



# Everest Group PEAK Matrix™ for MCPO Service Provider

Focus on ADP  
May 2015



Everest Group recently released its [Multi-Country Payroll Outsourcing \(MCPO\) – Service Provider Landscape with PEAK Matrix™ Assessment 2015](#) report. This report analyzes the changing dynamics of the MCPO landscape and assesses service providers across several key dimensions.

As a part of this report, Everest Group classified 16 service providers on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for MCPO into Leaders, Major Contenders, and Emerging Players. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of MCPO service providers based on their absolute market success and delivery capability.

Buyers can use the PEAK Matrix to identify and evaluate different service providers. It helps them understand the service providers' relative strengths and gaps. However, it is also important to note that while the PEAK Matrix is a useful starting point, the results from the assessment may not be directly prescriptive for each buyer. Individual buyers will have to consider their unique situation and requirements, and match them against service provider capability for an ideal fit.

This document focuses on ADP's MCPO experience and capabilities. It includes:

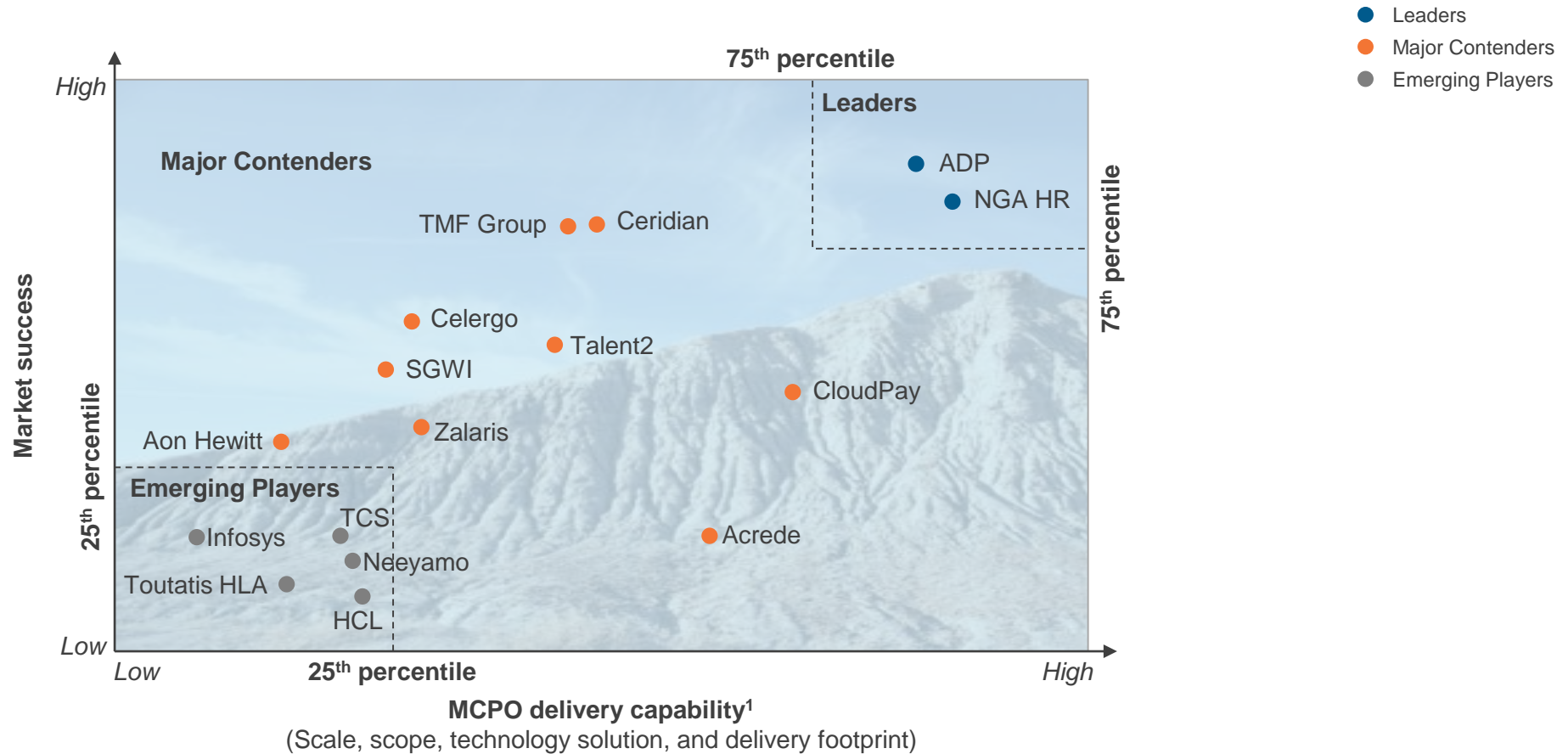
- ADP's positioning on the MCPO PEAK Matrix
- Detailed MCPO profile of ADP

# Everest Group PEAK Matrix – 2015 MCPO market standing

Performance | Experience | Ability | Knowledge

ADP is a Leader

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for MCPO



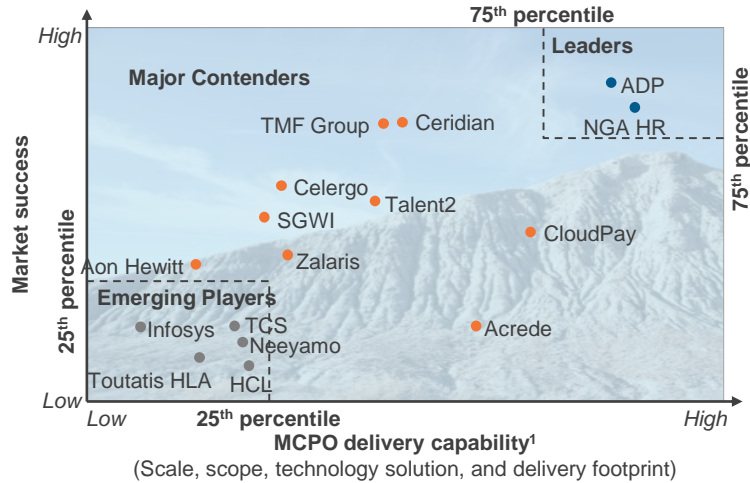
<sup>1</sup> Service providers scored using Everest Group's proprietary scoring methodology given on page 11

Note: Acrede, Aon Hewitt Payroll, and Talent2 got acquired in 2014/2015. Data used in our analyses is pre-acquisition data

Source: Everest Group (2015)

# ADP Everest Group assessment

## ADP is a Leader on Everest Group's PEAK Matrix for MCPO



## Delivery capability assessment

● High ● Low

Assessment dimension	Rating	Remarks
Scale	●	High number of pay slips processed and MCPO FTEs
Scope	●	High coverage across geographies and industries. Offers payroll in a large number of countries (both through self-coverage as well as through partners); also has a large number of mid- and large-sized buyers in its portfolio
Technology capability	●	Offers a proprietary platform with multi-lingual support; also has a robust reporting tool and mobile app support
Delivery footprint	●	Has a heavy offshore presence across geographies
<b>Overall</b>	●	

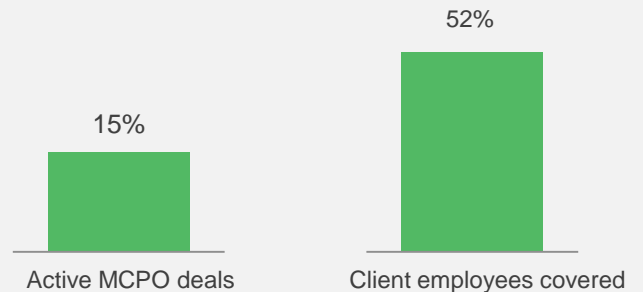
## Overall remarks

- With the highest number of pay slips processed and MCPO revenue, along with wide geographic coverage, ADP is a Leader on Everest Group's PEAK Matrix
- The success of their proprietary MCPO solution – ADP Streamline, which covers more than 100 countries, combined with their mobile app – ADP Mobile, have been the key differentiators. The tool's scalability enables it to service both mid-market as well as very large customers (>100,000 employees covered). Further coverage of countries is provided through its SAP-based ADP GlobalView platform and various in-country partners
- However, given the emergence of fast-growing technology-focused providers and increased investments by most providers in technology, ADP should be more proactive in increasing the country capability of its technology solution to provide a more holistic solution
- Given its huge scale of operations and strong payroll domain knowledge, ADP can look to expand its offering to cover the fast-emerging Latin American market as well
- It is one of the few MCPO providers with a truly "global" sourcing model with the right balance between onshore and offshore FTEs, enabling it to deliver multi-country payroll services in an efficient and cost-effective manner

## Overall market success

### Overall MCPO market share Percentage

■ 2014



Source: Everest Group (2015)

# ADP

## MCPO service capability and strategy

**Company profile:** ADP is a large provider of business outsourcing solutions. Leveraging over 60 years of experience, ADP offers a range of both Software and Service solutions from Hire to Retire all from a single source. ADP's solutions for employers provide value to companies of all types and sizes  
**Headquarter:** Roseland, New Jersey, United States  
**Leadership:** Carlos A. Rodriguez, CEO  
**Website:** [www.adp.com](http://www.adp.com)

### Recent MCPO-related developments/announcements

- June 2013: ADP acquired Payroll SA to expand its Latin American presence
- December 2013: ADP finished the integration of ADP Streamline with ADP Vantage HCM
- March 2014: It also opened a new delivery center in Manila
- May 2014: ADP expanded its country coverage through ADP Streamline to 100 countries
- August 2014: ADP acquired German HR BPO services provider PERKURA GmbH
- February 2015: Opened a new delivery center in Romania

### Current MCPO market segment focus

- Buyer segment: Targets all categories of buyers and has an extensive footprint with small- (less than 3,000 employees) and mid- sized (3,000 to 15,000 employees) buyers
- Geography: North America, EMEA, Asia Pacific, and Latin America

### Technology solution(s) offered

Technology model	Offered	Name/details
Single platform model	✓	GlobalView (SAP-based platform)
Aggregated model	✓	Streamline (in-country aggregated solution)
Integrated hybrid model	✓	Mix of Streamline and GlobalView

Offshore <sup>1</sup>	Nearshore <sup>1</sup>	Onshore
~2,000	~150	~200
<b>Total MCPO delivery FTEs = ~2,400</b>		

### Key partners

- Partnerships with IBM, Accenture, Xerox – ADP provides payroll services within broader HRO contracts
- Partnership with KPMG – to support global mobility requirements of clients
- Technology partnership with Workday and SuccessFactors

### Functional capabilities within key MCPO areas across regions

■ Coverage – self    
 ■ Through partners    
 ■ Not offered

Regions	North America	EMEA	Asia Pacific	Latin America
Payroll preparation	✓	✓	✓	✓
Payroll calculation	✓	✓	✓	✓
Payroll distribution	✓	✓	✓	✓
Reconciliation	✓	✓	✓	✓
Third-party payments	✓	✓	✓	✓
Payroll tax reporting	✓	✓	✓	✓
Vendor management	✓	✓	✓	✓
Contact center	✓	✓	✓	✓
Time and attendance	✓	✓	✓	✓
Expatriate payroll	✓	✓	✓	✓

1 FTEs in offshore (India, China, and Southeast Asia) or nearshore (Eastern Europe and Latin America) locations and delivering services to North America, Western Europe, Singapore, Australia, or New Zealand

Source: Everest Group (2015)

# ADP

## MCPO client portfolio

### MCPO experience

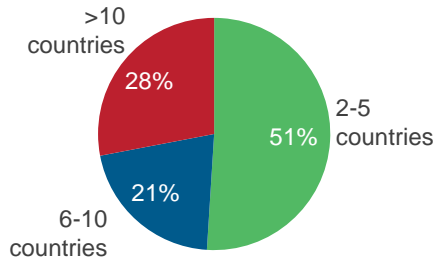
- Total number of current MCPO clients: 1,035
- Annual number of payslips processed: 37,416,000

### Major MCPO clients



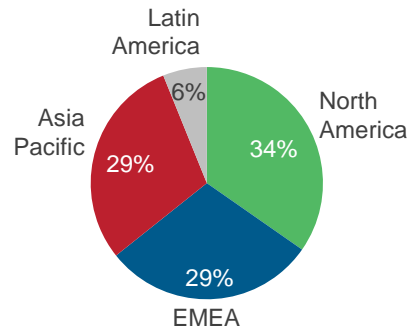
### MCPO deal spread by number of countries in scope

100% = 1,035 deals



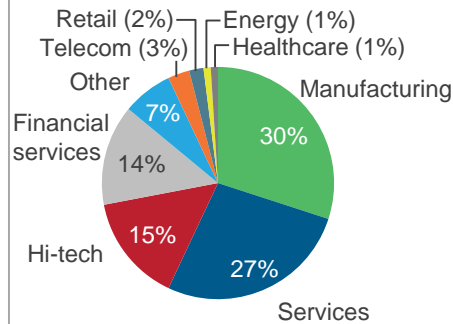
### Split of pay slips processed by geography

100% = 37,416,000 pay slips



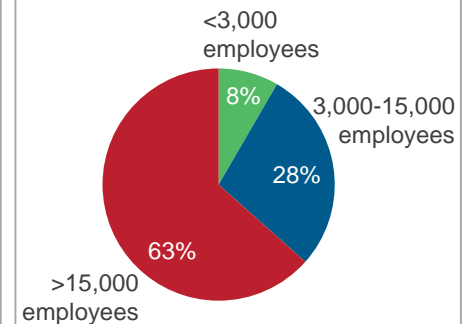
### Split of MCPO clients by industry

100% = 1,035 clients



### MCPO deal spread by employees covered

100% = 1,035 deals



Source: Everest Group (2015)

### Country coverage on its own

#### Europe

- Austria
- Belgium
- Czech Republic
- Denmark
- Finland
- France

#### Europe (continued)

- Germany
- Guemsey
- Hungary
- Ireland
- Italy
- Jersey

#### Europe (continued)

- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Russia

#### Europe (continued)

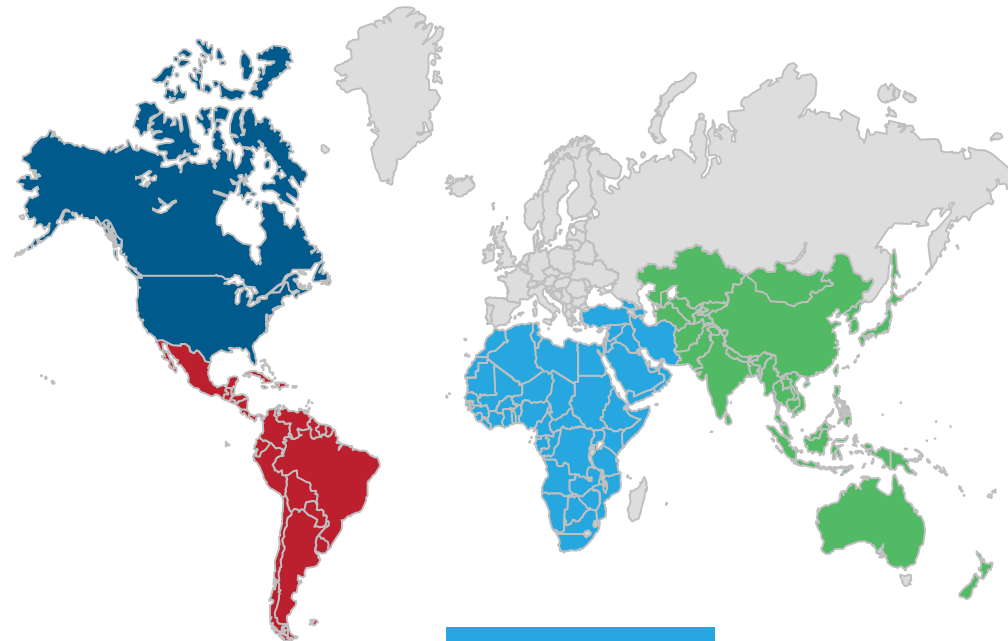
- Slovakia
- Spain
- Sweden
- Switzerland
- Turkey
- United Kingdom

#### North America

- United States
- Canada

#### Latin America

- Argentina
- Brazil
- Chile
- Mexico
- Peru
- Uruguay



#### Middle East and Africa

- Mauritius
- South Africa

#### Asia Pacific

- Australia
- Bangladesh
- China
- Hong Kong
- India
- Indonesia
- Japan
- Macau
- Malaysia
- Maldives
- New Zealand
- Philippines
- Singapore
- South Korea
- Sri Lanka
- Taiwan
- Thailand
- Vietnam

### Country coverage through partners

#### Europe

- Austria
- Azores
- Belgium
- Bosnia-Herzegovina
- Bulgaria
- Croatia
- Cyprus
- Czech Republic

#### Europe (continued)

- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Guemsey
- Hungary

#### Europe (continued)

- Ireland
- Italy
- Jersey
- Latvia
- Liechtenstein
- Lithuania
- Luxembourg
- Macedonia

#### Europe (continued)

- Malta
- Monaco
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Russia

#### Europe (continued)

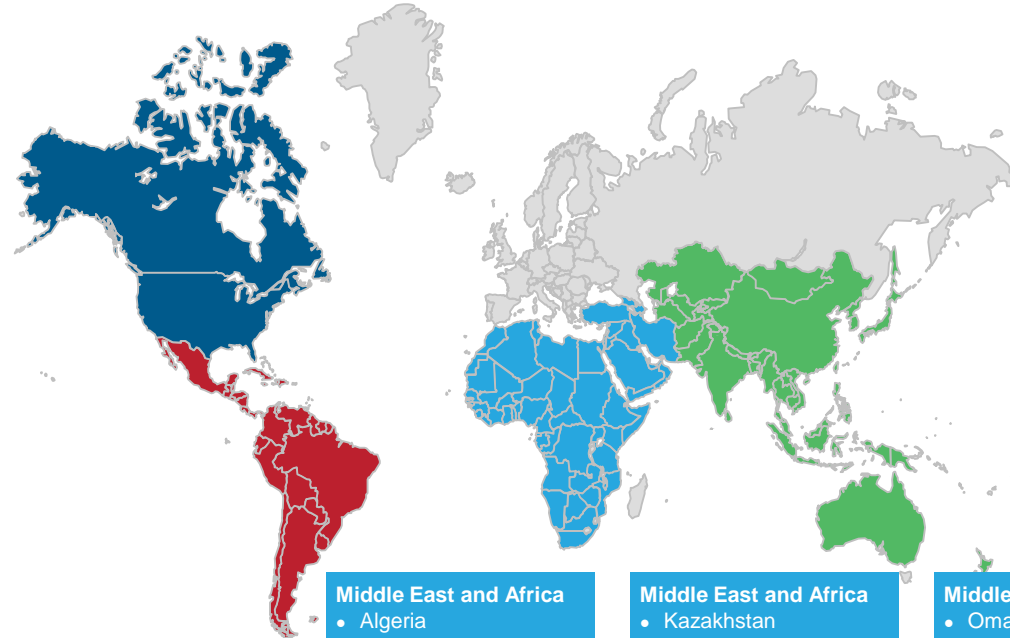
- Serbia
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Turkey
- United Kingdom
- Ukraine

#### North America

- -none-

#### Latin America

- Bahamas
- Bermuda
- Brazil
- Cayman Islands
- Colombia
- Costa Rica
- Dominican Republic
- Ecuador
- El Salvador
- Guatemala
- Honduras
- Mexico
- Panama
- Uruguay
- Venezuela



#### Middle East and Africa

- Algeria
- Bahrain
- Botswana
- Egypt
- Ghana
- Israel
- Jordan

#### Middle East and Africa

- Kazakhstan
- Kenya
- Kuwait
- Lebanon
- Mauritius
- Morocco
- Nigeria

#### Middle East and Africa

- Oman
- Qatar
- Saudi Arabia
- South Africa
- Tunisia
- UAE

#### Asia Pacific

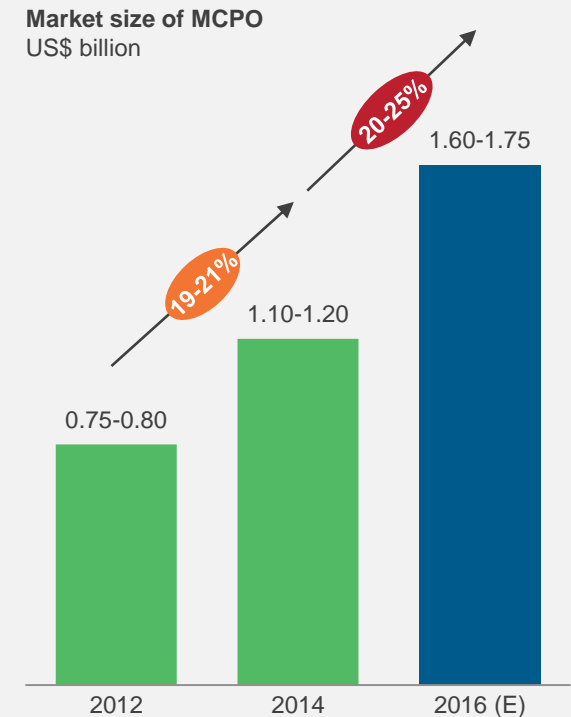
- China
- Fiji
- Hong Kong
- Indonesia
- Japan
- Malaysia
- New Zealand
- Pakistan
- Papua New Guinea
- Philippines
- Samoa
- Singapore
- South Korea
- Taiwan
- Thailand
- Tonga
- Vietnam



# **Appendix - select pages from published report**

# Summary of key messages (page 1 of 2)

- The Multi-Country Payroll Outsourcing (MCPO) market is growing rapidly and is now worth more than US\$ 1 billion annually. Latin America is the fastest growing geography, while Asia Pacific and Europe are also growing rapidly
- This strong growth is expected to continue. The market is increasing in maturity and might accelerate due to a number of reasons:
  - Improved buyer understanding of MCPO value proposition: Multi-national corporations (MNCs) are starting to understand the distinctive value proposition of MCPO over the traditional “multiple single-country outsourcing arrangements” in terms of better control and visibility, as well as higher compliance and cost saving
  - Buyers too are increasingly becoming aware of a distinctive set of specialized MCPO providers with focused solutions for the market. While this is a challenge to the current leading providers in the market (especially ADP and NGA HR), it augurs well for the market in the long term
  - The growing number of new, small MNCs, spread across a few countries, are also driving MCPO growth. In fact, they are the fastest growing segment of the market
  - Increasing service provider maturity: MCPO providers are constantly investing to increase their capabilities in terms of better country coverage, better technology, bigger partner network, and proven delivery models
- Increasing market maturity is also visible in terms of:
  - Many more countries getting covered by a greater number of MCPO providers
  - Large, multi-continent deals
  - Decline in implementation time of large complex deals



- The success of various categories of providers with varying models is another sign of increasing market maturity
  - Categories of MCPO providers:
    - ◆ The MCPO specialists are exclusively into multi-country payroll. They seek maximum country coverage and may achieve it either through a proprietary platform or an aggregated model
    - ◆ The broader Human Resource Outsourcing (HRO) / Business Process Outsourcing (BPO) providers do not have standalone MCPO offerings, as it is not a high strategic priority for these providers. Their MCPO scale is still small and the approach is often opportunistic. Often their MCPO deals will be part of wider HRO/BPO deals
    - ◆ ADP and NGA HR have both strong MCPO capabilities as well as broader HRO capabilities. This has helped them win MCPO deals with wider HRO scope. In a typical case of “success begets success,” ADP and NGA HR have been able to garner huge market share and are currently the market leaders with the highest market success and delivery capability
  - Technology and operating model
    - ◆ MCPO providers follow a delivery model using their self-country-payroll-processing engine(s) or In-Country Partners (ICPs), or a combination of both
    - ◆ The differentiating factor among the various models is the degree of usage of their self-country processing capability and in-country partners. This gives rise to three primary models: Single-platform solution, integrated hybrid solution, pure aggregator solution
    - ◆ None of the service providers in the MCPO market have a pure platform model currently. All the providers have a hybrid model, since they require in-country partners to cover specific countries where they do not have the capability to execute gross-to-net through their own platform
- Enhancing in-country and reporting/dashboard capabilities are the two major focus areas of investment for MCPO providers. MCPO providers are also investing in value-added services capability
- North American and European buyers are the biggest adopters of MCPO across the globe. However, most North American buyers tend to have a Single-Country Payroll Outsourcing (SCPO) arrangement for their home country and MCPO arrangement for rest of their operations. European MNCs tend to have comprehensive MCPO arrangements for their global operations

# Enterprises' improved understanding of the differentiated value proposition of MCPO and increasing service provider maturity are leading to greater MCPO adoption

● High    ◐ Low

Demand drivers

Brief description

Relevance

Improved buyer understanding

- MNCs now have a better understanding of the differentiated value proposition of a multi-country payroll arrangement over multiple single-country payroll arrangements. They are also gaining better understanding of the MCPO service provider landscape

Control

- MCPO provides an integrated visibility of information at global and regional levels across countries and help the firms to increase efficiency, and control their operations through enhanced consolidated reporting and analytics

Compliance

- Compliance is a crucial driver in the business case of multi-country payroll. Buyers understand that repercussions of failed compliance – penalties, employee lawsuits, and negative publicity – can be very damaging to the growth of their organization
- Service providers come to the rescue by keeping the buyers legally compliant in a diverse and fast changing legislative landscape across the globe

Cost savings

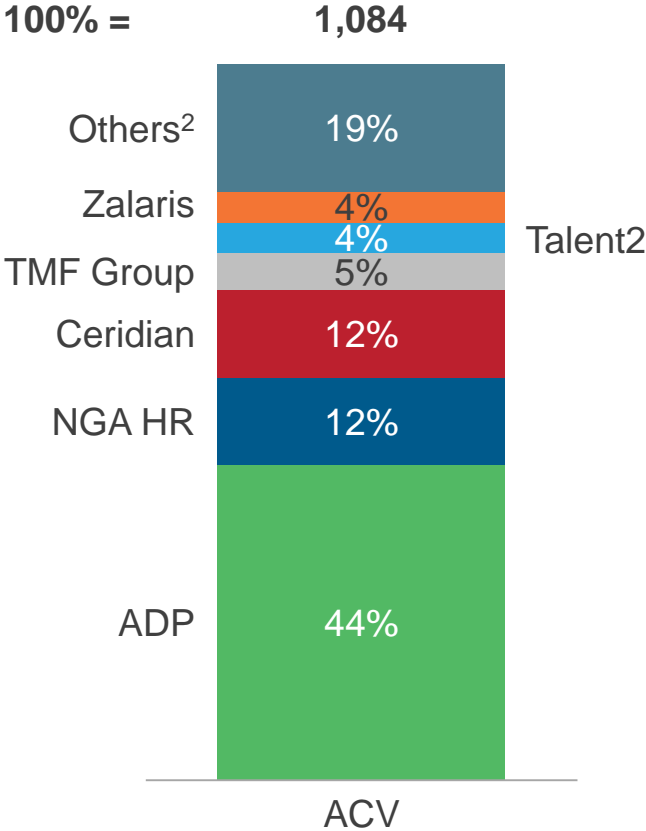
- Reduction in Total Cost of Ownership (TCO) through decreased management effort, centralization, standardization, and vendor consolidation is an important driver
- Direct cost reduction through labor arbitrage and technology cost avoidance add to the thrust

Increasing service provider maturity

- New service providers have emerged to compete with traditional players in the MCPO space, offering more choice to customers
- With a global footprint, improved technologies, a good network of in-country partners, and tested delivery models, the MCPO providers are now offering a proven solution to clients – leading to greater buyer confidence in the concept of MCPO as success stories emerge

# ADP, NGA HR, and Ceridian dominate the MCPO market in terms of ACV, with ~68% combined market share

**Overall service provider share distribution**  
 ACV<sup>1</sup> (US\$ million)



1 Annualized Contract Value

2 Includes Acrede, Aon Hewitt, Celergo, CloudPay, HCL, Infosys, Neeyamo, SGWI, TCS, and Toutatis

Note: Data used is for December 2014 and does not reflect acquisitions of Acrede, Talent2, and Aon Hewitt's APAC payroll business

Source: Everest Group (2015)

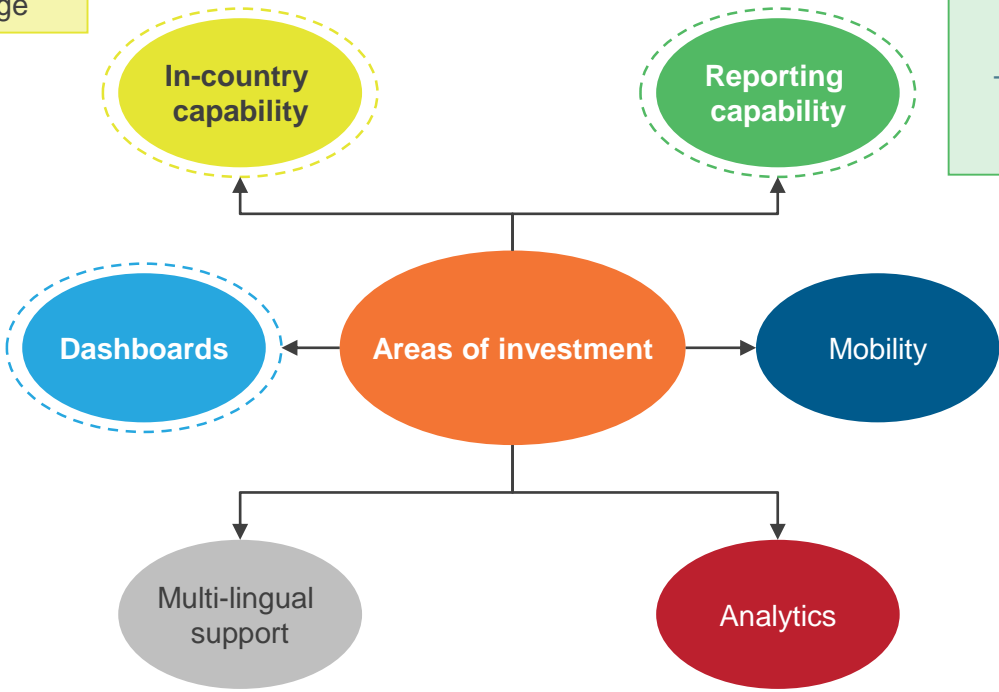
# Enhancing in-country and reporting/dashboard capabilities are the two major focus areas of investment. Providers, especially the MCPO-focused ones, are investing in value-added services capability

- Investments are being made in enhancing payroll processing capabilities for more countries to expand their country coverage

- Investments are being made to:
  - Increase granularity and create solutions with both local and regional/global reporting
  - Develop web-enabled interface, dashboards, automated reporting, etc.

- Payroll managers are demanding a global view of their payroll, which should be interactive as well as give access to live data. Significant investments are being made to offer online dashboards that have click-and-change views as well as support for viewing standard reports

- Providers are investing in developing mobile applications to provide payroll services such as viewing pay slips and T&A support to the customers, wherever they go



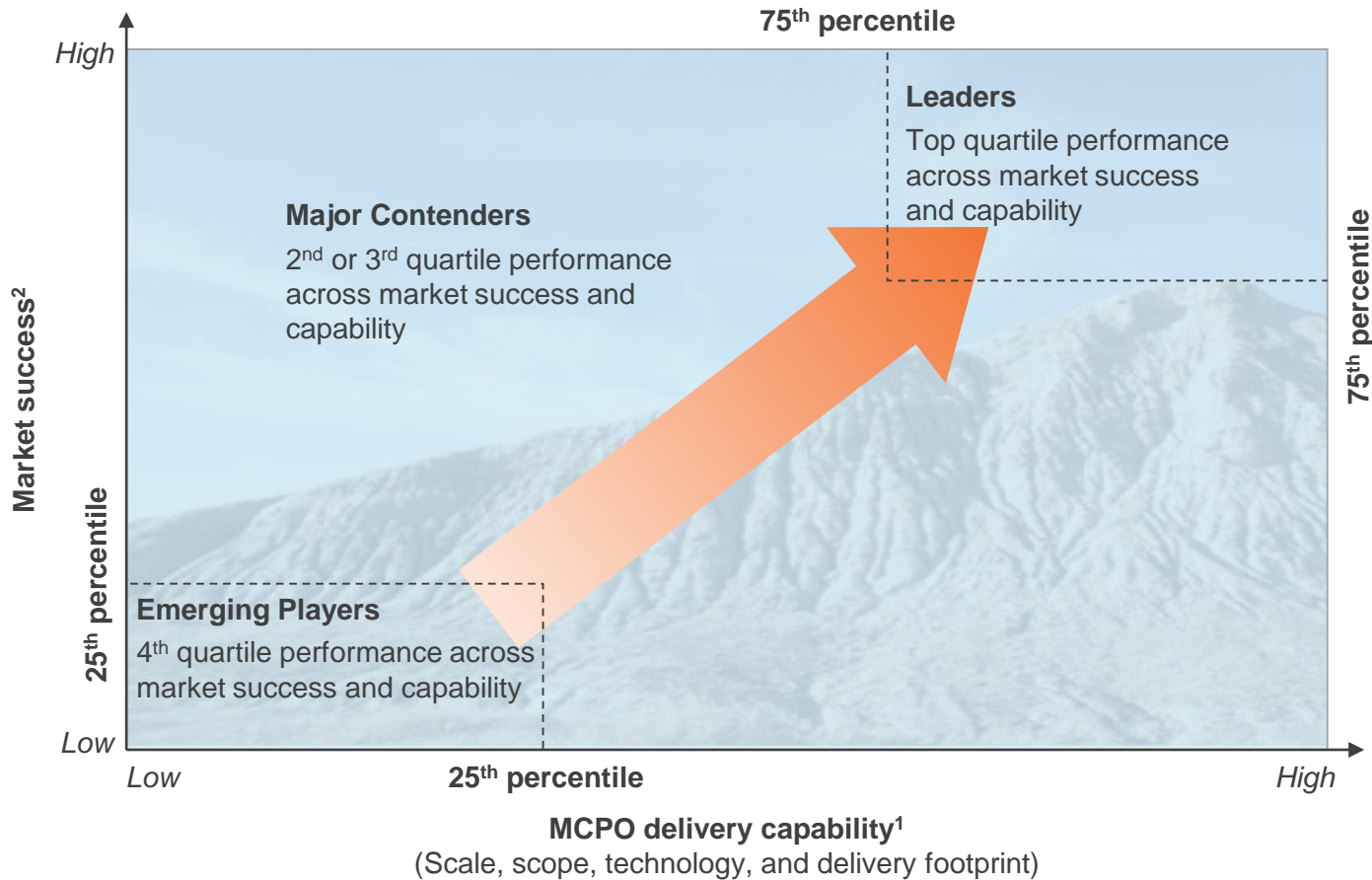
- To develop a truly global solution, providers are investing in increasing the number of languages supported on the interface as well as pay-slip level

- Focused investments are being made with the aim to provide transformational solutions

# Everest Group classifies the MCPO service providers based on its PEAK Matrix

Performance | Experience | Ability | Knowledge (PEAK) Matrix

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for MCPO

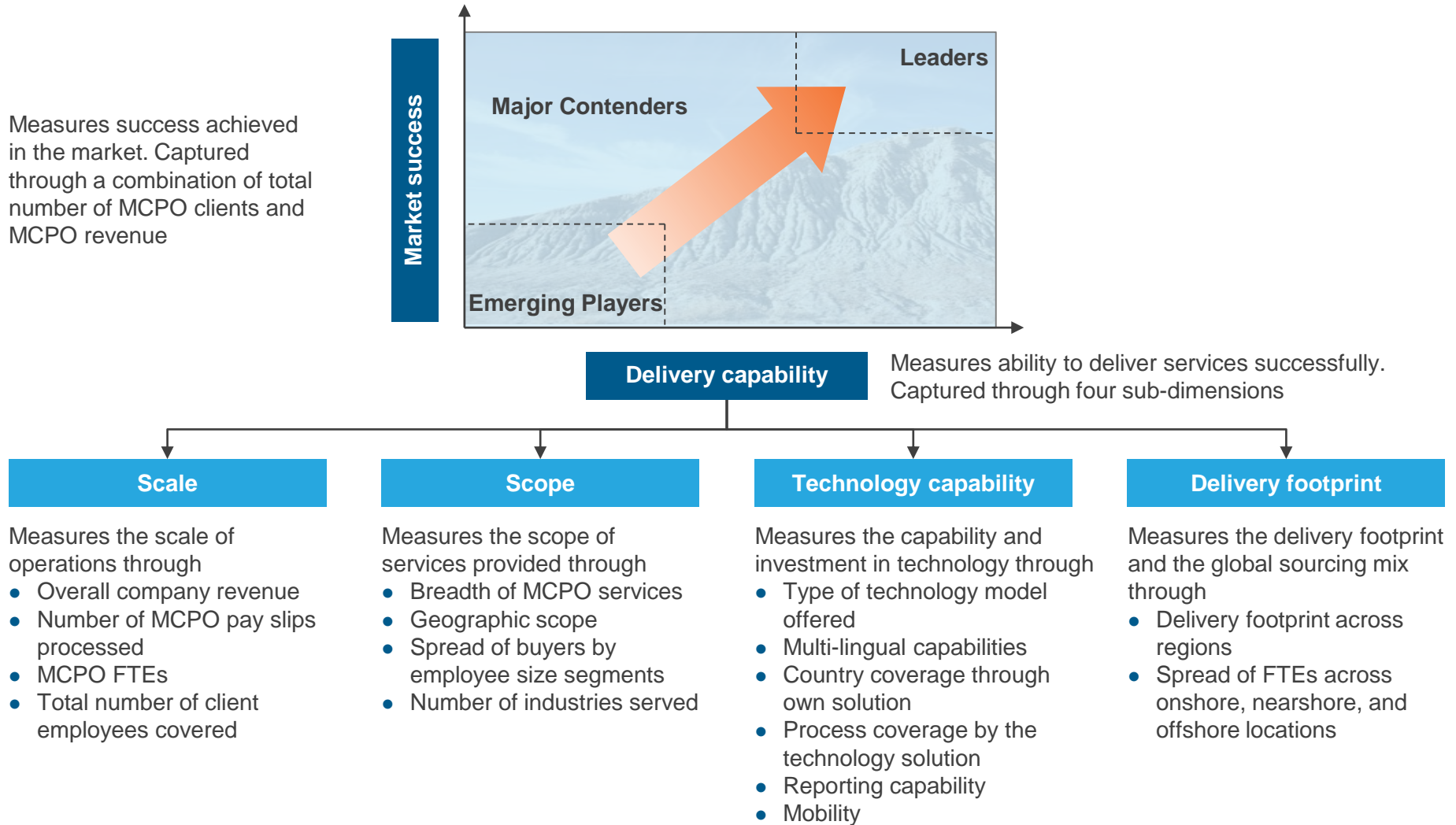


1 Service providers scored using Everest Group's proprietary scoring methodology given on page 11

2 Based on a combination of total number of MCPO clients and MCPO revenue

Source: Everest Group (2015)

# Service providers are positioned on Everest Group's PEAK Matrix based on evaluation of two key dimensions







### At a glance

- With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of the next generation of global services
- Through its practical consulting, original research, and industry resource services, Everest Group helps clients maximize value from delivery strategies, talent and sourcing models, technologies, and management approaches
- Established in 1991, Everest Group serves users of global services, providers of services, country organizations, and private equity firms in six continents across all industry categories

### Dallas (Headquarters)

info@everestgrp.com  
+1-214-451-3000

### New York

info@everestgrp.com  
+1-646-805-4000

### Toronto

canada@everestgrp.com  
+1-647-557-3475

### London

unitedkingdom@everestgrp.com  
+44-207-129-1318

### Delhi

india@everestgrp.com  
+91-124-284-1000

### Stay connected

#### Websites

www.everestgrp.com  
research.everestgrp.com



#### Twitter

@EverestGroup  
@Everest\_Cloud



#### Blog

www.sherpasinblueshirts.com

**SHERPAS**  
IN BLUE SHIRTS