



RESEARCH INSTITUTE

# Everest Study: Economic Slowdown Driving HR Work Offshore

## U.S. HR Suppliers Must Adapt to New Market Dynamics Quickly

### Press release

**DALLAS, November 13, 2008** – In an increasingly slowing economy, offshore providers of human resources services are well positioned to take market share from US-based suppliers as buyer companies are now more focused on early cost savings that can be gained from labor arbitrage, according to a new study by the [Everest Research Institute](#).

The Institute study, [Human Resources Outsourcing \(HRO\) Annual Report](#), provides comprehensive coverage of the global 2008 HRO market, including detailed analyses on market size and buyer adoption, transaction characteristics, and supplier landscape. Study scope includes focus on North America, Europe, Asia Pacific, and Latin America; suppliers having signed at least one HRO transaction; and all industries.

#### Other high-level insights from the in-depth analysis include:

- *Market size and growth:* The multi-process HRO market slowed in 2008, and is estimated to reach US\$2.9 billion by the end of the year (in terms of annual contract value). Compared to 47 new deals signed in 2007, Everest estimates only 28-32 deals to be signed in 2008. However, multiple factors will ensure market growth in the future
- *Changing dynamics:* In a slowing economy, buyers prefer a componentized model over a wide-scope transformation model. Further, an “offshore-led” lift-and-shift (of employees and functions) model is coming into play for buyers looking for earlier cost savings
- *Buyer adoption trends:* Buyer adoption varies across geography, industry and employee segments. Demand from continental Europe and the United Kingdom continues to rise. Manufacturing, high-tech and telecom, and financial services are leading HRO adopters. In terms of number of deals, the mid-market is growing at a faster rate than the large market
- *Potential and penetration:* The multi-process HRO market has low penetration, especially in the mid-market. Both the mid-market and large market have comparable revenue potential

“HR services suppliers in the United States are being challenged by a growing base of European- and India-headquartered competitors that are well positioned to offer buyers near-term cost-cutting solutions that can be realized through labor savings and transaction-focused offerings,” said [Monica Barron](#), Vice President, Everest Research Institute. “U.S. suppliers that are focused on wide-scope transformational models and judgment-intensive process value propositions must re-calibrate business strategies as buyers retreat toward more simple, component-focused engagements. If suppliers don’t adjust to these new market dynamics, they won’t survive.”

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To read an extract of the [Human Resources Outsourcing \(HRO\) Annual Report](#), purchase the report, or inquire about other research services, please visit [www.everestresearchinstitute.com](http://www.everestresearchinstitute.com), email [info@everestresearchinstitute.com](mailto:info@everestresearchinstitute.com) or call +1-214-451-3110.

#### Other Institute studies providing additional insights into this topic:

- [HRO Annual Report 2007](#)
- [Pan-European HRO Market](#)
- [Learning Services Outsourcing](#)
- 2008 Global HRO Supplier Landscape; to be published in December 2008

## 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.

Everest Research Institute is the research arm of the Everest Group ([www.everestgrp.com](http://www.everestgrp.com)), a global consulting firm with offices in such leading business centers as Dallas, New York, Toronto, London, Amsterdam, New Delhi, Melbourne, and Sydney. Everest Group has earned a worldwide reputation for ongoing innovation as it helps clients achieve maximum value from their operations including sourcing strategy and implementation.

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