



Multi-Process Human Resources Outsourcing (MPHRO) Annual Report 2020 – Preparing for a Digitally Enabled Decade

Human Resource Outsourcing (HRO)

Annual Report – January 2020: 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
▶ BPS Banking & Financial Services	▶ ITS Banking & Financial Services
▶ BPS Healthcare & Life Sciences	▶ ITS Healthcare
▶ BPS Insurance	▶ ITS Insurance
▶ Catalyst™	▶ IT Services Executive Insights™
▶ Cloud & Infrastructure	▶ ITS Life Sciences
▶ Customer Experience Management Services	▶ Locations Insider™
▶ Data & Analytics	▶ PricePoint™
▶ Digital Services	▶ Procurement
▶ Engineering Services	▶ Recruitment & Talent Acquisition
▶ Enterprise Platform Services	▶ Service Optimization Technologies
▶ Finance & Accounting	

Membership information

- This report is included in the following research program(s)
 - [Human Resource 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

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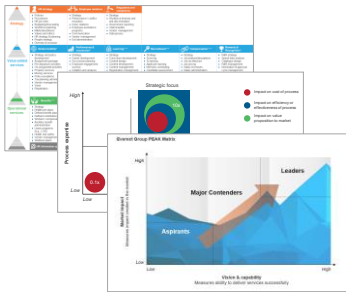
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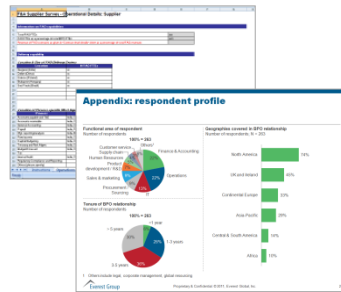
Our research methodology is based on four pillars of strength to produce actionable and insightful research for the industry

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

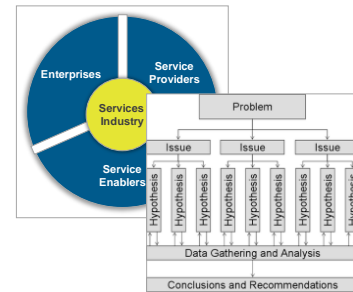
1 Robust definitions and frameworks
 HR pyramid, multi-process HRO definition, Total Value Equation (TVE), PEAK Matrix™, and market maturity



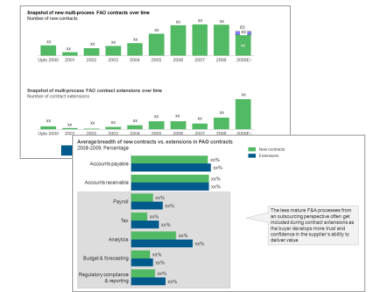
2 Primary sources of information
 Annual contractual and operational RFIs, service provider briefings and buyer interviews, and web-based surveys



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

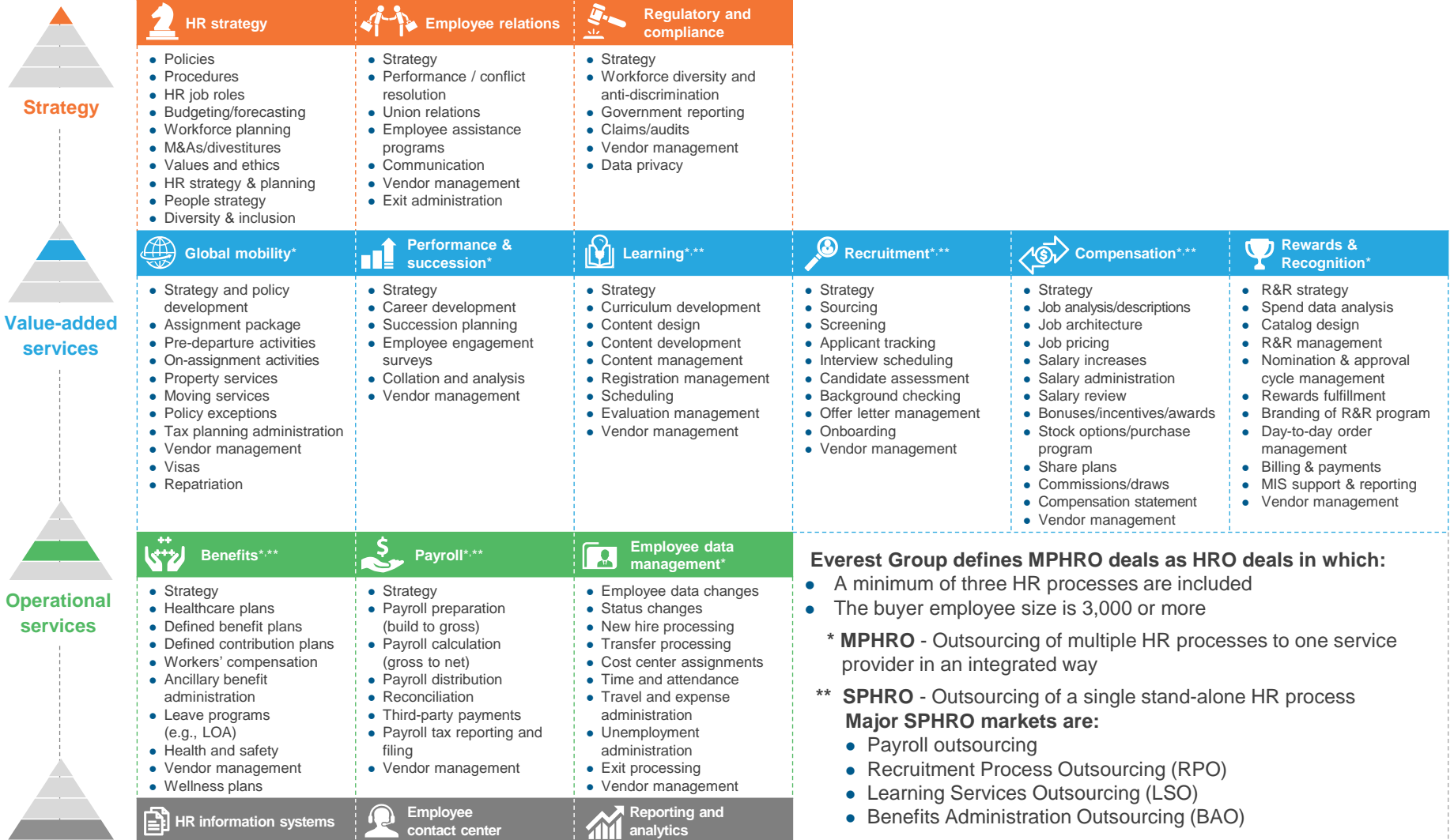


4 Fact-based research
 Data-driven analysis with expert perspectives, trend analysis across market adoption, contracting, and service providers



- Proprietary contractual database of 1,400+ MPHRO contracts (updated annually)
- Year-round tracking of 20+ 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

Everest Group HRO process map



This report is based on multiple sources of proprietary information

- Proprietary database of 1,400+ MPHRO contracts of 20+ HR service providers with workplace services in scope of work (updated annually)
- The database tracks the following elements of each contract:
 - Buyer details including size and signing region
 - Contract details including service provider, contract type, TCV & ACV, service provider FTEs, start & end dates, duration, and delivery locations
 - Scope details including share of individual buyer locations being served in each contract, Line of Business (LOB) served, and pricing model employed

- Proprietary database of IT service providers (updated annually)
- The database tracks the following for each service provider:
 - Revenue and number of FTEs
 - Number of clients
 - FTE split by different lines of business (LoBs)
 - Revenue split by region
 - Location and size of delivery centers
 - Technology solutions developed

- **Service provider briefings**
 - Vision and strategy
 - Annual performance and future outlook
 - Key strengths and improvement areas
 - 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, IBM, MHR, and Toutatis 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. 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

Background of the research

The key challenges faced by HR such as pressure to reduce operating costs, talent-related issues, and the need to improve employee experience have forced enterprises to rethink their demands and look for innovative solutions. Due to this, service providers are facing an enhanced set of demands from their buyers, who now expect them to evolve from administrators to strategic partners that can bring together or orchestrate the ecosystem. This has led to heavy investments by service providers in building a strong technological ecosystem either through partnerships or acquisition, as well as in expansion of service capabilities to support judgment-intensive decision-making. Providers are developing deep domain knowledge by upskilling existing talent or hiring skilled talent to offer elevated client and employee experience. With this as the backdrop, Everest Group conducted a study that analyzed 20 leading MPHRO service providers and evaluated the way their offerings are evolving with regard to the disruptive changes in the market.

In this research, the following components are included:

- Buyer objectives and service provider initiatives
- Market overview and adoption trends
- Solution characteristics
- Service provider landscape
- Outlook for 2021

Scope of this report includes:

- Geography: Global
- Services: MPHRO services – this includes only those deals that cover at least 3,000 buyer employees and have at least three HR processes in scope
- Proprietary data collected from 14 MPHRO service providers and data from Everest Group's proprietary Transaction Intelligence (TI) database, ongoing coverage, the service providers' public disclosures, and interaction with buyers

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

This report provides a comprehensive coverage of the 2019 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:

Buyer objectives and service provider initiatives

- The evolving buyer objectives are indicative of the urgency to access digital solutions, which will significantly subdue the challenges faced during HR operations
- To remain competent in the market, providers need to offer next-generation HR operating model to enterprises and thus have to invest in crucial areas that will benefit their technology ecosystem and help in widening their service capability

Market overview & adoption trends

- The MPHRO market registered a healthy growth rate of ~5% between 2017-2019 and is expected to remain steady at 5-8% in the next two to three years
- The new deals signed largely constitute mid-market in North America and geographies such as Asia Pacific and Latin America
- North America continues to dominate as the primary decision-making location; however, its share is slowly being acquired by other geographies

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 are looking for opportunities to undergo end-to-end transformation of their HR processes rather than focusing on transactional processes in isolation
- Third-party SaaS-based MPHRO deals continued to witness a robust upward trajectory; few providers have jumped onto the SaaS bandwagon to capitalize on this growth

Service provider landscape

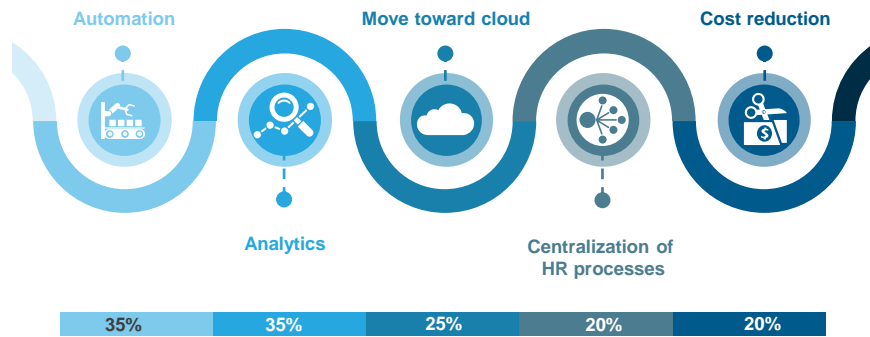
- While ADP dominates the mid-market in terms of MPHRO deals, Accenture has established itself as a prominent player in the large market
- Amongst the top four industry segments in MPHRO, ADP has a significant presence; TCS leads in the retail industry segment
- Market leaders witnessed strong traction from the more mature markets; in emerging markets local players feature more prominently

Outlook for 2021

- With enterprises looking for short-term cost reductions such as judicious use of cash, working capital, and capex, decision of outsourcing of enterprise functions may take a backseat
- Service providers will be forced to develop priced competitiveness along with innovative offerings to counter the potential impending recessionary wave
- The volatility in pricing will be driven by decrease in price due to increasing technological sophistication and best practices adopted by service providers in order to overcome demand for reduced pricing

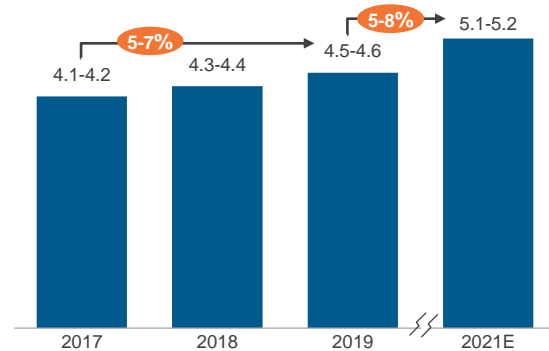
This study offers four distinct chapters providing a deep dive into key aspects of the MPHRO market; below are four charts to illustrate the depth of the report

Key buyer objectives



MPHRO market growth

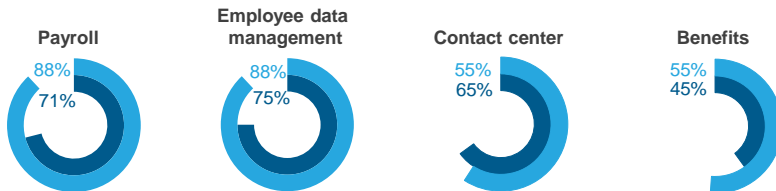
Global MPHRO market over time
US\$ billion



Process scope

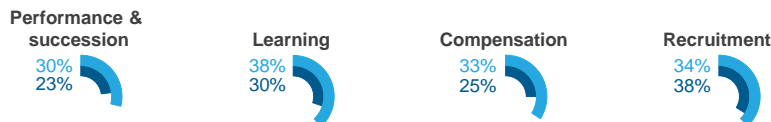
Transaction-intensive processes

Frequency of inclusion; Percentage of new deals



Talent management processes

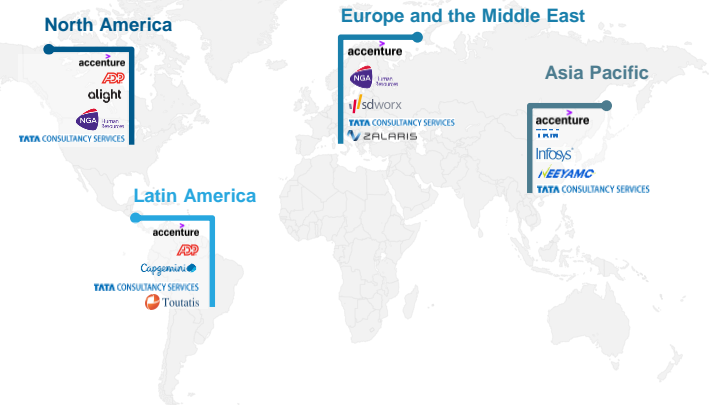
Frequency of inclusion; Percentage of new deals



Key service providers across geographies

Top players by signing regions

Number of active deals; 2019 (in alphabetical order within a geography)



Research calendar – Human Resources Outsourcing (HRO)

Published
 Planned
 Current release

Flagship HRO reports

Release date

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
Multi-Process Human Resources Outsourcing (MPHRO) Services PEAK Matrix™ Assessment with Service Provider Landscape 2020	December 2019
Multi-Process Human Resources Outsourcing (MPHRO) Annual Report 2020	January 2020
Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Profile Compendium 2020	Q1 2020

Thematic HRO reports

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
Start-ups Redefining Employee Experience – Trailblazers (part 3 of 3)	November 2019
Learning Function of the Future	December 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 or complementary content that may be of interest

1. **Multi-Process Human Resources Outsourcing (MPHRO) Services PEAK Matrix™ Assessment with Service Provider Landscape 2020** ([EGR-2019-24-R-3453](#)); 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. The report highlights the key areas where Leaders have been able to prevail over the other service providers. It also includes remarks on service providers, highlighting their key strengths and development areas
2. **“Employee Experience Suites – The Catalysts Driving Superior Employee Experience” (part 2 of 3)** ([EGR-2019-24-V-3206](#)); 2019. This report introduces employee experience suites, which are add-on technology solutions that are holistic in nature and focused on solving employee experience-related issues. The report highlights some of the potential areas where enterprises can leverage these experience suites. Additionally, this viewpoint tries to understand how the experience suites fit into the overall HR technology framework of an enterprise. It also breaks down these suites into various categories and highlights their characteristics and some of the vendors active in this space
3. **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

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