



Everest: Outsourced Benefits Administration Services Market to Grow 12-18 Percent

Unprecedented Consolidation Rapidly Changing the Supplier Landscape

Press release

DALLAS, July 21, 2010 – Remaining relatively stable during the recessionary economy, the Benefits Administration Outsourcing (BAO) market is projected to see deal signings grow 12-18 percent this year, according to Everest, a global [consulting](#) and [research](#) firm.

According to Everest's Human Resources Outsourcing (HRO) market report, [Benefits Administration Outsourcing – Resilient Demand, Dynamic Supplier Landscape](#), the global BAO market is about US\$5 billion. Propelling market growth are factors such as increased administrative challenges due to imminent healthcare reforms, advancement of global sourcing that provides a more attractive cost-saving value proposition, and quicker decision making in a more stable, improved economic climate.

"While cost reduction has always been an important driver for BAO, it gained further prominence with the pressures of the recent economic downturn and the need to address rising healthcare costs," said [Rajesh Ranjan](#), Research Director, Research. "Buyers are also increasingly looking to BAO to better manage the complexities and burdens associated with compliance issues and provide improved employee engagement and communications platforms that help employees make better healthcare and retirement decisions."

More than 60 percent of BAO deals signed since 2006 include some type of offshoring component, and offshore delivery will increase, said Ranjan.

Other insights in the report include:

- While North America continues to be the dominant market for BAO, adoption is increasing in Europe where the United Kingdom is the most dominant market
- Most buyers are signing deals for single-country operations only to achieve cost reductions more quickly
- Defined Contribution is the most frequently outsourced area; however, Health & Welfare is growing at a much faster rate over the past few years
- Mid-market sized companies comprise almost 70 percent of BAO adopters

The BAO supplier landscape remains dynamic with a wave of continuing consolidation continuing in the market driven by the need to gain market share and enhance capabilities quickly. From a global basis, [Hewitt](#) is the leading supplier followed by [Fidelity](#) that together account for 40 percent of the market in terms of number of participants managed and annual contract value. Other share leaders are [ACS-Xerox](#), [Towers Watson](#), [Mercer](#), [ING](#), [ADP](#) and [ExcellerateHRO](#).

BAO suppliers cited in the report come from different backgrounds and include HR consulting/technology providers Hewitt, Mercer, [Morneau Sobecco](#), Towers Watson and [Workscape](#); focused benefits outsourcing providers [Empyrean](#), [Capita Hartshead](#), [Secova](#) and [Xafinity](#); HRO/BPO services providers ACS, ADP, [Ceridian](#), ExcellerateHRO, [Infosys](#) and [Patni](#); and financial services providers [Aon](#), [Charles Schwab](#), Fidelity, ING, [J.P. Morgan](#) and [Vanguard](#). All suppliers involved in M&A transactions are treated as separate entities in the report if such a transaction is still subject to regulatory approvals.

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Everest will also soon be releasing a BAO supplier compendium report that will provide accurate, comprehensive and fact-based snapshots of supplier service suites, scale of operations, technology solutions and delivery locations.

For more information about the report, [Benefits Administration Outsourcing – Resilient Demand, Dynamic Supplier Landscape](#), other [HRO research](#) reports or other research services, please visit www.everestresearchinstitute.com, email info@everestresearchinstitute.com, or call +1-214-451-3110.

About Everest

[Everest Group](#) is a global consulting and research firm that comprehensively serves the sourcing 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, offshoring and shared services marketplace. For more information, please visit www.everestgrp.com and www.everestresearchinstitute.com.