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# Everest: HRO Annual Report Projects Market to Reach US\$3 billion On Re-Ups, New Deals

**Fundamental Shifts Taking Place within the Multi-Process HRO Market;  
Everest Identifies Five Suppliers As “2009 HRO Market Star Performers”**

## Press release

**DALLAS, March 11, 2010** – The multi-process Human Resources Outsourcing (HRO) market is expected to regain traction in 2010, moving towards US\$3-3.1 billion in annual contract value (ACV), driven by contract extensions and the re-emergence of new deal signings, according to the [Human Resources Outsourcing Annual Report 2010](#) by Everest, a global [consulting](#) and [research](#) firm.

In 2009, the HRO market reached US\$2.9 billion in ACV on marginal growth mostly driven by deal extensions. Last year marks the only year in which total contract value (TCV), signed through deal extensions, exceeded TCV realized through newly signed deals.

As the economy climbs out of the recession, market growth will be greatly impacted by end-of-term decisions over the next three years for engagements valued at US\$5 billion. Additionally, Everest expects market growth will be influenced by projections that include:

- Single-process HRO activity will increase in the near-term and put downward pressure on the multi-process HRO deal adoption
- Buyers will favor options that effectively combine platform-based, pay-as-you-go solutions that leverage global sourcing
- First generation deals worth US\$1.2 billion are coming up for renewal this year, and up to 80 percent will be extended with the incumbent supplier while the remainder will be repatriated or transferred to a new supplier
- Adoption resurgence will occur in the financial services sector

“While the economic slowdown had a negative impact on the outsourcing market last year, the impact on multi-process HRO was more severe due to its longer payback period of HRO as compared to other outsourcing engagements,” said [Katrina Menzigan](#), Vice President, Research. “With an improving economy, we expect new deal signings to gradually increase this year as the buyers’ decision-making cycles improve and budgets become available to fund the upfront investment required for multi-process HRO initiatives.”

**The 2009 HRO market witnessed some fundamental shifts in the market including:**

- Platform-based solutions became the dominant technology model in new deal signings
- While the adoption of componentized model continued to increase, several deals utilized the “offshore led” lift and shift model
- North America leads multi-process HRO market adoption; however, Europe and Asia Pacific saw an increase in deal signings from 2008-2009
- The mid-market sector, facing reduced workforces that diluted viable business cases for multi-process HRO, witnessed a significant fall in deal signings from 2008-2009 after outpacing adoption by the large market from 2005-2007
- Multi-process HRO market traction in 2009 was significantly stronger in the healthcare and government sectors; financial services saw a drastic decline

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While [ADP](#) led deal signings in 2009, [Hewitt](#), [IBM](#), [Accenture](#), and [Convergys](#) account for a little over half of the overall HRO market share in terms of ACV. Other suppliers in the report analysis include: [ACS-Xerox](#), [Caliber Point](#), [Capita](#), [Ceridian](#), [HCL](#), [Logica](#), [Lockheed Martin](#), [Neeeyamo](#), [NorthgateArinso](#), [TCS](#), [Wipro](#) and [Xchanging](#).

In this year's report, Everest highlighted five suppliers as "2009 HRO Market Star Performers": ADP, IBM, NorthgateArinso, TCS and Wipro. These suppliers demonstrated the strongest movement forward across the following two dimensions in 2009:

- Market success in 2009 based on ACV growth, number of contract signings, and value of contract signings in 2009
- Capability advancements in 2009 based on expansion of scale, scope, delivery footprint, and technology investments

The Star Performers designation relates to year-on-year performance for a given supplier and does not reflect on overall market leadership positions. Those identified as the 2009 Star Performers include both leading suppliers and major contenders.

"The supplier landscape in 2009 was impacted by three key developments: the exit of ExcellerateHRO and Fidelity, acquisition of ACS and profitability improvements of Hewitt and Convergys," said [Rajesh Ranjan](#), Research Director. "The market also saw new suppliers making their mark. This year, we expect to see one or two suppliers exit the MPHRO market to be replaced by suppliers discreetly and successfully delivering SPHRO. Suppliers will also aggressively pursue new deals, driven by stabilization of existing deals and the need to add new clients after the two-year lull period of 2008 and 2009."

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To read an extract of the [Human Resources Outsourcing Annual Report 2010](#), 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.

## About Everest

Everest Group is a global consulting and research firm that comprehensively serves the outsourcing and offshoring market. An industry leader since creating the sourcing consultancy practice in 1991, Everest has earned a worldwide reputation for ongoing innovation by helping clients capture optimum value through sourcing strategies and implementation. Everest provides information, insight, and advice to help buyers, suppliers, and enablers of services effectively navigate all stages of the sourcing lifecycle. Committed to thought leadership, Everest is noted for its fact-based analyses and insights on the outsourcing and offshoring marketplace. For more information, please visit [www.everestgrp.com](http://www.everestgrp.com) and [www.everestresearchinstitute.com](http://www.everestresearchinstitute.com).