



Human Resources Issues and Outsourcing Intentions

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Market Assessment
June 2010

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- ❑ Middle office industry-specific processing services such as policy administration, claims processing services, and payment processing
- ❑ Back office support services such as HR services, finance & accounting services, and procurement services

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Abstract

The purpose of this study is to assist sourcing managers in understanding sourcing developments within HR outsourcing and to recommend options for vendors in addressing the HR outsourcing market. In particular the study uses senior executive interviewing to establish:

- ❑ Client requirements, in support of business initiatives
- ❑ Market drivers and inhibitors
- ❑ Planned HR outsourcing purchasing intentions.

The study complements NelsonHall's earlier market assessments of HR outsourcing by including an updated analysis of user expectations and attitudes towards use of HR outsourcing.

NelsonHall's "Human Resources Issues & Outsourcing Intentions" market assessment report is designed for:

- ❑ Sourcing managers investigating sourcing developments within HR outsourcing
- ❑ Marketing, sales and business managers developing strategies to target service opportunities within the HR outsourcing market
- ❑ Financial analysts specializing in the support services sector.

The term business process outsourcing (BPO) is defined as the outsourcing of business functions or processes. In order to qualify under this definition BPO contracts must involve the vendor taking responsibility for operational management of the business activity.

Potential BPO activities include:

- ❑ Front-office services, including customer management services & billing services, and document management services
- ❑ Middle-office administration services
 - ❑ Industry-specific processing services e.g. mortgage processing services and card processing services
- ❑ Back-office support services
 - ❑ Finance and accounting services
 - ❑ HR Services including payroll services, HR administration services, managed recruitment services and training provision and administration
 - ❑ Services for procurement of indirect goods and services

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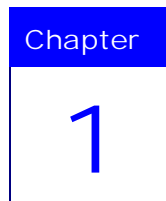
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Introduction

A

Objectives and Scope

The purpose of this report is to identify the current issues with HR services, the initiatives planned in response to these issues, and organizations' planned use of HR outsourcing in 2010.

The objectives of the report are:

- To identify the key issues faced by HR departments in HR service delivery and initiatives planned in response to these issues both overall and by individual HR service
- To identify satisfaction with current HR service delivery
- To identify current and planned use of HR outsourcing by HR service line
- To identify expectations from HR outsourcing, including benefits sought and attitudes towards use of hosted HR platforms and offshore service delivery.

B

Methodology

The approach taken to analyze this market is user research to identify organizations' attitudes to HR service delivery and outsourcing.

The user research of 120 interviews was broken down by industry sector as follows:

Sector	Number of Interviews
Banking	14
CPG	12
Healthcare	10
High-Tech	10
Insurance	12
Media	12
Pharmaceuticals	12
Retail	13
Telecoms	13
Utilities	12
Total	120

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Structure of the Report

The report is structured into the following chapters:

Chapter I: Introduction

Chapter II: Executive Summary

Chapter III: Human Resource Issues & Outsourcing Intentions, including:

- HR issues and initiatives
- Usage of External HR Services

Chapter IV: Human Resource Issues & Outsourcing Intentions by Sector

Chapter V: Human Resource Issues & Outsourcing by Geography