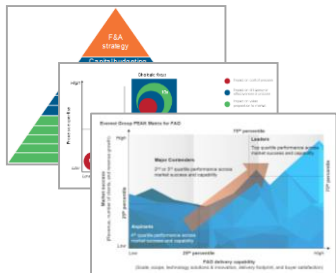
Our research methodology is based on four pillars of strength to produce actionable and insightful research for the industry

- Market thought leadership
- Actionable and insightful research
- Syndicated and custom research deliverables

1

Robust definitions and frameworks

(Function-specific pyramids, Total Value Equation, PEAK Matrix, and market maturity)



2

Primary sources of information

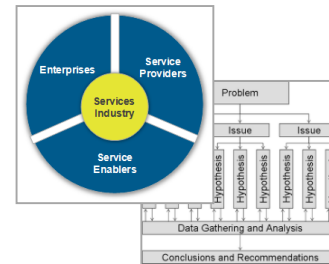
(Annual contractual and operational RFIs, service provider briefings & buyer interviews, and web-based surveys)



3

Diverse set of market touchpoints

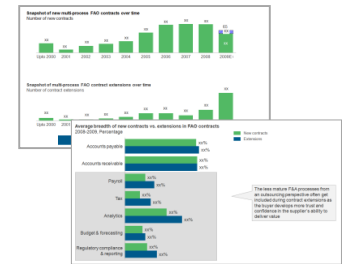
(Ongoing interactions across key stakeholders, input from a mix of perspectives and interests, supports both data analysis and thought leadership)



4

Fact-based research

(Data-driven analysis with expert perspectives, trend analysis across market adoption, contracting, and service providers)



- Proprietary contractual database of 1400+ MPHRO contracts (updated annually)
- Year-round tracking of 22+ MPHRO service providers
- Large repository of existing research in HRO
- Dedicated team for multiple areas within HRO research, spread over two continents
- Over 20 years' experience of advising clients on HRO-related decisions
- Executive-level relationships with buyers, service providers, technology providers, and industry associations

This report is based on the below key sources of proprietary information

- Everest Group's proprietary database of **1,400+ 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

- Proprietary database of 20+ MPHRO service providers (updated annually)
- The database tracks the following for each service provider:
 - Revenue and number of FTEs
 - Revenue split by region
 - Number of clients and buyer employees
 - Location and size of delivery centers
 - Recent HRO-related developments
 - Technology offerings within MPHRO

- **Service provider briefings**
 - Vision and strategy
 - Key strengths and improvement areas
 - Annual performance and future outlook
 - Emerging areas of investment

- **Buyer reference interviews, ongoing buyer surveys, and interactions**
 - Drivers and challenges for adopting workplace services
 - Assessment of service provider performance
 - Emerging priorities
 - Lessons learnt and best practices

Service providers assessed¹

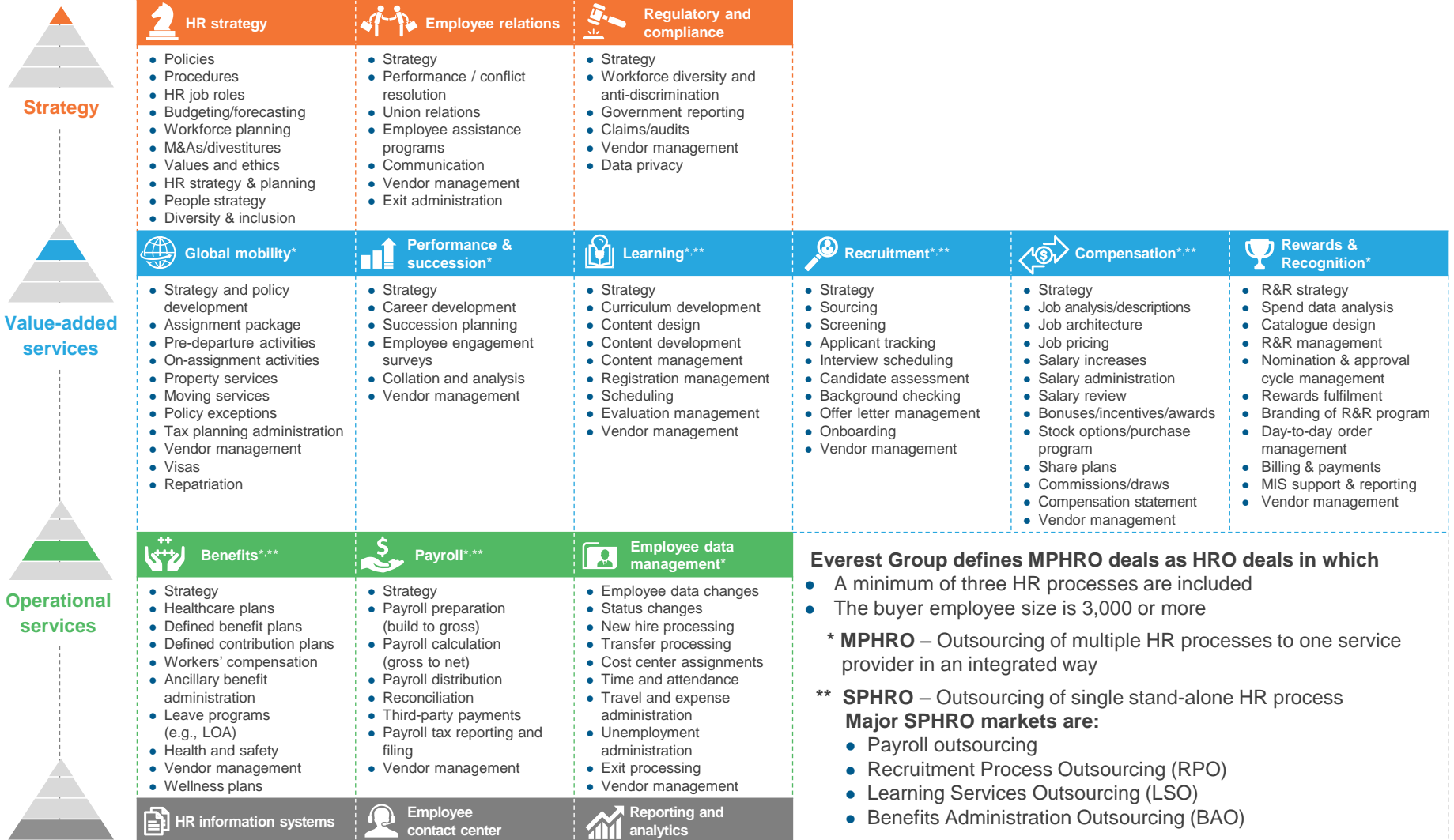


1 Assessment for Capita, CGI, Hexaware, MHR, Toutatis, and Wipro excludes service provider inputs on this particular study, and is based on Everest Group's estimates which leverage Everest Group's proprietary Transaction Intelligence (TI) database, ongoing coverage, the service provider's public disclosures, and interaction with buyers

Note: **The source of all content is Everest Group unless otherwise specified**

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 HRO process map



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

This report provides a comprehensive coverage of the 2018 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:

State of the market

- The HR function faces challenges on multiple fronts – emerging talent-related issues, high cost of operations, and the need to improve employee experience being the most important
- Several underlying people-, process-, and technology-related issues are leading to these challenges
- A combination of solutions such as analytics, automation, cloud, and advisory can be leveraged to mitigate challenges prevalent within HR operations

Market overview & adoption trends

- The MPHRO market registered a healthy growth rate of more than 7% between 2016-2017. The market is expected to witness a robust growth rate of 6-8% in the next two-three years to cross US\$5 billion
- The market has witnessed adoption from first-generation buyers, as they grapple with the challenge of keeping up with the rapidly changing technology landscape. The growth is driven by robust new deal activity in both the mid- and large-market segments
- North America continues to dominate as the primary decision-making location; however, its share is slowly being acquired by other geographies such as Asia, Eastern Europe, and the Middle East

Solution characteristics

- With enterprises taking a more strategic outlook toward HRO, there has been a marked increase in the inclusion of talent management processes. Enterprises want to undergo holistic transformation of their HR rather than focusing on transactional processes in isolation
- MPHRO deals on third-party SaaS-based platforms are witnessing much faster adoption rates. Among prominent third-party platforms, Workday has witnessed the highest traction, followed by SAP SuccessFactors

Service provider landscape

- The top leaders, Accenture, ADP, Aight Solutions IBM, and NGA HR, continue to command more than 50% share of the market. ADP continues to dominate the market in terms of active deals
- Among Indian heritage players, TCS, backed by its robust investments in the HRO space, has emerged as a top player
- ADP, Accenture, and TCS are the only providers that appear among the top five service providers across all industries and buyer segments
- Leading players have witnessed strong traction from the more mature markets of North America and Europe. In emerging markets of Asia Pacific and Latin America, local players feature more prominently

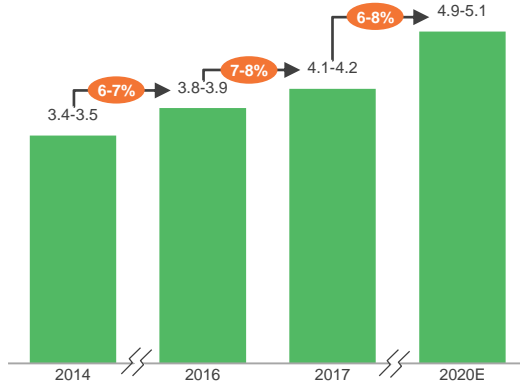
Outlook for 2019

- The growth prospects of the market would be driven by enterprises' expanded demands from service providers in terms of more strategic HR engagements
- In terms of geography, growth will be driven by other major geographies such as Asia Pacific, Eastern Europe, the Middle East, and Latin America
- The market will witness accelerated adoption from mid-market and first-time outsourcers as they venture into cloud-based HR constructs
- The quality of service delivery for transactional processes would evolve as service providers instill digitally-focused augmentation solutions such as automation, analytics, and mobility into their operations to provide higher-order value to buyers
- Additionally, with increasing technology leverage, the role of the provider will evolve from that of administrators to strategic partners who bring together or *orchestrate* the ecosystem. This will require providers to invest in developing capabilities across the consult-to-operate paradigm, with key focus on the consultative ability

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

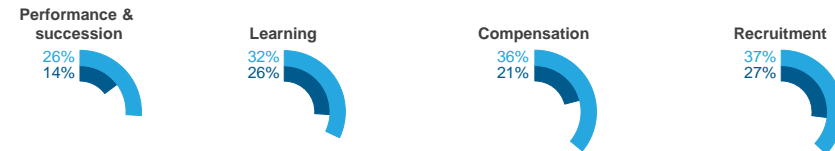
Transaction-intensive processes

Frequency of inclusion; Percentage of new deals



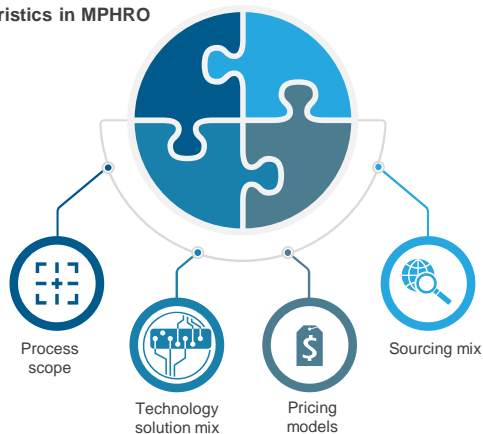
Talent management processes

Frequency of inclusion; Percentage of new deals



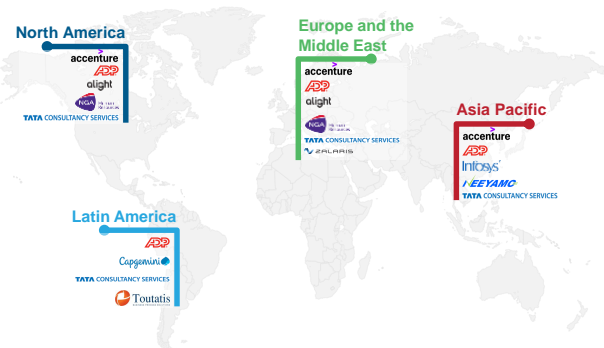
Global market shares

Evolving solution characteristics in MPHRO



Top players by signing regions

Number of active deals; 2017 (in alphabetical order)



Research calendar – Human Resources Outsourcing (HRO)

Published
 Planned
 Current release

Flagship HRO reports

Release date

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
Multi-Country Payroll Outsourcing (MCPO) – Annual Report 2019	October 2018
Multi-Country Payroll Outsourcing (MCPO) – Service Provider Profile Compendium 2019	October 2018
Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Landscape with PEAK Matrix™ Assessment 2019	January 2019
Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Profile Compendium 2019	January 2019
Multi-Process Human Resources Outsourcing (MPHRO) – Annual Report 2019	January 2019
Multi-Country Payroll Platform- Provider Landscape with PEAK Matrix™ Assessment 2019	Q1 2019
Workday-based Human Resource Business Process Services (HR BPS) – Service Provider Landscape with PEAK Matrix™ Assessment 2019 ...	Q2 2019
Workday-based Human Resource Business Process Services (HR BPS) – Market Report 2019	Q2 2019

Thematic HRO reports

Re-imagining Payroll in a Digital-First World	July 2018
Key Ingredients for a Successful Digital-First HR Transformation	October 2018
The Mid-Market HCM Landscape in Asia Pacific	Q1 2019
Achieving Employee Experience – a “How-to Guide” for Enterprises (1 of 3)	Q1 2019
Learning function of the future	Q1 2019
Employee Engagement Suites – Evolution of next-generation HR products (2 of 3)	Q2 2019

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 into 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 Profile Compendium 2019** ([EGR-2019-24-R-3029](#)); 2019. 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
2. **Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Landscape with Services PEAK Matrix™ Assessment 2019** ([EGR-2019-24-R-3024](#)); 2019. This report assesses the MPHRO capabilities of different service providers and evaluates their positioning on the Everest Group PEAK Matrix. It provides insights into how 20 MPHRO service providers are ramping up their capabilities and are differentiating themselves in this ever-evolving market. These providers have been segmented into Leaders, Major Contenders, and Aspirants on the Everest Group PEAK Matrix. It highlights the key areas where Leaders have been able to prevail over the other service providers. The report also includes remarks on service providers, highlighting their key strengths and development areas.
3. **Multi-Country Payroll Outsourcing (MCPO) Annual Report 2019 – Persistent Growth Amidst Evolving Propositions** ([EGR-2018-24-R-2820](#)); 2018. This research focuses on one of the fastest growing markets in the HR outsourcing space – Multi-Country Payroll Outsourcing (MCPO) market. 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. This report provides a comprehensive coverage of the 2018 MCPO market and analyzes it across various dimensions such as market overview, buyer adoption trends, solution & transaction trends, and service provider landscape.

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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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