



RESEARCH INSTITUTE

## Mid-Market Buyers Will Lead HR Outsourcing Adoption, Says Everest

### Growing Supplier Base Targeting Companies with 3-15k Employees

#### Press release

**DALLAS August 6, 2008** – An increasing number of mid-market companies are leveraging the benefits of Human Resources Outsourcing (HRO) and will likely adopt HRO at a higher rate than larger corporations in a few years, says the [Everest Research Institute](#). Companies with 3,000-15,000 employees are adopting HRO due to the allure of a growing supplier base that continues to bring forward focused offerings that support cost reductions, access to up-to-date technology and standardized processes according to [Gathering Momentum: Mid-market HRO](#), a new study by the Institute. The study includes a market overview, transaction characteristics, changing marketing dynamics and implications for buyers and suppliers.

“For a long time, HRO suppliers were mostly focused on larger companies with 15,000 employees or more, and serving these companies involves more complexity, more customization requirements and much longer implementation timeframes than the mid-market would require,” said [Monica Barron](#), Vice President, HRO Research. “To take advantage of the barely penetrated mid-level market, suppliers have developed profitable offerings by leveraging economies of scale and standardized solutions. This is why we’re seeing a significant increase in HRO suppliers – including offshore suppliers – and offerings focused on the mid-market buyer. And this, in turn, is really good for the buyer because they now have more suppliers and offerings from which to choose. The issue now becomes how to choose wisely.”

The mid-market segment currently comprises 51 percent of HR outsourcing activity but only 16 percent of the total market in terms of annual contract value, according to the Institute; however, in terms of market activity, Barron believes that the mid-market will grow at a faster rate than the large market in coming years. In terms of annualized revenues, the global HRO market is growing at a decelerated rate and reached US\$2.8 billion in 2007.

Transaction-intensive and regulatory processes are more frequently outsourced by mid-level companies, said Barron. Since 2005, there has been a considerable increase in outsourced talent management services, primarily in the areas of data administration and technology in support of training, recruitment and compensation.

According to the Institute, HRO offshore work for the mid-market segments is expected to rise due to significant operational savings when spread across an increasing number of clients, new suppliers entering the market that have strong offshore presence, and factors that are creating greater operational ease to transition work offshore.

For more information about the Institute’s outsourcing services, please visit the [www.everestresearchinstitute.com](http://www.everestresearchinstitute.com), e-mail [info@everestresearchinstitute.com](mailto:info@everestresearchinstitute.com) or call +1-214-451-3110.

#### About Everest Research Institute

[Everest Research Institute](#) serves as a central source of independent and objective strategic intelligence, analysis, and actionable insight for leading corporations, suppliers, technology providers, and investors in the global outsourcing and offshoring marketplace.

The Institute addresses both business process and information technology sourcing topics, providing the global outsourcing and offshoring community with information that empowers highly productive, sustainable sourcing strategies and relationships. The Institute’s wealth of knowledge and experience provides unique perspectives into today’s marketplace and the competitive edge required to take advantage of emerging opportunities.

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