

Multi-process Human Resources Outsourcing (MPHRO) State of the Market Report 2022 – Entwining Employee Experience and MPHRO in the New Normal

September 2022: Complimentary Abstract / Table of Contents



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Background and scope of the research

The global Multi-process HRO (MPHRO) market experienced a resurgence in growth in 2021. The market has recovered from the short-term disruption and is highly likely to experience growth in the future because of the increased push toward large digital transformation initiatives being undertaken by enterprises, the need for supporting hybrid working models in the new normal, and the focus on the overall experience. These drivers are in addition to the traditional outsourcing drivers including the need for cost takeout, managing transaction volume management, and bringing in domain expertise.

Due to the ongoing talent shortage, there is a push to develop skills and have a future-ready workforce. Buyers are looking for more end-to-end HR outsourcing deals, that include talent acquisition and development, keeping employee experience at the core. Buyers are also looking to adopt financial wellness solutions and to have a more local experience for payroll and regulatory compliance, thus driving market growth. Apart from high demand for HR services from the traditional markets of North America and Europe, the emerging Asia Pacific (APAC) and Latin American (LATAM) geographies continue to exhibit strong growth. The service providers, along with continued investments in bringing next-generation technologies, automation, and analytics, have also invested in adding an experience layer to their products and strive to provide a seamless and integrated experience to their users. They have also focused on partnering with their clients and helping them throughout their HR transformation journeys, right from designing the solution to implementing it, to adding business value.

In this research, we present key trends in the MPHRO market. The report components include an analysis of the following:

- Key demand trends
- Solution characteristics
- Service provider landscape
- Outlook for 2022

Scope of this report



Geography
Global



Industry

This research covers the following 19 HRO service providers with multi-process capability: Accenture, ADP, Alight Solutions, Ascent HR, Capgemini, Capita, CGI, Conduent, IBM, Infosys, MHR, Neeiamo, OneSource Virtual, SD Worx, Sopra HR, TCS, Wipro, WNS, and Zalaris



Services

Multi-process Human Resources Outsourcing (MPHRO) services

Overview and abbreviated summary of key messages

This report examines the global MPHRO market in detail. It focuses on service provider position and growth in the HRO market, changing market dynamics and emerging service provider trends, assessment of service provider delivery capabilities, and overall competitive 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

- MPHRO market was valued at ~US\$ 5.4 billion in 2021; Increased focus on experience, reskilling, and digital transformation along with complex compliance and cost takeout will drive the market to ~US\$ 7.5 billion by 2026
- The number of new deals increased substantially particularly due to increased activity in the small-size segment
- North America and EMEA dominate the HRO markets as >70% of the new deals emerge from the signing regions; increased activities in APAC and LATAM are observed
- Share of deals in the retail sector bounced back; Manufacturing, hi-tech and IT, and healthcare are other industries having a sizable number of new deals

Solution characteristics

- There has been a marked increase in the inclusion of more processes in the MPHRO deal as buyers seek end-to-end solutions. Digital HR services have experienced more demand owing to ongoing digital efforts by clients
- The market experiences an increase in the inclusion of third-party SaaS in the new MPHRO deals as buyers move to cloud-based solutions as a part of going digital
- Though output-based pricing is the most popular model, input-based pricing has come neck and neck in the adoption race

Service provider landscape

- The top five providers contributed ~45% of the market share in terms of ACV – Alight Solutions and Accenture lead the market followed by ADP, IBM, and TCS
- Accenture, ADP, and TCS are among the leading providers in all the geographies
- Accenture, ADP, Alight Solutions, and TCS have a significant presence across all the top four industry segments for MPHRO; IBM and SD Worx emerge as some of the major providers in most of the four industries

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

Influence of the new normal on MPHRO

Shift to cloud-based architecture enterprises have made pre-emptive shifts to cloud-based architecture and embedded digital technology for a smoother transition to a hybrid working model. WAHA and hybrid working models are one of the key factors why organizations are increasing their digital transformation initiatives. At the same time, they are seeking better ways to remotely monitor the employees with access to robust security and compliance to minimize work disruption.

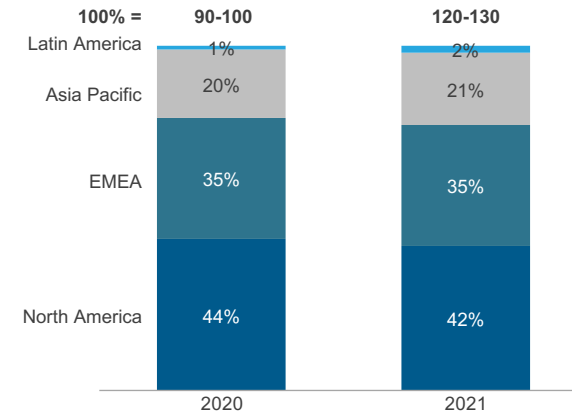
Structured and personalized onboarding the advent of the hybrid working model has created a need for a structured onboarding process including personalization, increased one-on-one time, and buddy or networking interactions to help employees build stronger engagements.

Focus on digital fluency with changing expectations and flexible channels of engagement, enterprises are working on making the workforce digitally fluent and adaptable to continuously changing technology. This is also vital for the success of enterprise talent strategy and organizational resiliency as digital fluency is one of the sought-after futuristic skills.



Market overview

New deals by signing region
Number of new deals



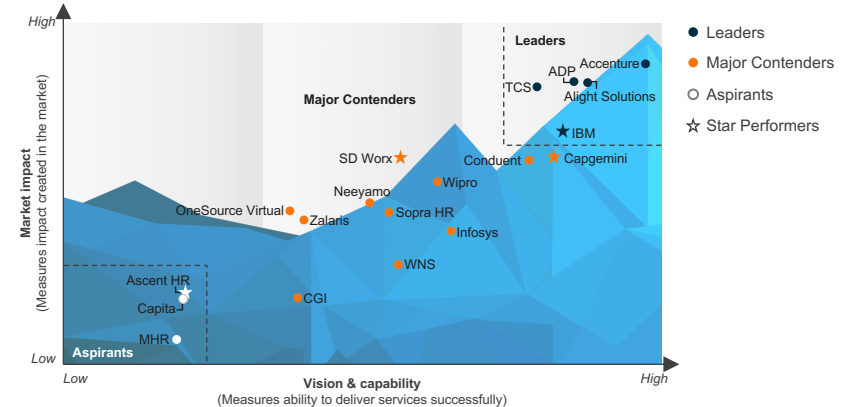
Solution trends

↑ High ↔ Constant

Pricing structures	Current adoption	Description	Adoption trend
Input-based	51%	FTE-based pricing – based on service provider's FTEs utilized to offer services. The pricing is typically based on the skill, experience, and location of service provider FTEs	↑
Output-based	56%	Transaction-based pricing – based on the volume of the output generated/managed. For example, price per employee served per month and price per-hire	↑
Outcome-based	13%	Business outcome-based pricing – based on the outcome achieved by the service provider's contribution. Also known as gainsharing. For example, fees based on the cost savings achieved	↔

Service provider landscape

Everest Group Multi-Process Human Resources Outsourcing (MPHRO) Services PEAK Matrix® Assessment 2022¹



Research calendar

Human Resources Outsourcing (HRO)

■ Published
 ■ Planned
 ■ Current release

Reports title	Release date
Multi-Process Human Resources Outsourcing (MPHRO) Services PEAK Matrix® Assessment 2022	March 2022
Navigating Change with Technology for Better Rol	May 2022
Learning Experience Platforms (LXPs)	June 2022
360-degree Digital Adoption	June 2022
The Payroll Transformation Journey	June 2022
Employee Experience Management (EXM) Platforms – Technology Vendor Compendium 2022	June 2022
Multi-process Human Resources Outsourcing (MPHRO) Services – Service Provider Compendium 2022	June 2022
Digital Adoption Platform (DAP) Products PEAK Matrix® Assessment with Technology Vendor Landscape 2022	September 2022
Earned Wage Access and Financial Wellness Solutions (EWA & FWS) in the US – Products PEAK Matrix® Assessment 2022	September 2022
Multi-Country Payroll (MCP) Solutions PEAK Matrix® Assessment with Service Provider Landscape 2022	September 2022
Employer of Record (EOR) – Solutions Provider Landscape with PEAK Matrix® Assessment 2022	September 2022
Multi-process Human Resources Outsourcing (MPHRO) State of the Market Report 2022 – Entwining Employee Experience and MPHRO in the New Normal	September 2022
Employee Experience Management (EXM) State of the Market Report 2022	Q4 2022
Multi-Country Payroll Solutions (MCPS) – Solutions Provider Compendium 2022	Q4 2022
Employer of Record (EOR) – Solutions Provider Compendium 2022	Q4 2022

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