

TOP END-TO-END MIDMARKET HR OUTSOURCING PROVIDERS

Ranked by number of client companies



STATE OF THE MIDMARKET HRO INDUSTRY

For decades, companies have been quick to outsource payroll and benefits administration to individual vendors. They have been reticent, however, to sign over all their HR processes to a single provider. According to a November 2005 study by Everest Research Institute, the multi-process HRO market constituted only 6 percent of the overall HR services market, which includes many single-process outsourcing deals. Yet, there were predictions last year that for 2006, multi-process HRO would increase by 20 percent, generating \$4.3 billion worldwide. Helping contribute to this growth is the steady emergence of the midmarket HRO segment, defined as contracts that cover companies with

fewer than 15,000 employees. Big-name providers are starting to look downward toward smaller companies, while smaller niche providers, including professional employer organizations, are looking up, interested in breaking into this relatively untapped segment. Smaller firms, however, often don't have the resources and financial capabilities to make a sudden transformation into comprehensive HRO. So it appears that for the short term, the large players will also dominate the midmarket end-to-end HRO list. Note: Workforce Management's definition of end-to-end HRO requires that vendors provide most or all HR functions for their client companies.

| RANK '07 | Company, Web address | Number of end-to-end clients with fewer than 15,000 employees in most recent year | Number of end-to-end clients with fewer than 15,000 employees in previous year | Total company revenue for most recent four quarters | Key clients |
|-------------|--|---|--|---|--|
| 1. | ACCENTURE BPO SERVICES www.accenture.com | 50 | 50 | \$6.75 billion* | Catalina Restaurant Group, PacPizza, Worldwide Restaurant Concepts, Swanson Russell Associates, Buffets Inc. |
| 2. | AUTOMATIC DATA PROCESSING EMPLOYER SERVICES www.adp.com | 42 | Not available | \$5.8 billion | Acuity, JT3, RSA, Carmax |
| 3. | CERIDIAN www.ceridian.com | 16 | Not available | \$1.519 billion | Johns Manville, PHH, NXP, Hercules, Visteon |
| 4. | GEVITY HR www.gevityhr.com | 11** | Not available | \$646 million | Danka Business Systems, ComUnity Lending, Krispy Kreme |
| 5. | PLATFORMONE www.platformone.com | 6 | 6 | Would not disclose | Travel Traders, Credit Union Business Services of Alabama, SCI Cos., Business Advantage, Accel HR/GBA, National Association Management Group |
| 6. (tie) | FIDELITY EMPLOYER SERVICES www.fidelity.com | 5 | 5 | Would not disclose | BASF |
| (tie) | HEWITT ASSOCIATES www.hewitt.com | 5 | Not available | \$2.79 billion | Baylor Health, Sony, TXU Energy |

*Accenture does not break out revenue per service group. However, Accenture's total outsourcing revenue for the most recent four quarters was \$6.75 billion, while its total revenue for the most recent four quarters was \$16.65 billion.
 ** From a June 2006 NelsonHall study.
 Sources: Companies

his list first appeared in the January 15, 2007 edition of *Workforce Management*.