

FEATURE: TOP PUBLIC SECTOR DEALS

# The Top HRO Public Sector Deals

*Eleven deals were signed in the past year around the globe. Here are the contracts that demonstrate government's embrace of outsourcing.* **BY HRO TODAY STAFF**

Since the inception of this publication, HRO has rapidly evolved. No one expected that almost every area of HR would be touched by outsourcing. In the early years, the only major deals signed were in the private sector. But things have changed.

In late 2002, Convergys and the state of Florida signed a nine-year agreement for \$350 million. This was just the beginning. After building momentum with this deal and learning how to maneuver with a government client, Convergys and the state of Texas joined forces in 2004. With these deals, a floodgate opened, and people began to take notice.

Part of the reason for the slow build of outsourcing in the public sector was public objection. Many public workers are unionized and not likely to lead the cheering section for HRO once an agreement is announced. Because workers fear they will be downsized or phased out, public-sector resentment remains high despite growing adoption rates in the private sector.

However, despite the possibility of criticism, more and more public entities are throwing their hat into the ring. In the past year, there have been major signings with a total contract value of almost \$2 billion

combined. Public sector deals are being born all over the globe. We have eleven deals represented, covering Canada, the U.S., Ireland, the U.K., and Australia. The deals range in nature from national to regional to local government.

*HRO Today* defines the public sector as all-government entity. These may include municipal government, state-sponsored educational institutions, federal agencies, and others. The deals cited were signed in the past 12 months.

A special thanks is in order for Glenn Davidson, president, EquaTerra Public Sector, for his help in compiling this list.

HRO Buyer	HRO Provider	Date of Contract	Length of Contract (yrs)	Total Contract Value (\$US)	Number of Employees
<b>Canada Public Works Government Services</b> Type: National government agency Geographies in Scope: Americas	EDS Canada	December 22, 2005	8	\$100 million	N/A
The contract will modernize services, processes, and systems for Canada's federal public servants' pension administration. New technology will provide federal employees access to more accurate online and real-time data to process pension requests instantly. It will also provide members with Internet and call-center options to communicate with pension administrators. EDS Agility Alliance partners Siebel and Oracle jointly collaborated on the contract					
<b>State of Alaska</b> Type: Regional government agency Geographies in Scope: Americas	ACS	January 17, 2006	4	N/A	98,000
Buck Consultants, an ACS company and HR and benefits consulting firm, signed a contract to provide actuarial and consulting services to the State of Alaska for retirement and retiree medical plans. Actuarial valuation services for the Public Employees' Retirement System, the Teachers' Retirement System, the Judicial Retirement System, and the National Guard and Naval Militia Retirement Systems are provided under the agreement.					
<b>State of Victoria Work Cover Auth., Australia</b> Type: Regional government agency Geographies in Scope: Asia Pacific	Cambridge Integrated Services	December 27, 2005	5	\$66 million	N/A
A renewed agreement to process workers compensation claims—effective until June 30, 2010—gives Cambridge a 15-percent market share of the Victoria Work Cover's workers compensation portfolio. Originally selected in Cambridge 2002 in just over three years has achieved significant reductions in projected claim costs while managing approximately 30,000 policies for the Victoria WorkCover Authority. Cambridge will also create a dedicated new facility in Melbourne, Australia.					

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<b>British Nuclear Group (BNG)</b> <b>Type:</b> National government agency <b>Geographies in Scope:</b> EMEA	Capita Resourcing	February 9, 2006	3	N/A	1,500
<p>Capita will manage Agency Supplied Workers, which is responsible for the payroll and benefits administration of BNG employees. The three year contract has an option for a one year extension. As part of the agreement, an on site office will be provided to increase access for Agency Supplied Workers.</p>					
<b>State of California</b> <b>Type:</b> Regional government agency <b>Geographies in Scope:</b> Americas	BearingPoint	March 17, 2006	N/A	\$69 million	N/A
<p>BearingPoint will implement a new payroll/personnel system for the State of California called the 21st Century Project. The initiative, led by the State Controller's Office, will eliminate the need for many paper-based forms. Instead, state employees will have self-service access to the system, allowing them to select their own benefits, check their accrued leave, and easily obtain online forms and documents. BearingPoint will work with SAP Public Services Inc. to provide management reporting tools designed to help managers, budget officers and personnel officers obtain accurate, timely information for more efficient administration.</p>					
<b>Northern Ireland's Department of Finance and Personnel (DFP)</b> <b>Type:</b> Regional government agency <b>Geographies in Scope:</b> Americas	Fujitsu Services	March 30, 2006	15	\$346 million	28,000
<p>The contract to modernize delivery of personnel services through an e-HR is part of the Northern Ireland Civil Service Reform Agenda. Personnel administration, including payroll and recruitment, will be delivered from a shared-service center. The contract will result in more efficient and effective delivery of personnel services as well as enabling civil servants to refocus on frontline services. Fujitsu will lead a team of subcontractors including PricewaterhouseCoopers, Capita, and Oracle.</p>					
<b>Catholic Health Initiatives</b> <b>Type:</b> National healthcare agency <b>Geographies in Scope:</b> Americas	Hewitt	April 11, 2006	10	N/A	45,000
<p>Hewitt Associates has renewed its contract to provide HR BPO services to Catholic Health Initiatives, a national nonprofit health corporation. Under the new agreement, Hewitt will provide contact center, recruiting, relocation, health and welfare, and workforce administration services.</p>					
<b>Newham Council, UK</b> <b>Type:</b> Municipal government agency <b>Geographies in Scope:</b> EMEA	Mercer	April 28, 2006	N/A	N/A	16,000
<p>Mercer has been appointed to provide actuarial services for the London Borough of Newham Pension Fund— part of the Local Government Pension Scheme. The contract covers a defined benefit scheme with assets of approximately £500 million. Mercer provides actuarial services to 27 other local authority fund clients. It is the largest consulting firm of its type in the U.K., with some 3,000 staff in 19 office locations.</p>					
<b>State of Texas</b> <b>Type:</b> Regional government agency <b>Geographies in Scope:</b> Americas	Accenture	July 7, 2005	5	\$840 million	55,000
<p>The Texas Health and Human Services Commission (HHSC) awarded Accenture a contract to help improve how Texans apply for Medicaid, food stamps, Temporary Assistance for Needy Families (TANF), and other programs. Under the umbrella Texas ACCESS Alliance, Accenture will lead a group of companies to deliver technology and business operations services in support of the state's modernization plans. Typically applications are submitted in person at a state office during business hours, which can create barriers for people with conflicting work hours, family care requirements, or transportation challenges. The new model will continue to offer in person access through state offices, supplemented by self-service access using mail, phone and the Internet. The ACCESS Alliance's work for HHSC will include the operation of there Texas-based customer care centers and a Texas-based shared-service center that will employ over 2,500 Texans.</p>					
<b>United States Army</b> <b>Type:</b> National government agency <b>Geographies in Scope:</b> Americas	Information withheld	July 14, 2005	4	\$426 million	N/A
<b>United States Department of Defense</b> <b>Type:</b> National government agency <b>Geographies in Scope:</b> Americas	Information withheld	September 16, 2005	5	\$106 million	N/A