



Topic: Multi-Country Payroll Outsourcing (MCPO) No Longer a Pipe Dream

Human Resources Outsourcing (HRO)
Report – October 2012 – Preview Deck

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Background and methodology of the research

Background of the research

Integration of payroll operations by MNCs across countries is a rapidly emerging segment in payroll outsourcing. Today, an increasing number of multi-national companies realize that an integrated approach, across multiple countries of operations, has the potential to provide better management insight and control. At the same time it helps achieve cost reduction beyond single-country payroll outsourcing due to vendor consolidation and “volume discounts”. Hence, the heightened interest in Multi-Country Payroll Outsourcing (MCPO). With the market in the rapid growth phase, it presents significant opportunity for value creation. However, both buyers and service providers need to address inherent complexities to capture the value.

In this research, we analyze the global MCPO across the following dimensions

- Market overview and key business drivers
- Buyer adoption trends
- Solution characteristics
- Service provider landscape

The scope of this report include

- Deals that necessarily include the “payroll calculation” subprocess as part of the scope
- Deals including at least three countries in the same region or two countries but in different regions
- Deals wherein services are provided to third-party clients
- All industries and geographies

Everest Group's MCPO research is based on multiple sources of proprietary information

1

- Everest Group's proprietary database of over **320 MCPO deals**
- The database tracks the following elements of each MCPO deal
 - Buyer details: Including industry, location, and headquarter region
 - Deal details: Including TCV, ACV, term, start date, buyer employees served, pay-slips processed, and the primary pricing structure
 - Scope: Process coverage and geographic coverage (in terms of number of countries covered within each region)
 - Technology ownership and maintenance
 - Global sourcing

2

- Everest Group's proprietary database of **operational capability of over 10 MCPO service providers**
- The database tracks the following capability elements for each service provider
 - Major MCPO clients and recent wins
 - Overall MCPO revenue, total clients, pay-slips processed, and buyer employees served
 - Geographic coverage by employees and split of clients by industry, number of countries, and employee-size coverage
 - MCPO service suite, delivery locations and level of offshoring
 - Technology offerings within MCPO
 - Overall country coverage and partnerships

3

- Ongoing buyer interaction with buyers both as part of syndicated research relationships as well as custom research engagements

Service providers covered in detail in the analyses



The analyses in this report are presented at two levels:

- Overall market analysis that highlights the overall market composition/dynamics
- The current market trends based on deal activities in the last three years

The sample size varies for different analyses based on the deal detail availability

Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any contract-specific information collected is only presented back to the industry in an aggregated fashion

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Overview and abbreviated summary of key messages

This report provides a comprehensive coverage of the MCPO market and analyzes it across various dimensions such as market overview and key business drivers, buyer adoption trends, solution characteristics, and service provider landscape. It also provides implications for both buyers and service providers.

Some of the findings in this report, among others, are:

Market overview and key business drivers

- Multi-country payroll outsourcing is a fast growing segment within payroll outsourcing. It witnessed an explosive growth of over 30% (CAGR 2008 to 2011) to reach US\$0.6 billion in 2011

Buyer adoption trends

- North American- and European-headquartered companies drive the MCPO market to cover their long tail
- Buyers typically start regionally and expand over the course of the relationship

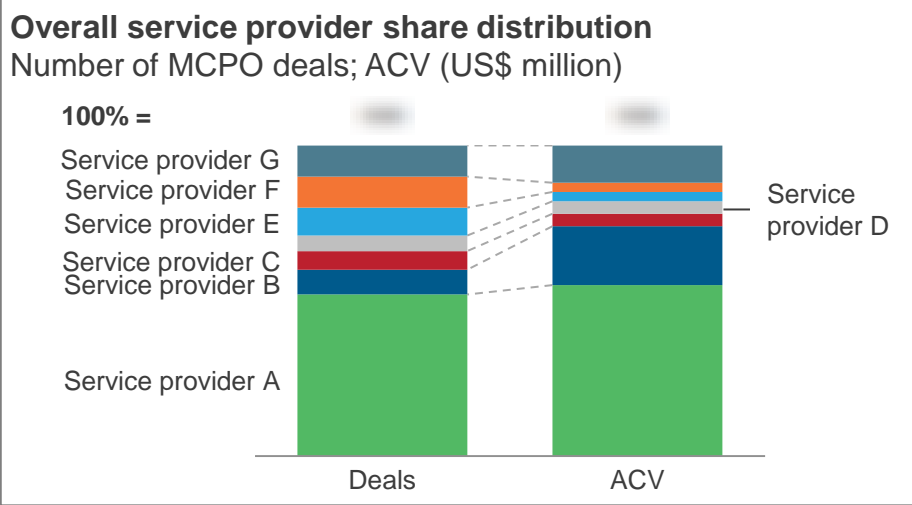
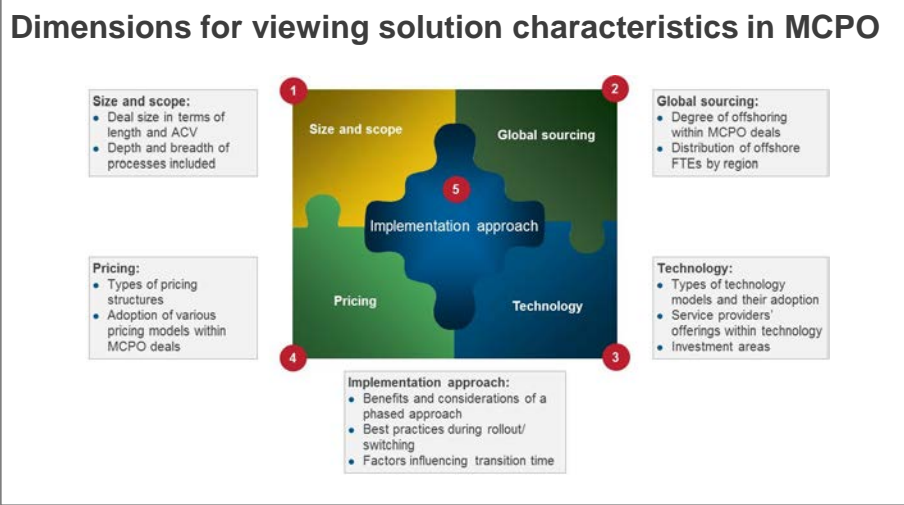
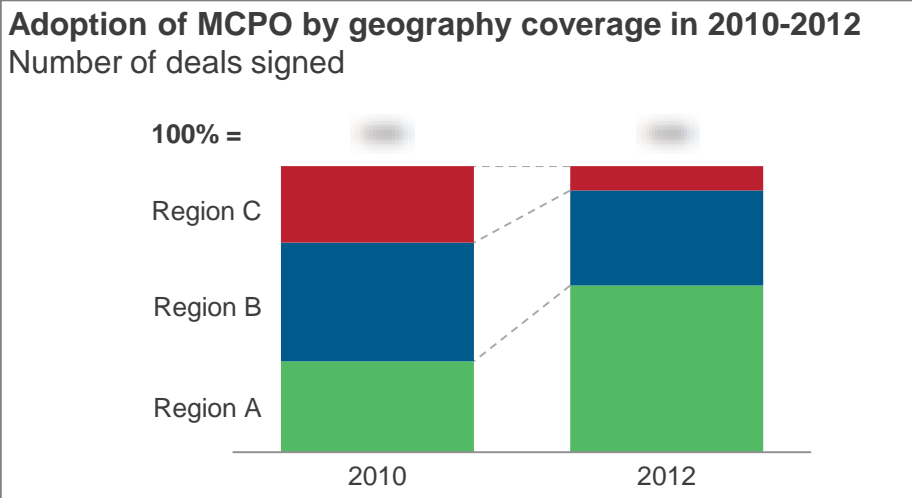
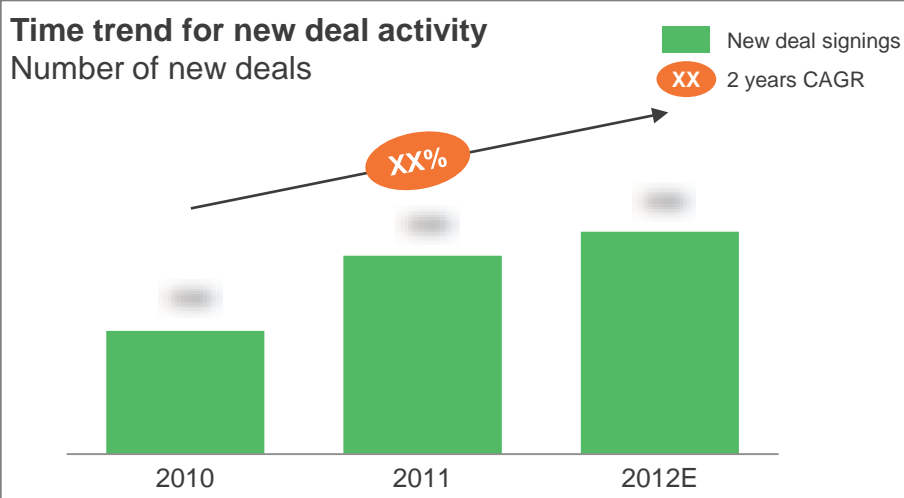
Solution characteristics

- Technology is vital to the MCPO offering. Service providers are investing heavily in various technology fronts
- Increased market maturity and availability of wider options may instigate buyers to look for switching opportunities instead of auto-renewal

Service provider landscape

- The service provider landscape continues to evolve as a result of new entrants, market exits, and mergers & acquisitions
- Partnerships remain an intrinsic part of providing MCPO services

This study offers four distinct chapters providing a deep dive into key aspects of the MCPO market; below are four charts to illustrate the depth of the report



Source: Everest Group (2012)

HRO research agenda

■ Published ■ Current

Topic	Release date
Achieving Best-in-Class BPO – Secrets Unveiled	Feb-2012
Is BPaaS The Right Model for You?	April-2012
Multi-process Human Resources Outsourcing (MPHRO) Annual Report 2012: Continued Reinvention	June-2012
Multi-process Human Resources Outsourcing (MPHRO) – Service Provider Landscape and Capability Assessment ..	July-2012
Multi-process Human Resources Outsourcing (MPHRO) – Service Provider Profile Compendium	September-2012
Multi-country Payroll: No Longer a Pipe Dream	October-2012
Multi-country Payroll Service Provider Landscape and Profile Compendium	Q4-2012
Benefits Administration Outsourcing (BAO) Annual Report	Q4-2012
BAO Service Provider Landscape and Capability Assessment	Q4-2012
BAO Service Provider Profile Compendium	Q4-2012
HRO Annual Report 2013	Q1-2013
HRO Service Provider Landscape and Capability Assessment	Q2-2013
HRO Service Provider Profile Compendium	Q2-2013

Additional HRO research recommendations

The following documents are recommended for additional insight into the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **Multi-process Human Resources Outsourcing (MPHRO) Annual Report 2012 – Continued Reinvention** ([EGR-2012-3-R-0698a](#)); 2012. This research report provides a comprehensive coverage of the MPHRO market and analyzes it across various dimensions such as market overview and key dynamics, buyer adoption and solution trends, and service provider landscape. It also provides predictions for the 2012 MPHRO market
2. **Is BPaaS the Model for You?** ([ERI-2012-10-R-0667](#)); 2012. This research aims to compare Total Cost of Ownership (TCO) of Business-Process-as-a-Service (BPaaS) solutions with traditional BPO using a comprehensive financial model and create a comprehensive framework to evaluate BPaaS sourcing
3. **Benefits Administration Outsourcing (BAO) Annual Report 2011 – Mature yet Dynamic** ([EGR-2011-3-R-0598](#)); 2011. This research provides a comprehensive coverage of the BAO market and analyzes it across various dimensions such as market overview and key business drivers, buyer adoption trends, transaction characteristics, and service provider landscape. It also identifies key implications of the research findings for buyers as well as for service providers
4. **ADP acquires The RightThing – Breaking Viewpoint** ([EGR-2011-3-V-0605](#)); 2011. This document provides Everest Group's viewpoint on the recent acquisition of The RightThing by ADP

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