



Multi-Country Payroll (MCP) Solutions Annual Report 2019 – Moving Toward Unification of Payroll and HR Services

Human Resources Outsourcing (HRO)

Annual Report – October 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	▶ Human Resources
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Membership information

- This report is included in the following research program(s)
 - [Human Resources Outsourcing \(HRO\)](#)
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More about membership

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

- Accelerators™
- Analyst access
- Data cuts
- Pinnacle Model™ reports
- PriceBook
- 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 MCP research is based on multiple sources of proprietary information

- Everest Group's proprietary database of over **1,000 MCP outsourcing deals**
 - The database tracks the following elements of each MCP 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

- Everest Group's proprietary database of **operational capability of over 15 MCP solution providers**
- The database tracks the following capability elements for each service provider:
 - Major MCP clients and recent wins
 - Overall MCP 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
 - MCP service suite, delivery locations, and level of offshoring
 - Technology offerings within MCP
 - Overall country coverage and partnerships
- Regular platform demonstrations with providers as part of syndicated research relationships, along with ongoing interaction with buyers; custom research engagements help form the knowledge base

Ongoing interaction with buyers, both as part of syndicated research relationships as well as custom research engagements

The analyses in this report are presented at two levels:

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

Service providers covered in detail in the analyses^{1,2}



¹ Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any contract-specific information collected is presented back to the industry in an aggregated fashion

² The analysis for NGA Human Resources was done before the announcement of its acquisition by Alight Solutions

Background and scope

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 MCP solutions 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

This report provides a comprehensive coverage of the 2019 global Multi-Country Payroll Solutions 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:

Key developments in multi-country payroll

- Most buyers are facing compliance challenges while dealing with a wide array of country-specific regulations. They are looking for more advanced technology-enabled solutions, which can help reduce some of the complexity around handling multiple geographies and vendors
- The key challenges are also reflected in the way enterprises are approaching their MCP solutions, with objectives such as compliance and payroll experience becoming more relevant
- The key challenges and service provider adoption trends have led to unification of payroll and HR services. This primarily comprises four elements:
 - Consolidation of geographical operations
 - Integration with HR services
 - Integration with wellness and benefit offerings
 - Tie-up of payroll and other ancillary processes

Market overview and regional trends

- The MCPS market grew rapidly at a rate of ~19% from 2017 to 2018
- Europe emerges as the dominant market in terms of revenue. The North American and Asia Pacific markets closely follow suit
- The market has witnessed strong adoption by small-sized MNCs, which are spread across two to five countries. With more small and mid-sized companies looking to increase the geographic scope of deals, this trend is likely to continue

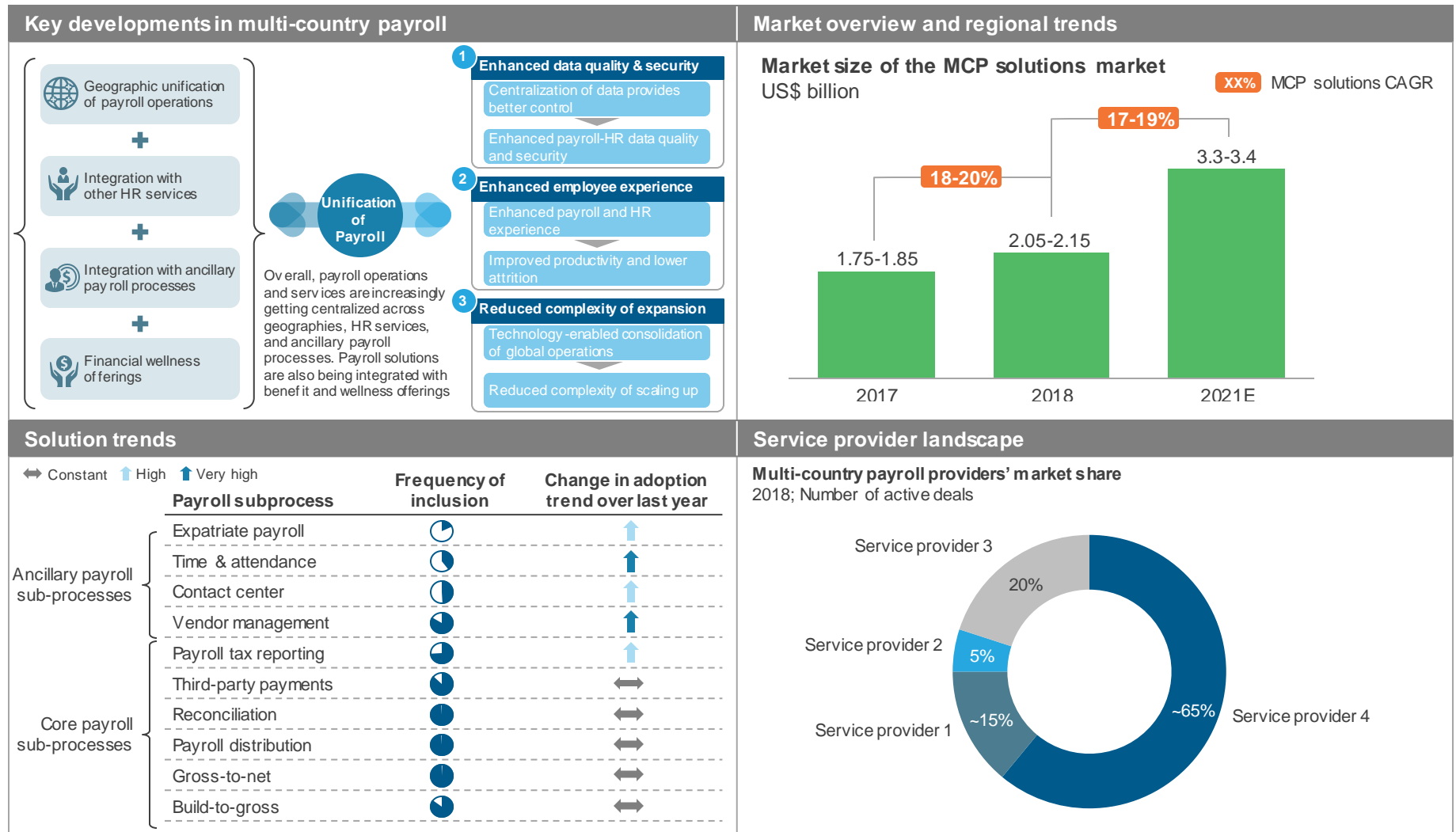
Solution trends

- There has been an increase in the number of countries included per deal across buyer segments. This has been accompanied by an increase in the average length of deals over 2017
- Inclusion of core payroll subprocesses continued to see high traction, while the inclusion of ancillary subprocesses such as contact center and T&A increased
- The overall technology model for payroll has largely been skewed toward the integrated hybrid and single platform model as service providers look to provide a seamless payroll experience to clients with more focus on self-coverage
- Increasing number of providers are becoming open to leveraging offshore locations in order to reduce the cost of payroll operations. India and Southeast Asia have emerged as the most popular offshore locations, given the ease of setting up operations in these regions

Service provider landscape

- The leading players in the MCP solutions landscape have constantly innovated and invested in developing technological capabilities to differentiate themselves from the other players in the market
- North America and Europe account for more than two-thirds of the revenue for the three leading players
- While NGA HR typically caters to the mid- to large-sized segment, the portfolio of ADP and TMF Group is highly skewed toward the small-sized segment
- TMF Group continues to be the dominant player in the market in terms of active deals in the MCP services market
- ADP, NGA HR, and TMF Group have significant market presence across all geographies; among them, ADP has the dominant share in all the regions

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



Research calendar – Human Resources Outsourcing (HRO)

Published
 Planned
 Current release

Flagship HRO reports	Release date
Multi-Country Payroll Outsourcing (MCP) – Service Provider Profile Compendium 2019	October 2018
Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Landscape with PEAK Matrix™ Assessment 2019	January 2019
Multi-Country Payroll Platform – Provider Landscape with PEAK Matrix™ Assessment 2019	January 2019
Multi-Process Human Resources Outsourcing (MPHRO) – Annual Report 2019	January 2019
Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Profile Compendium 2019	January 2019
Workday-Based Human Resources Business Process (HR BPS) Services PEAK Matrix™ Assessment with Service Provider Landscape 2019	June 2019
Workday-based Human Resources Business Process Services (HR BPS) – Climbing up the HR Operating Model Maturity Curve	July 2019
Workday-based Human Resource Business Process Services (HR BPS) – Service Provider Compendium 2019	July 2019
Multi-Country Payroll Outsourcing (MCP) – Service Provider Landscape with PEAK Matrix™ Assessment 2019	September 2019
Multi-Country Payroll (MCP) Solutions Annual Report 2019 – Moving Toward Unification of Payroll and HR Services	October 2019

Thematic HRO reports	
Key Ingredients for a Successful Digital-First HR Transformation	October 2018
The Mid-Market HCM Landscape in Asia Pacific	April 2019
Achieving Employee Experience – a “How-to Guide” for Enterprises (part 1 of 3)	March 2019
Employee Engagement Suites – The Catalysts Driving Superior Employee Experience (part 2 of 3)	June 2019
Learning Function of the Future	Q4 2019
Start-ups Redefining Employee Experience (part 3 of 3)	Q4 2019

Note: For a list of all 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 or complementary content that may be of interest

1. **Achieving Employee Experience – a “How-to Guide” for Enterprises (part 1 of 3)** ([EGR-2019-24-R-3120](#)); 2019. Using a five-step approach to adopt, expand, and scale employee experience projects, this guidebook taps various frameworks, such as Employee Experience Model (EEM), to empower enterprises to conceptualize where they want to go with enterprise employee experience, what capabilities they need to develop to get there, and the ideal path for their journey. It also evaluates winning strategies for building employee experience capabilities and generating greater impact
2. **Workday-based Human Resource Business Process Services (HR BPS) – Market Report 2019** ([EGR-2019-24-R-3211](#)); 2019. This report examines the dynamics of the Workday-based HR BPS service provider landscape. It provides a deep-dive analysis of how the service providers shape up in terms of their market adoption and vision & capability. Based on the comprehensive Everest Group PEAK Matrix, 10 service providers are segmented into Leaders, Major Contenders, and Aspirants
3. **Multi-Country Payroll Outsourcing (MCP) – Service Provider Landscape with PEAK Matrix™ Assessment 2019** ([EGR-2019-24-R-3352](#)); 2019. This report examines the dynamics of the MCP Solutions provider landscape. It provides a deep dive analysis of how the providers shape up in terms of their market impact and vision & capability. Based on the comprehensive Everest Group PEAK Matrix, 15 MCP solutions providers are segmented into Leaders, Major Contenders, and Aspirants

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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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