

# HRO Thesis Executive Summary

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## Buyer Landscape

- Many research analysts (IDC, Gartner, Forrester, Aberdeen) predict that companies increasingly will gear up to address the new topic of the “High-Performance Workplace” (HPW).
- Being a “High Performing Workforce” requires:
  - Vision & Alignment of Talent and Resources (Strategy)
  - Make Talent Investment a Top Priority supported by programs and resources (Commitment)
  - Need for “Integrated Talent Management Suite” (Infrastructure & Systems)
- Labor intensive businesses today are dependent upon daily people performance and execution to successfully compete; the engagement, productivity, alignment, and team performance dictates success.
  - Buyers require:
    - Need access to “On-Call” Senior Professionals
    - Need providers to offer holistic solutions capability at point solution rates
    - Need for flexible pricing structures
    - Small businesses require the same level of domain expertise and sophistication with respect to HR matters as larger businesses when issues arise.

## Customer Landscape

- Entrepreneurs: The alternative to doing HR themselves/bootstrap
- Growing businesses: Outgrowing their current HR capabilities
- PEO refugees: Companies looking for added value services (non transactional services) to traditional PEO / ASO offerings
- Limited internal expertise: Companies without a current HR department
- Transitional: Companies bridging to an internal staff



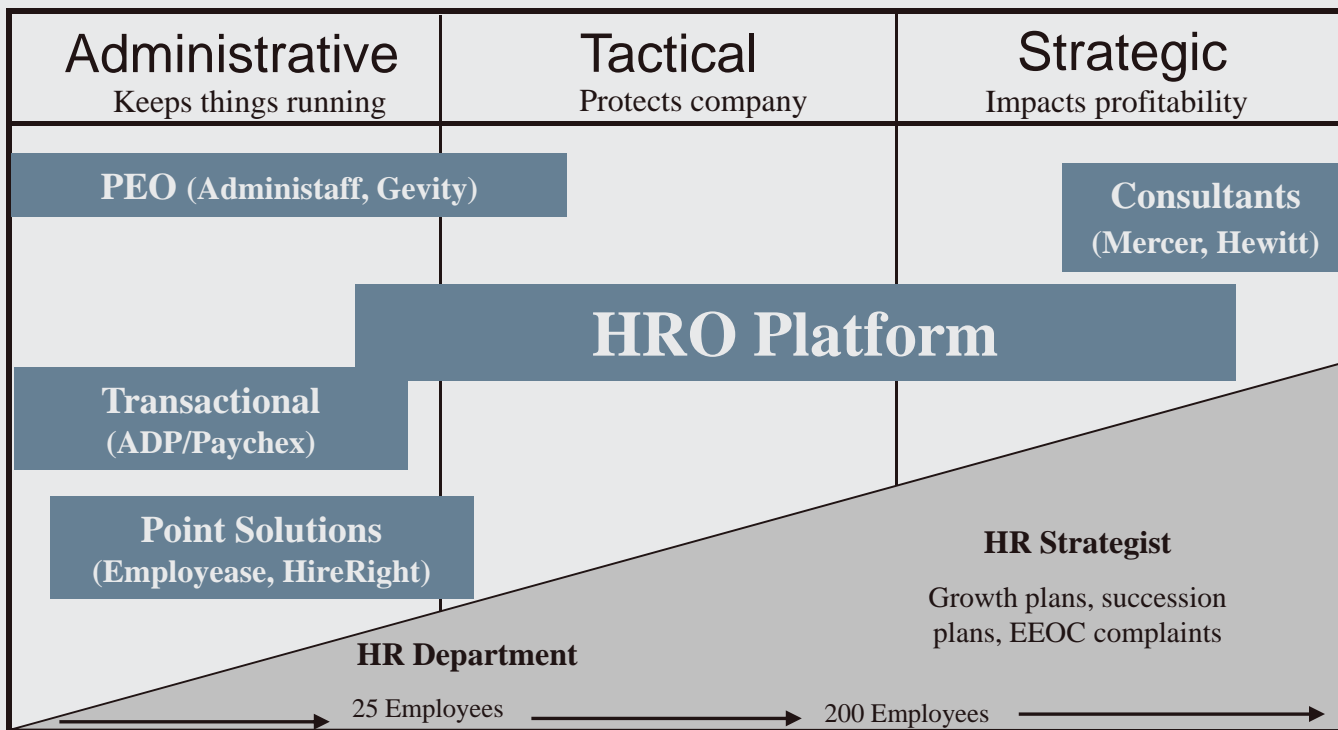
Effectiveness

Expertise

Approach to HR

The customer profile and the value proposition create a **binary sales process**: A strong positive in terms of selling cycle and channel effectiveness.

# Market Landscape



- The mid-market needs a solution
- Mid-market ineffectively served by point and transactional solutions

## Talent Management Landscape

- The SME market for “Integrated Talent Management Suite” (TM) is growing at approximately 20% annually
  - 55% are not interested, 30% have implemented a “payroll plus” solution, 5% a upmarket solution, and 20% are currently evaluating.
  - “Integration” and “one-stop shopping” are not the same thing.
  - Organizations implement “TM Suite” in modules.
  - Performance Management is the core, but only accounts for 15% of TM behind Workforce Management (15%) and Recruitment (20%).
  - The primary driver for implementation is need for automation, process excellence and self-service.
  - Next Generation TM systems are designed for employees and managers not HR.
  - SaaS is mainstream.
  
- It is a very crowded market.
  - Market leaders will be those vendors who lead though use of killer app(s) and/or embrace verticals as key differentiators.
  - Critical to examine competitors /partners prior to entering any segment.

# Talent Management Landscape

## Talent Management Core Fundamentals:



- ✓ 15 TM providers with significant SME client concentrations in the US
- ✓ Players: Authoria, Kenexa, SuccessFactors, Taleo, Workstream, UltiPro, Softscape, ICIMS, SpectrumHR
- ✓ SMB Players: PeopleStrategy, People-Trak, Zulu

# Technology Landscape

More than 80% of these providers implementations fail to achieve their objectives.

Less than 10% of users report “Extremely Satisfied” with these providers.



## SMB Technology Focused:

- ADP – requires client to use their payroll system
- Paychex - #2 USA SMB payroll provider
- Ceridian - 3 different platform
- Sage Abra HRMS – aimed at <500 ee's
- Spectrum iVantage HR – SMB market
- UltiPro HR – Largest install base
- People-Trak – Government, Non-profit, Professional Services and Hospitality for <100 ee)

Of note: there exists a number of MSFT Dynamics platform, tart-ups.

## HROs:

- Workday – best platform but only services large companies
- Empagio – HRO HRIS, niche client base
- Genesys - requires client to be running their HRIS
- Lawson HR - Requires client to be running their HRIS
- Meta4 – Global, Medium to large HRO
- NuView - Mid-market HRIS / HRMS
- Perfect Software - SME market focused HRIS
- Recruitment Focused: Taleo
- Wisdomnet – Best for those that need recruitment integrated
- Perfect Software - SME market focused HRIS
- Authoria – This is a complex product , mostly upmarket
- ExecuTrack - A leading multinational provider
- Halogen - Will customize to fit mid to large
- Success Factors – Currently the middle market leader
- Workscape - Mid and Large (No SMB)
- Workstream – Mid and Large (No SMB)
- Cezanne Software – European primary focus
- Cornerstone On-Demand - Strong in Learning market
- Kenexa – “One-stop shopping” comprehensive solution
- Kronos - K-12 and Government Solution
- Performix – Processing center focused, library (3200) of KPIs
- Pilat HR Solutions – Consulting + Technology approach
- Saba – Large University and Government Solutions
- Softscape – Ideal for large multinationals with custom needs
- ViDesktop – Legal Service industry

## Pricing Model

- Initiation fees covers a portion of initial cost ramp
- Clients pay a monthly rate based on customer type, number of employees, complexity, and geographic footprint

Finality	Monthly Fee
Add-ons	Consulting, Tools, Resources, Services
Shared Services	\$5 to \$30
HRIS	\$5 to \$10
Payroll	\$5

- *Multi-State operations are an additional \$500 per month*
- *Transitional clients minimum 25% premium*

- Proof of concept has illustrated significant pricing flexibility and potential for increases



## HRO Platform

- \$1,500 to \$5,000 per month depending on company employee count, complexity, and need.

- 1-800-HR Hotline to solve problems, provide council, and support

### Packaged Solutions to Solve Workforce Challenges

- Audit or Legal Issues
- Lack of Quality Management
- Succession Planning
- Lack of Scale
- Demotivated workforce and cannot increase costs

## FIRM INFRASTRUCTURE

- Fully integrated HRIS & Talent Management Platform with Portal Self-Service and Training/LMS (blended)
- LMS + KMS + DMS + Tools
- Shared Services

## HUMAN RESOURCES COMPETENCY PRACTICES

- Workforce Risk Mitigation and Compliance
- Labor Relations & Employee Management (PM)
- Manager Training, Support, and Development
- Talent Management (Compensation Mgmt)
- Competency and Leadership Development
- Succession Planning & Organizational Design

## MANAGEMENT SCIENCE

- Monthly Human Capital Management Report
- Dashboards and KPI Analytics
- Team Assessment Tracking for Performance and Development

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