

Fluid Payroll: Multi-country Payroll (MCP) Solutions State of the Market Report 2023

December 2022: Complimentary Abstract / Table of Contents



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Background of the research

Enterprises with global operations have recognized the need to make the payroll function future-ready, resilient, and standardized. They are striving to do so with the help of next-generation technology elements to deal with the increasing complexity of compliance, workforce transformation, and macroeconomic shifts brought about by COVID-19 and the Great Resignation. One way to achieve this goal is to explore consolidating payroll operations regionally or globally to reduce risks and overheads. As a result, enterprises have turned to MCP providers with a presence in multiple regions for assistance.

In addition, due to global talent scarcity, enterprises have found it difficult to find the right talent to run payroll operations entirely in-house. They have also realized that payroll continues to be the single source of truth for employee data and can significantly help executives shape the enterprise's people strategies. Thus, enterprises are now looking for providers who can assist them in remaining compliant and providing actionable data on their workforce.

In this research, we analyze the MCP solutions market and understand the key growth drivers, buyer adoption trends, and investments made by providers. The analysis is based on Everest Group's annual RFI process for the calendar year 2021 (refer report Multi-country Payroll (MCP) Solutions PEAK Matrix® Assessment 2022 for detailed assessment of providers), interactions with leading MCP solutions providers, client reference checks, and ongoing analysis of the MCP market.

This report analyzes and draws insights from active MCP deals in 2021 and H12022 across geographies and industries including:

- Evolution of the MCP solutions market: market size, growth, expected growth, deal trends across geographies, etc.
- Investment themes
- MCP solution characteristics
- MCP solution provider landscape

Scope of this report



Geography
Global



Providers
24



Services
Multi-country payroll

Overview and abbreviated summary of key messages

In this research, we analyze the MCP solution market and understand the key growth drivers, buyer adoption trends, and investments made by providers. The analysis is based on Everest Group's annual RFI process for the calendar year 2022, interactions with leading MCP solutions providers, client reference checks, and ongoing analysis of the MCP market.

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

Current state of MCP solutions market

- The combination of macroeconomic causes and pandemic consequences has resulted in changes in work, the workplace, and the workforce, which has accelerated the need for enterprises to redesign their processes including payroll
- The current payroll solution ecosystem has three major components that include payroll technology and payroll-managed services, supported by next-generation technology levers such as AI, RPA, and NLP

Key investment themes

- MCP providers are investing to improve their technological capabilities to offer enhanced customer experience and differentiate themselves in the market
- Providers have expanded their MCP portfolio to include financial wellness, Earned Wage Access (EWA), and Employer of Record (EOR) services to increase their wallet share and cater to emerging enterprise needs

Market overview

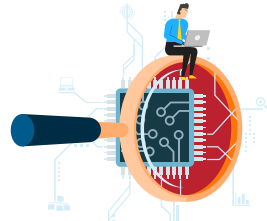
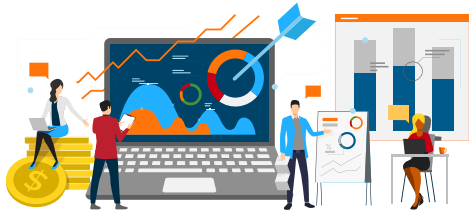
- The MCP solutions market outgrew its previous growth rate to reach 13-15% and the market is expected to grow further
- The number of active deals grew at a faster rate in 2021 as compared to 2020. The higher growth rate of active deal count compared to the market growth rate indicates that the ACV per deal has decreased

Solution characteristic

- Small and mid-sized enterprises are on the lookout to initiate their payroll outsourcing journey with fewer countries in the beginning and later expand based on provider performance and own expansion priorities
- Providers are increasingly using hybrid integrated solutions to balance cost-effectiveness, uniformity of experience, and aggregator dependency

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

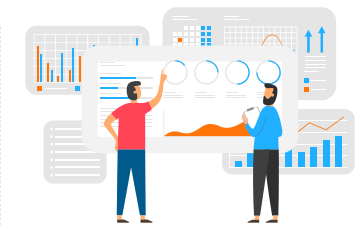
Components of MCP solutions



Payroll technology	Payroll-managed services
Gross-to-net engine	In-country compliance experts
Payroll calendar and reporting	Payroll service desk
Employee self-service portal	Payroll operators

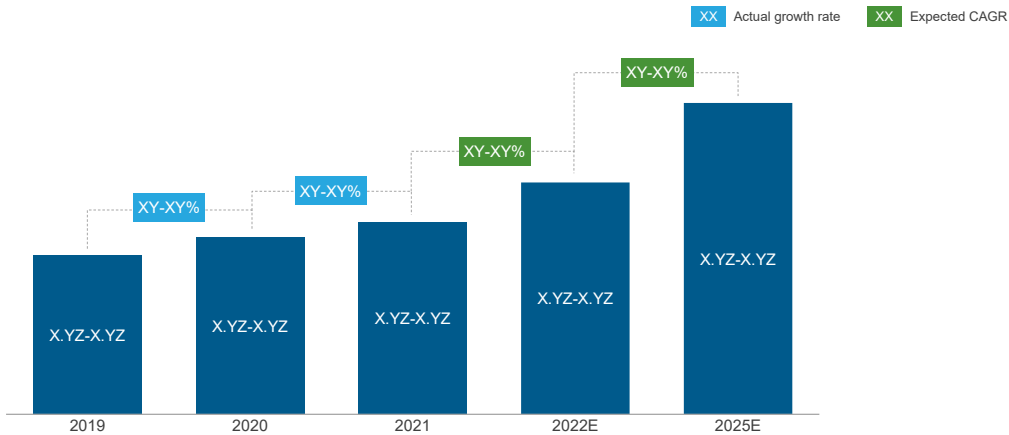
Other technology levers
AI
NLP
RPA
Analytics

Key investment themes: Analytics



Prescriptive analytics	Predictive analytics	Benchmarking
Prescriptive analytics blends the historical capabilities of descriptive and static models with a prospective outlook. Payroll managers and administrators can obtain insights into not only what will happen next, but also what they should do next to make payroll efficient and ensure cost control.	Analyzing payroll performance enables enterprises to develop more precise forecasts and assists in managing budgets and cash flow. The payroll data can provide global insights into employee costs and headcount. It can also be used to predict the cost of hiring new employees vs. improving the retention rate.	MCP providers are offering operational benchmarks that can be utilized by payroll managers to compare key metrics, such as payroll accuracy and timeliness, with peers. Some providers are also offering DEI and compensation benchmarks that can help in improving pay equity across genders and nationalities.

Market size and growth



MCP solution characteristics



Research calendar

Human Resources Outsourcing

■ Published
 ■ Planned
 ■ Current release

Reports title	Release date
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
Employer of Record (EOR) Solutions PEAK Matrix® Assessment 2022	September 2022
Multi-Country Payroll (MCP) Solutions PEAK Matrix® Assessment 2022	September 2022
Digital Adoption Platform (DAP) – Technology Vendor Profile Compendium 2023	October 2022
Employee Experience Management (EXM) State of the Market Report 2023	October 2022
Multi-country Payroll (MCP) Solutions – Service Provider Compendium 2023	November 2022
Employer of Record (EOR) – Solution Provider Compendium 2023	November 2022
Learning Experience Platforms (LXP) – Technology vendor Profile Compendium 2023	November 2022
Earned Wage Access and Financial Wellness Solutions (EWA & FWS) in the US – Products Provider Compendium 2023	November 2022
Earned Wage Access and Financial Wellness Solutions (EWA & FWS) in the US State of the Market Report 2023	November 2022
Digital Adoption Platform (DAP) – State of the Market Report 2023	November 2022
Fluid Payroll: Multi-country Payroll (MCP) Solutions State of the Market Report 2023	December 2022
Unlocking the Full Potential of Users Through Userization and DAPs	Q1 2023
Rewards and Recognition (R&R) Solutions PEAK Matrix® Assessment with Service Provider Landscape 2023	Q1 2023

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