Everest Group PEAK Matrix™ for MPHRO Service Providers

Focus on Accenture
October 2017
Introduction and scope

Everest Group recently released its Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Landscape with PEAK Matrix™ Assessment 2017 report. This report analyzes the changing dynamics of the MPHRO landscape and assesses service providers across several key dimensions.

As part of this report, Everest Group classified 22 service providers on the Everest Group PEAK Matrix for MPHRO into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of MPHRO 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 Accenture’s market success and delivery capabilities. It includes:

- Accenture’s positioning on the MPHRO PEAK Matrix
- Detailed MPHRO profile of Accenture
**Everest Group PEAK Matrix™**

Multi-Process Human Resources Outsourcing (MPHRO) – Service Provider Landscape with PEAK Matrix™ Assessment 2017 | Accenture is positioned as Leader and Star Performer

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**Everest Group PEAK Matrix™ for MPHRO**

![Diagram showing the PEAK Matrix for MPHRO with Accenture positioned as a Leader and Star Performer](image-url)

- **Leaders**
- **Major Contenders**
- **Aspirants**
- **Star Performers**

**Market success**
(Revenue, growth, and number of active clients and new deals)

**Delivery capability**
(Scale, scope, technology solutions & innovation, delivery footprint, and buyer satisfaction)

Source: Everest Group (2017)
**Accenture** (page 1 of 4)

**MPHRO service capability and strategy**

**Company profile:** Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology, and operations. With more than 411,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives.

**Headquarters:** Dublin, Republic of Ireland

**Key leaders (BPO/HRO business):** Debbie Polishook, Group Chief Executive – Accenture Operations; Jill Goldstein, Global Offering Lead, Talent and HR BPS

**Website:** www.accenture.com

**Current MPHRO market segment focus**

- **Buyer segment:** Targets buyers interested in broader value proposition in terms of return on investment in workforce performance and productivity
- **Geography:** North America, Europe, Asia Pacific, Latin America, and Africa

**Recent HRO-related developments/investments**

<table>
<thead>
<tr>
<th>Areas</th>
<th>Developments/investments</th>
</tr>
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</table>
| M&A / partnership | - Alliances with leading technology vendors such as SuccessFactors, ServiceNow, Workday, SAP, ADP, and Oracle to provide end-to-end solutions that include services and technology in a fully integrated service delivery model  
- In 2016, Accenture acquired DayNine, a leading global Workday consulting and deployment services provider |
| HR technology-related | - Has created Cloud HCM Centers of Excellence (CoE) specifically for Talent and HR business process services, to drive innovation  
- Has created and strengthened Workday and SuccessFactors BPS COEs  
- Investment in Employee Experience Platform, which provides a portal with advanced digital & social capabilities, HR case management, and content management recently expanded to include a new joiner onboarding portal |
| Analytics and mobile | - Significant investments made in Talent and HR analytics to improve talent sourcing, develop talent better, increase engagement, and reduce attrition among employees |
| Others | - Has made noteworthy investments in automation, robotic process automation, virtual assistants, and artificial intelligence to drive significant time-saving benefits |

**Current MPHRO technology strategy**

- **Overview:** Accenture is a technology-independent service provider, working with traditional, on-premise, and SaaS technology providers. Solutions are supplemented with proprietary technologies such as HR portal and Accenture Operations navigator
- **Technology models supported:**
  - Tie-and-run
  - Support/augmentation
  - Customized replacement/implementation
  - Platform-based solution

<table>
<thead>
<tr>
<th>Tie-and-run</th>
<th>Support/augmentation</th>
<th>Customized replacement/implementation</th>
<th>Platform-based solution</th>
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<tr>
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<td>✓</td>
<td>✓</td>
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</table>

**Total HRO delivery FTEs = ~6,250**

<table>
<thead>
<tr>
<th>Offshore¹</th>
<th>Nearshore¹</th>
<th>Onshore</th>
</tr>
</thead>
<tbody>
<tr>
<td>3700</td>
<td>1150</td>
<td>1400</td>
</tr>
</tbody>
</table>

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¹ FTEs located in offshore (India, China, and Southeast Asia) or nearshore locations (Eastern Europe and LATAM) and delivering services for North America or Western Europe

² Mid-market includes 3,000 to 15,000 employees managed. Large market includes over 15,000 employees managed

Source: Everest Group (2017)
**Accenture (page 2 of 4)**

**MPHRO client portfolio**

**PHRO experience**
- Total number of current MPHRO clients – 66

**Recent MPHRO wins**
- Signed new large deals with a multinational banking group, an international food conglomerate, a Japanese retail holding company, and a U.S.-based pharmaceutical company

**Major MPHRO clients**
- Large U.S. consumer products retailer
- Leading health and hygiene company
- Leading UK-based construction and services company
- Large global consumer products company

**MPHRO revenue (ACV) geography mix**

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>45%</td>
</tr>
<tr>
<td>APAC</td>
<td>22%</td>
</tr>
<tr>
<td>North America</td>
<td>28%</td>
</tr>
<tr>
<td>LATAM</td>
<td>5%</td>
</tr>
</tbody>
</table>

*100% = US$498 million*

**MPHRO revenue (ACV) industry mix**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecom</td>
<td>21%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>18%</td>
</tr>
<tr>
<td>Services</td>
<td>13%</td>
</tr>
<tr>
<td>High-tech</td>
<td>12%</td>
</tr>
<tr>
<td>Energy</td>
<td>10%</td>
</tr>
<tr>
<td>Financial services</td>
<td>5%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>5%</td>
</tr>
<tr>
<td>Retail</td>
<td>8%</td>
</tr>
<tr>
<td>Others</td>
<td>5%</td>
</tr>
<tr>
<td>Government (3%)</td>
<td>5%</td>
</tr>
</tbody>
</table>

*100% = US$498 million*

**MPHRO buyer size mix**

<table>
<thead>
<tr>
<th>Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large market</td>
<td>65%</td>
</tr>
<tr>
<td>Mid-market</td>
<td>35%</td>
</tr>
</tbody>
</table>

*100% = 66 deals*

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1 Based on Everest Group’s definition of MPHRO and analyst estimates

Source: Everest Group (2017)
Key MPHRO delivery locations

Source: Everest Group (2017)
**Accenture** (page 4 of 4)

**Everest Group assessment | Leader**

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### Measure of capability:

- **Best-in-class**
- **Very high**
- **High**
- **Medium high**
- **Medium**
- **Medium low**
- **Low**
- **Not mature**

#### Delivery capability

<table>
<thead>
<tr>
<th>Scale</th>
<th>Scope</th>
<th>Technology and innovation</th>
<th>Delivery footprint</th>
<th>Buyer satisfaction</th>
<th>Overall</th>
<th>Market success</th>
</tr>
</thead>
<tbody>
<tr>
<td>🟖</td>
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</tbody>
</table>

**Strengths**

- Accenture is a Leader and a Star Performer on the MPHRO PEAK Matrix, with one of the highest revenues in the industry
- While it has been particularly successful in targeting large market buyers in Europe and North America, it also has a number of clients in the mid-market segment as well as in the Asia Pacific region
- It is quickly aligning its offerings with the rising demand for employee-centric HR services. Its strong partnership with new-age platforms, such as Workday, SAP SuccessFactors, and ServiceNow, complemented by investments to enhance its consult-to-operate capabilities (e.g., DayNine, solid-serVision acquisitions), demonstrates its commitment in this regard
- The company’s ability to deliver complex deals spanning multiple continents, and possibly combining HRO with other services such as FAO and PO, enables it to offer a single back-office partnership to its clients
- It is investing to bolster its advanced HR analytics capabilities. It also delivers analytics through easy-to-consume apps offered as-a-service
- It is also beefing up its Service Delivery Automation (SDA) capabilities (e.g., acquisition of Genfour) and aggressively identifying use cases for SDA in HR services
- Buyers appreciate its thought leadership in the HR space, consultative approach, and consistent adherence to key operational goals

**Areas of improvement**

- Accenture should continue to strengthen its leadership position in the market through more operationalization of next-generation HR services. For instance, despite its robust capabilities in HR analytics and automation, its buyers feel that it has scope to improve on-ground implementation of those capabilities
- It should continue to target the mid-market aggressively using its BPaaS offerings. As its favorite turf – the large markets in developed economies – becomes mature and slow-growing, it should further differentiate its services through its consult-to-operate capabilities (especially in the case of services delivered on new-age SaaS platforms)
- Buyers feel that it can be more transparent with them regarding cost and price drivers

Source: Everest Group (2017)
Appendix
Everest Group PEAK Matrix™ is a proprietary framework for assessment of a service provider’s capability

Everest Group PEAK Matrix for MPHRO

Market success (Revenue, growth, and number of active clients and new deals)

High

Low

25th percentile

75th percentile

Leaders
Top quartile performance across market success and capability

Major Contenders
2nd or 3rd quartile performance across market success and capability

Aspirants
4th quartile performance across market success and capability

MPHRO delivery capability
(Scale, scope, technology solutions & innovation, delivery footprint, and buyer satisfaction)

Everest Group’s PEAK Matrix is a composite index of a range of distinct metrics related to a service provider’s scale, scope, technology/domain investments, delivery footprint, and resultant market success in the context of a given services function.
Service providers are positioned on the Everest Group PEAK Matrix™ based on the evaluation of two key dimensions

Measures success achieved in the MPHRO market. Captured through MPHRO revenue, number of active clients, number of new deals signed, and year-on-year growth of MPHRO revenue

Measures ability to deliver services effectively. Captured through five subdimensions

<table>
<thead>
<tr>
<th>Scale</th>
<th>Scope</th>
<th>Technology solutions and innovation</th>
<th>Delivery footprint</th>
<th>Buyer satisfaction</th>
</tr>
</thead>
</table>
| Measures the scale of operations based on:  
  - Overall company revenue  
  - Percentage contribution of MPHRO revenue to the overall company revenue | Measures the scope of services provided based on distribution of:  
  - Processes  
  - ACV in geographies  
  - Coverage of geographies  
  - Industries  
  - Buyer size | Measures technology capability and innovation on the basis of:  
  - Technology model employed  
  - HR platform experience  
  - Partnerships with new-age third-party SaaS players, innovation in social, mobility, analytics, and robotic automation | Measures the delivery footprint based on:  
  - Number of delivery centers across the seven major regions¹  
  - Balance of the shoring mix | Measures the satisfaction levels² of buyers across:  
  - Business drivers  
  - Process expertise  
  - Implementation  
  - Technology and innovation  
  - Relationship management  
  - Overall satisfaction |

1 North America, Latin America, Western Europe, EEMEA (Eastern Europe, the Middle East, and Africa), India, China, and the rest of Asia Pacific
2 Measured through responses from two/three referenced buyers for each service provider
Everest Group confers the “Star Performers” title to providers that demonstrate the strongest forward movement over time on the PEAK Matrix™

Methodology
Everest Group selects Star Performers based on the relative YOY movement of each service provider on the PEAK Matrix.

In order to assess advancements on market success, we evaluate the performance of each service provider on the PEAK Matrix across a number of parameters including:
- Yearly revenue growth
- Number of new clients added
- Number of contract extensions
- Value of new contract signings

In order to assess advancements on capability, we evaluate the performance of each service provider on the PEAK Matrix across a number of parameters including:
- Annual growth in scale
- Increase in scope of services
- Expansion of delivery footprint
- Technology- / domain-specific investments

The top quartile performers on each of the specified parameters are identified and the “Star Performer” rating is awarded to the service providers with:
- The maximum number of top quartile performances across all of the above parameters
- At least one area of top quartile performance in both market success and capability advancement

The “Star Performers” title relates to YOY performance for a given service provider and does not reflect the overall market leadership position. Those identified as “Star Performers” may include “Leaders,” “Major Contenders,” or “Aspirants.”

Intelenet and Toutatis have not been considered for Star Performer analysis due to non-participation in the PEAK Matrix analysis in 2016.
Does the PEAK Matrix™ assessment incorporate any subjective criteria?

Everest Group’s PEAK Matrix™ assessment adopts an objective and fact-based approach (leveraging service provider RFIs and Everest Group’s proprietary databases containing providers’ deals and operational capability information). In addition, these results are validated / fine-tuned based on our market experience, buyer interaction, and provider briefings.

Is being a “Major Contender” or “Aspirant” on the PEAK Matrix, an unfavorable outcome?

No. PEAK Matrix™ highlights and positions only the best-in-class service providers in a particular functional/vertical services area. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix™ at all. Therefore, being represented on the PEAK Matrix™ is itself a favorable recognition.

What other aspects of PEAK Matrix™ assessment are relevant to buyers and providers besides the “PEAK Matrix™ position”?

PEAK Matrix™ position is only one aspect of Everest Group's overall assessment. In addition to assigning a “Leader”, “Major Contender” or “Aspirant” title, Everest Group highlights the distinctive capabilities and unique attributes of all the PEAK Matrix™ providers assessed in its report. The detailed metric level assessment and associated commentary is helpful for buyers in selecting particular providers for their specific requirements. It also helps providers showcase their strengths in specific areas.

What are the incentives for buyers and providers to participate/provide input to PEAK Matrix™ research?

- Participation incentives for buyers include a summary of key findings from the PEAK Matrix™ assessment.
- Participation incentives for providers include adequate representation and recognition of their capabilities/success in the market place, and a copy of their own “profile” that is published by Everest Group as part of the “compendium of PEAK Matrix™ providers” profiles.
What is the process for a service provider to leverage their PEAK Matrix™ positioning status?

Providers can use their PEAK positioning rating in multiple ways including:

- Issue a press release declaring their positioning/rating
- Customized PEAK profile for circulation (with clients, prospects, etc.)
- Quotes from Everest Group analysts could be disseminated to the media
- Leverage PEAK branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)

The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with the designated POC at Everest Group.