



**Human Resource Outsourcing (HRO)
Market Update: January 2009 – Preview Deck**

Topic: Global HRO Supplier Landscape

Background of the research

The multi-process global HRO market slowed down considerably in 2008, although in terms of ACV the market continues to grow, albeit at a decelerated rate. The number of active suppliers in the market, however, continues to increase with new suppliers entering the market to tap emerging opportunities created by some significant shifts in buyer adoption

In this research study, we analyze the global HRO supplier landscape and its impact on the HRO market. We focus on:

- Market and supplier overview
- Changing supplier dynamics and trends
- Assessment of supplier delivery capabilities

The scope and methodology of this report includes:

- Third-party HRO deals; it does not include shared services or captives
- All multi-process HRO deals as of July 31, 2008 with a minimum of three HR functions and servicing more than 3,000 employees
- Global focus: North America, Europe, Asia Pacific, and Latin America
- All industries
- Suppliers that have signed at least one multi-process HRO deal
- Focused interview with suppliers and buyers



Topic	Page no.
Section I: Summary of key messages	5
■ Market and supplier overview	5
■ Changing supplier dynamics and trends	5
■ Supplier delivery capability	6
Section II: Market and supplier overview	7
■ Summary	8
■ Market size and growth	9
■ Shifts in buyer adoption tend	10
■ Evolving supplier landscape	12
■ Supplier market share and growth	15
Section III: Changing supplier dynamics and trends	17
■ Summary	18
■ Key areas of differentiation	20
● Buyer segment focus	21
– Employee size	21
– Geography	24
– Industry	27
● Technology	28
● Deal scope preference	31
● Delivery partnerships	33
● Global sourcing	34



Topic	Page no.
Section IV: Supplier delivery capability	36
■ Summary	37
■ Assessment methodology	38
■ Capability-market share matrix	39
■ Overall delivery capability assessment	40
● Ratings by scale	43
● Ratings by scope	44
● Ratings by technology capability	45
● Ratings by delivery footprint	46
Section V: Implications for buyers and suppliers	47
■ Implications for buyers	48
■ Implications for suppliers	50
Appendix	52
■ Glossary of key terms	53
■ References	56

Overview and abbreviated summary of key messages



This report examines the changing dynamics of the global HRO supplier landscape and its impact on the HRO market. It gives an overview of the market and the suppliers, analyzes the changing supplier dynamics, and provides an assessment of supplier delivery capabilities. It also identifies the key implications of the research findings for buyers and suppliers

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

Market and supplier overview

- The multi-process HRO landscape continues to evolve and currently has 15+ HRO suppliers
- ADP, Accenture, Ceridian, and NorthgateArinso have gained share in terms of new deals in the last two and one-half years

Changing supplier dynamics and trends

- Suppliers are re-aligning their strategies to target the mid-market (3K – 15K employees segment) as well as the large market (>15K employees segment) but through separate offerings
- Supplier strategy for new multi-process HRO deals varies by preferred geographic and process scope, and HRO delivery model supported. Most suppliers have an offering for select processes in the single process market

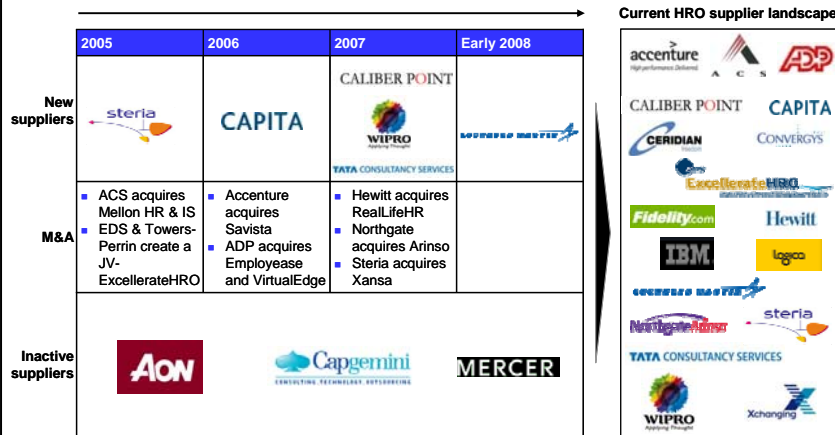
Supplier delivery capability

- Accenture, ADP, Hewitt, and IBM are the current leaders in the global HRO market. However, several suppliers are emerging as major contenders
- Our assessment shows clear differences among suppliers on an overall HRO delivery capability across scale, scope, technology capability, and geographic delivery footprint

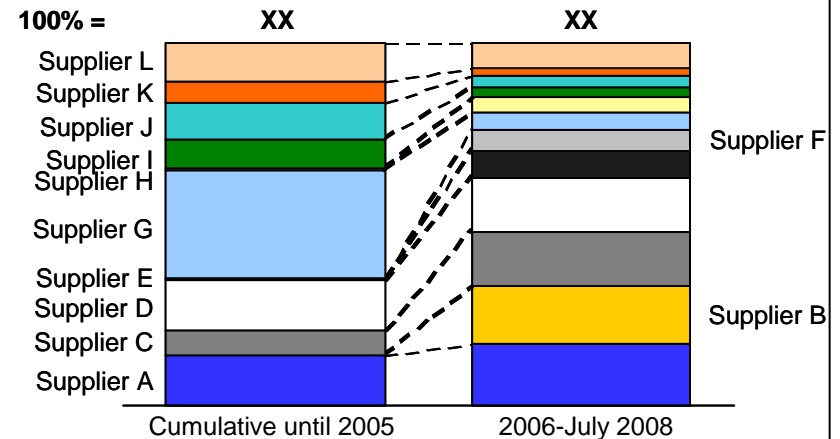
This study offers three distinct chapters providing a deep dive into key aspects of the global HRO market; below are four charts to illustrate the depth of the report

ILLUSTRATIVE

Evolving multi-process HRO supplier landscape



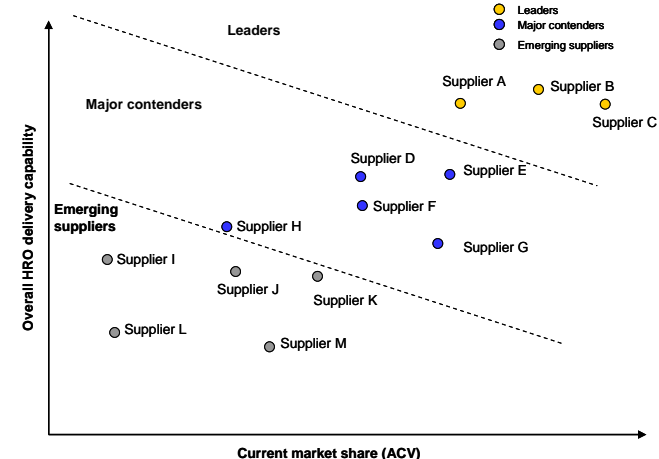
Supplier share distribution in the large market



Preferred technology platform of suppliers

Supplier	Proprietary	ERP platform			Technology strategy
		SAP	Oracle	PeopleSoft	
Supplier A	✓				<ul style="list-style-type: none"> Strategy: XXX Delivery mode option(s): XXX
Supplier B	✓				<ul style="list-style-type: none"> Strategy: XXX Delivery mode option(s): XXX
Supplier C				✓	<ul style="list-style-type: none"> Strategy: XXX Delivery mode option(s): XXX
Supplier D	✓				<ul style="list-style-type: none"> Strategy: XXX Delivery mode option(s): XXX
Supplier E	✓				<ul style="list-style-type: none"> Strategy: XXX Delivery mode option(s): XXX
Supplier F	✓				<ul style="list-style-type: none"> Strategy: XXX Delivery mode option(s): XXX

Supplier positioning on the capability-market-share matrix



Source: Everest Research Institute (2009)

Additional HRO 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. **Global HRO Supplier Landscape** (ERI-2007-3-R-0221); 2007. 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
2. **Learning Services Outsourcing (LSO) – Accelerating the Learning Curve** (ERI-2008-3-R-0276); 2008. This report analyzes the LSO market and provides insights, detailed analyses, case studies, and implications for stakeholders along four key dimensions: market overview and key business drivers, buyer adoption, transaction characteristics, and supplier landscape
3. **HRO Annual Report 2008** (ERI-2008-3-R-0308a); 2008. This report examines the global 2008 HRO market and provides insights, detailed analyses and implications for stakeholders along three key dimensions: market size and buyer adoption; transaction characteristics and value proposition; and supplier landscape. Each dimension is discussed in detail (and illustrated with supporting data and analysis) to provide the reader information in easy-to-apply, bite-size pieces
4. **Global HRO supplier Landscape – Supplier Profile Compendium** (ERI-2009-3-R-0316); 2009. The compendium provides an accurate, comprehensive, fact-based snapshots of 17 suppliers in the multi-process HRO market. Further, it also provides insights into the HRO supplier landscape and identifies key implications for buyers and 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

Rajesh Ranjan, Research Director:

rranjan@everestgrp.com

Sudhanshu Saxena, Research Analyst:

ssaxena@everestgrp.com

HRO Team:

HROresearch@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

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
info@everestresearchinstitute.com

Everest Group

150 E., 52nd Street, 16th 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

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

Everest Netherlands & Continental Europe

Atrium Building 3rd Floor
Strawinskylaan 3051
1007 ZX Amsterdam
Netherlands
+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

