



# **Human Resources Outsourcing (HRO) Market Update: May 2008 – Preview Deck**

**Topic: Pan-European HRO Market**

## **Background of the research**

The multi-process global HRO market is dominated by North America with around 70% of the deals originating there. However, despite some unique challenges in Europe, the European HRO market is seeing increased activities in recent times. In fact, in the last two years, its share of the global HRO market increased significantly. Moreover, post 2005, a majority of global transactions originated in Europe.

In this research study, we analyze the European HRO market across various dimensions that include:

- Market overview and trends
- Key market segments
- Transaction characteristics
- Supplier landscape and delivery capabilities

## **The scope and methodology of this report includes:**

- Third-party HRO deals; it does not include shared services or captives
- Multi-process HRO deals with a minimum of three HR processes and servicing more than 3,000 employees
- All multi-process HRO deals signed as of December 2007
- Focused interviews with key HRO suppliers in Europe

Topic	Page no.
■ <b>Background and scope</b> .....	<b>04</b>
■ <b>Summary of key messages</b> .....	<b>05</b>
● Market overview and trends .....	05
● Market segments .....	05
● Transaction characteristics .....	06
● Supplier landscape and delivery capabilities .....	07
■ <b>Section I: Market overview and trends</b> .....	<b>08</b>
● Summary .....	09
● Market size and growth .....	10
● Unique considerations in the European market .....	15
■ <b>Section II: Market segments</b> .....	<b>21</b>
● Summary .....	22
● Market segments by geography .....	23
– UK & Ireland .....	24
– Western Europe .....	27
– Central & Eastern Europe .....	28
● Market segments by employees .....	30
● Penetration and potential .....	32
■ <b>Section III: Transaction characteristics</b> .....	<b>33</b>
● Summary .....	34
● Geographic scope .....	36

■ <b>Section III: Transaction characteristics (continued)</b>	
● Process breadth .....	38
● Process scope .....	39
● Technology .....	42
● Transaction size .....	44
● Pricing .....	45
● Industry .....	46
● Offshore adoption .....	48
■ <b>Section IV: Supplier landscape and delivery capabilities</b> .....	<b>49</b>
● Summary .....	50
● Supplier landscape .....	51
● Supplier market share and growth .....	53
● Assessment methodology .....	57
● Capability-market-share matrix .....	58
● Overall delivery capability assessment .....	59
■ <b>Section V: Implication for buyers and suppliers</b> .....	<b>61</b>
● Implication for buyers .....	62
● Implication for suppliers .....	63
■ <b>Section VI: Appendix</b> .....	<b>64</b>
● Map of Europe and countries covered under each key region .....	65
● Glossary of terms .....	66
● References .....	70

# Overview and abbreviated summary of key messages

(page 1 of 2)



The European market has seen increased HRO adoption over the past couple of years. The changing dynamics in this market have led to increased demand, along with entrance of new “payroll-led” and “offshore-led” multi-process HRO suppliers. This report provides a comprehensive coverage of the Pan-European HRO market including detailed analyses on market size and trends, market segments, transaction characteristics, and supplier landscape and delivery capabilities.

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

### Market overview and trends

- While the slowdown in the global HRO market impacted deal signing in Europe in 2007, its share of global HRO market increased significantly post 2005
- Europe presents unique challenges; however, both buyers and suppliers are taking steps to address them

### Market segments

- The European market can be divided into three key regions based on their inherent characteristics that impact HRO adoption: UK and Ireland, Western Europe, and Central and Eastern Europe
- The >15K employees segment has seen most activity in Europe to date. Post 2005, the 3K-15K employees segment’s share increased from 7% to 18%, in terms of TCV

# Overview and abbreviated summary of key messages

(page 2 of 2)

## Transaction characteristics

- Compared to North America, a fewer number of European HRO deals include core HRIS transformation and outsourcing
- The manufacturing and government /public sectors are the dominant verticals in the European HRO market, with their share climbing rapidly post 2005

## Supplier landscape and delivery capabilities

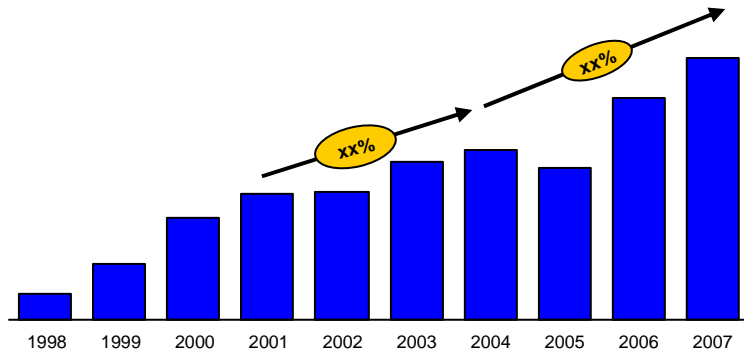
- There are a number of suppliers in the European HRO market; some focusing on the UK market only while some have a pan-European focus
- Accenture and ExcellerateHRO are the current market leaders. However, several suppliers are emerging as major contenders

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

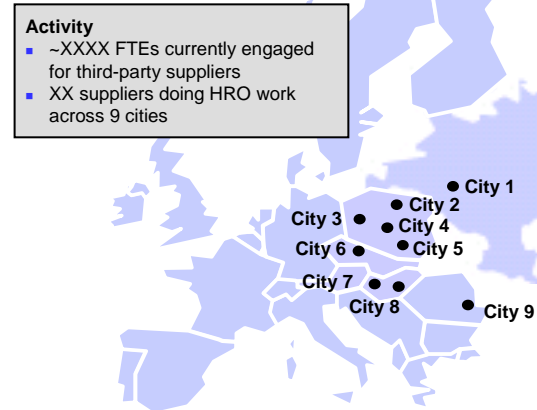


**ILLUSTRATIVE**

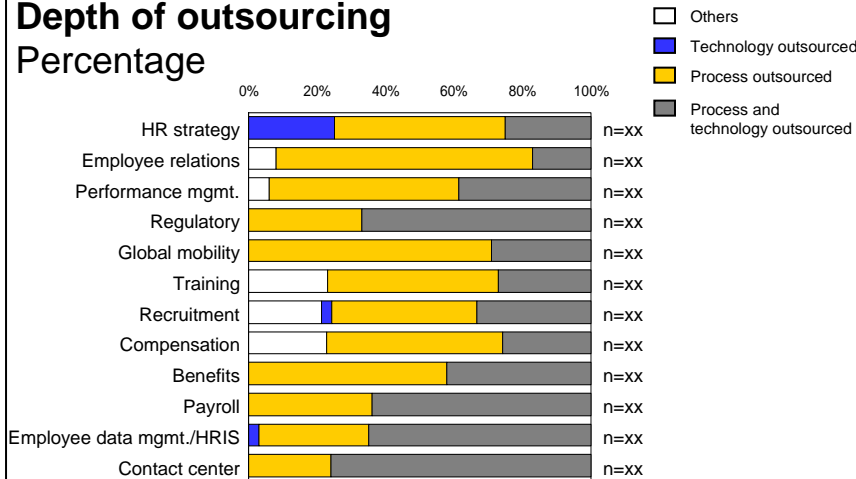
### ACV of European HRO transactions 1998-2007; US\$ million



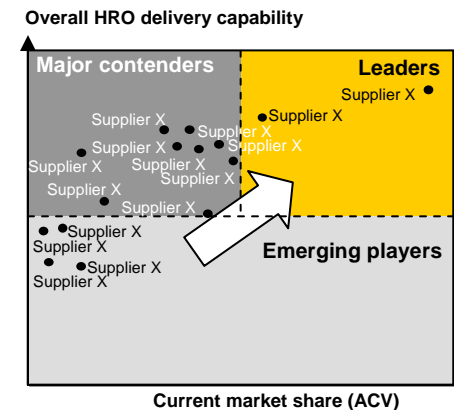
### Supplier centers and activities in Central and Eastern Europe



### Depth of outsourcing Percentage



### Supplier positioning on capability-market-share matrix



Source: Everest Research Institute (2008)

# Additional XXX research recommendations



The following documents are recommended for additional insight on the topic covered in this Research Report. The recommended documents either provide additional details on the topic or complementary content which may be of interest

1. **Geographic Trends in HRO Adoption** (ERI-2007-3-R-0166); 2007. This research examines the variation in the adoption of HRO across three key geographies: North America, Europe, and Asia Pacific; and conducts a deep-dive in each of these geographies to analyze HRO market size and growth, factors influencing adoption, key buyer segments, transaction characteristics, and supplier landscape
2. **HRO Annual Report 2007** (ERI-2006-3-R-0220); 2007. This report provides comprehensive coverage of the global 2007 HRO market including detailed analyses on market size, buyer adoption, and transaction characteristics with an overview of supplier landscape. It also summarizes the key insights and implications for the stakeholders
3. **Global HRO Supplier Landscape** (ERI-2007-3-R-0221); This research analyzes global 2007 HRO supplier landscape, investigates the emerging supplier trends, and assesses supplier delivery capability across scale, scope, technology, and delivery footprint. The report also profiles key HRO suppliers

For more information on this and other research published by the Everest Research Institute, please contact us:

**Monica Barron**, Vice President:

[mbarron@everestgrp.com](mailto:mbarron@everestgrp.com)

**Rajesh Ranjan**, Research Director:

[rranjan@everestgrp.com](mailto:rranjan@everestgrp.com)

**Sudhanshu Saxena**, Research Analyst:

[ssaxena@everestgrp.com](mailto:ssaxena@everestgrp.com)

**HRO Team:**

[HRResearch@everestgrp.com](mailto:HRResearch@everestgrp.com)

**Everest Research Institute**

Two Galleria Tower

13455 Noel Road, Suite 2100

Dallas, TX 75240

Phone: +1-214-451-3110

Email: [info@everestresearchinstitute.com](mailto:info@everestresearchinstitute.com)



# Get the answers today that lead to tomorrow's success



Everest Research Institute has the resources, experience, and capabilities to provide companies with the strategic intelligence, analysis, and insight that are crucial to making the right decisions in today's outsourcing marketplace.

With the vision of our leadership team, the personal commitment, and indeed, the passion of our professionals to deliver real value to our clients, our organization is unsurpassed in its ability to guide your company's future success.

## **Everest Research Institute**

Two Galleria Tower  
13455 Noel Road, Suite 2100  
Dallas, TX 75240  
U.S.A.  
+1-214-451-3110  
[www.everestresearchinstitute.com](http://www.everestresearchinstitute.com)  
[info@everestresearchinstitute.com](mailto:info@everestresearchinstitute.com)

## **Everest Group**

150 E., 52<sup>nd</sup> Street, 16<sup>th</sup> Floor  
New York, NY 10022  
U.S.A.  
+1-646-805-4000

## **Everest Canada**

The Exchange Tower  
130 King Street West, Suite 1800  
Toronto, ON  
Canada M5X 1E3  
+1-416-865-2033



## **Everest UK**

1<sup>st</sup> Floor, Accurist House  
44 Baker Street  
London, W1U 7AL  
United Kingdom  
+44-870-770-0270



## **Everest Netherlands & Continental Europe**

Atrium Building 3<sup>rd</sup> Floor  
Strawinskylaan 3051  
1007 ZX Amsterdam  
+31-20-301-2138

## **Everest India**

Ground Floor, Tower A  
Unitech Business Park  
South City - I, Gurgaon  
National Capital Region  
India 122001  
+91-124-304-1000

## **Everest Australasia**

Level 6, 90 Mount Street  
North Sydney, NSW 2060  
Australia  
+61-3-9833-1018

## **Everest Australia**

409a Wattletree Road  
East Malvern  
Melbourne, VIC 3145  
Australia  
+61-3-9509-3933