



Everest: HRO Supplier Landscape “Healthiest” in 18 Months, Prompting Strong Buyer Environment

HRO Study Analyzes Evolving Supplier Landscape Marked by M&A,
Market Exits and New, Emerging Players

Press release

DALLAS, April 21, 2010 – The [Human Resources Outsourcing](#) (HRO) supplier market is at its healthiest in 18 months, characterized by market stabilization, more clear value propositions, and defined target strategies that present a strong environment for a wide range of buyers, according to Everest, a global sourcing [consulting](#) and [research](#) firm.

Given the lean period of 2008-2009 in new deal signings, buyers may find better deals as suppliers aggressively seek to add more clients, according to Everest’s study, [Global Multi-process HRO Supplier Landscape – A Case of Survival and Growth in a Multifaceted Market](#). The report includes overviews of the global MPHRO market and leading and emerging suppliers as well as analyses of supplier dynamics, upcoming trends, market share, performance and capabilities.

In 2009, suppliers’ market presence strategy refinements led to acquisitions, withdrawals from the MPHRO market and entries of new players. To gain new business, many suppliers also refined offerings to include the emergence of more single-process solutions to attract entry-level buyers seeking quick savings and to gain entry in emerging markets such as the Asia-Pacific region.

“Now that the supplier landscape is more clearly defined, buyers have more or fewer choices, depending on what kind of buyers they are and what they seek to achieve through HRO,” said [Katrina Menzigian](#), vice president, Research. “For buyers seeking mega-deals that were the norm five years ago, there are fewer suppliers from which to choose. On the other hand, buyers now have more choices from a growing number of suppliers offering single process, lift-and-shift and platform-based solutions.”

The MPHRO market reached US\$2.9 billion in 2009 in annual contract value (ACV) and is expected to move towards US\$3-3.1 billion in ACV this year, according to the [Human Resources Outsourcing Annual Report 2010](#) released by Everest in March.

Other notable supplier strategy developments include:

- MPHRO suppliers partnered with established [Recruitment Process Outsourcing](#) (RPO) firms to strengthen offerings or enter the stand-alone RPO market
- Responding to buyer demand, several suppliers created platform-based solutions that eliminate up-front investments with a “pay-as-you-go” model
- Key onshore-centric suppliers, such as [ADP](#) and [NorthgateArinso](#), strengthened delivery footprints at offshore locations

This Everest study also highlights key leadership positions by various segments, including:

- Overall number of deals: ADP remains the market leader in terms of the total number of currently active MPHRO deals
- Annual contract value: ACV share competition is stiff with 51 percent of the market being held by four leading players:

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[Hewitt](#), [IBM](#), [Accenture](#), and [Convergys](#)

- New deal signings: [TCS](#) and [Wipro](#) gained market share and inked almost one-third of all new MPHRO deals signed in 2009
- Geographic leadership: The more mature North American and EMEA markets are led by Hewitt, Accenture and [Capita](#); emerging markets like Asia Pacific and South America are led by IBM and Convergys
- Everest's PEAK matrix classifies the leaders, major contenders and emerging players of the MPHRO market

The study includes coverage of the following suppliers: Accenture, ADP, Convergys, Hewitt, IBM, [ACS-Xerox](#), Capita, [Ceridian](#), NorthgateArinso, TCS, Wipro, [Caliber Point](#), [HCL](#), [Logica](#), [Neevamo](#) and [Xchanging](#).

Everest highlighted ADP, IBM, NorthgateArinso, TCS, and Wipro as "2009 HRO Market Star Performers." These suppliers demonstrated the strongest movement forward across two dimensions last year:

- 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

Commenting about market implications for suppliers, Research Director Rajesh Ranjan said, "Suppliers will need to be prudently flexible in pursuing existing buyer opportunities and seize the opportunities left on the table by supplier consolidations and market exits. Timing is optimal for cash-rich suppliers to acquire niche capabilities to strengthen offerings, gain access to new customer segments, increase technology capabilities and access offshoring capabilities. Lastly, suppliers targeting emerging geographies such as Asia Pacific should adopt a penetrate-and-radiate strategy for buyers who are not yet strongly familiar with the risks and rewards of MPHRO."

To read an extract of the [Global Multi-process HRO Supplier Landscape – A Case of Survival and Growth in a Multifaceted Market](#), purchase the report, or inquire about other research services, please visit www.everestresearchinstitute.com, email info@everestresearchinstitute.com or call +1-214-451-3110.

About Everest

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