

# The Top HRO Public Sector Deals

*Eight notable deals were signed last years around the world. Once again, the U.K. and U.S. were the biggest public-sector buyers of HRO services .* **BY HRO TODAY STAFF**

Regular readers of *HRO Today* will notice an obvious trend in our look at the top public sector deals: the same nations leading the way on the commercial side of HRO engagements are also the leaders on the public sector side: the U.K. and the U.S.

That shouldn't come as a surprise. After all, with outsourcing widely accepted from a business as well as a cultural perspective, it only makes sense that American and British government officials have more broadly embraced the movement. Although HRO is still considered a dirty word in some quarters—in organizations with a strong organized labor presence,

for instance—it has made huge strides among government buyers in recent years.

You can bet that more strides will be made. We hear from our sources that the U.S. federal government is on the cusp of making an historic announcement on the use of outsourcing to reduce costs and improve service delivery. The problem with an organization as gigantic as the federal government is it moves at a snail's pace, and it may be some time before we see regular flows of multimillion-dollar HRO engagement. Nevertheless, such a move would help shatter the taboo of outsourcing.

Another observation you might make is

that HRO in the U.K. transcends jurisdictions—meaning that it is occurring on all governmental levels. Will we see HRO practiced at your local town hall one day? That remains to be seen.

Although this listing doesn't cover dozens of smaller regional deals (many worth less than \$1 million), it will give you a look at which public sector organizations are engaging in big buys and the services within scope.

We would like to thank EquaTerra's Glenn Davidson, who heads up the advisory firm's public sector practice. He has been an invaluable source of knowledge. **HRO**

HRO Buyer	HRO Provider	Date of Contract	Length of Contract (yrs)	Total Contract Value (\$US)	Number of Employees
<b>The BBC</b> Type: Global non-profit organization Geographies in Scope: Global	<b>Capita</b>	<b>March 2006</b>	<b>10</b>	<b>\$232 million</b>	<b>N/A</b>
The 10-year HRO contract worth \$232 million is one of the biggest public sector deals in 2006. The accord calls for the provider to deliver a full range of HR services to the BBC, including recruitment, payroll and pension administration, aspects of staff development, occupational health, and other services. According to the broadcast giant, the contract is expected to save the company £50 million during the life of the accord. Around 260 jobs were transferred to Capita, and 100 additional positions were created in Belfast at its service center.					
<b>Federal Occupational Health (FOH)</b> Type: National government agency Geographies in Scope: Global	<b>Ceridian</b>	<b>September 2006</b>	<b>5</b>	<b>\$150 million</b>	<b>1.3 million</b>
The contract calls for Ceridian to provide employee assistance program (EAP) services to Federal Occupational Health (FOH), a division of the U.S. Department of Health and Human Services, Program Support Center. FOH works in partnership with many federal agencies via 360 interagency agreements throughout the U.S. and internationally. FOH designs and delivers comprehensive solutions to meet the occupational health needs for 1.3 million employees and their family members. The contract has a total potential value of approximately \$150 million over five years, consisting of an initial one-year term with four, one-year options of approximately \$30 million annually. Ceridian's EAP and work-life services are utilized by more than 38,000 organizations of all sizes in virtually every industry.					
<b>GovWorks</b> Type: Regional government agency Geographies in Scope: Americas	<b>Autonomic Resources</b>	<b>2006</b>	<b>5</b>	<b>\$100 million</b>	<b>N/A</b>
As part of the contract awarded by GovWorks to Autonomic Resources, a provider of information technology, engineering, professional, and administrative staffing and outsourcing services to federal, state, and local governments, HR support and call-center services will be included in addition to other non-HR related func-					

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<p>tions. A wide range of administrative support services—from general office, professional, and clerical, to complex logistics and facilities management efforts—is covered. Support other than HR will include but is not limited to mailroom operations, reprographics, mailing list management, facility management and ongoing support, and property inventory and control. GovWorks is a franchise fund authorized by Congress and the Office of Management and Budget (OMB) to offer acquisition services to federal agencies. The organization delivers value to both civilian and military agencies throughout the acquisition process by using best practices, responsive customer service, and regulation compliance. In October 2005, GovWorks joined the Department of the Interior’s National Business Center (NBC).</p> <p><b>National Geospatial-Intelligence Agency</b>  <b>Type:</b> National government agency  <b>Geographies in Scope:</b> U.S.</p> <p>The National Geospatial-Intelligence Agency (NGA), which provides intelligence support to the U.S. Defense Department, awarded the multiple-year, \$69 million human capital management (HCM) contract to Accenture National Security Services LLC. The contract covers a five-year period that includes a base year and four, one-year options. The deal supports NGA’s human development directorate by providing a holistic approach to providing human capital services, encapsulating the end-to-end processes involved with managing people resources in the organization, from strategic workforce planning support services to transactional human capital functions such as recruitment and retirement processing.</p>	Accenture	July 2006	5	\$69 million	N/A
<p><b>National Geospatial-Intelligence Agency</b>  <b>Type:</b> National government agency  <b>Geographies in Scope:</b> U.S.</p> <p>The five-year, \$176 million learning management contract to Lockheed Martin Integrated Systems &amp; Solutions is part of the national security support agency’s effort to expand government and industry interactions related to geospatial-intelligence. The learning management services (LMS) contract supports NGA’s Human Development Directorate by providing employees, portions of the Department of Defense, and members of the intelligence community with mission-essential technical skills training, systems training, and leadership and intelligence professional education. The contract is part of NGA’s long-term Human Development Technology and Services (HDT&amp;S) initiative. The LMS efforts will primarily be performed in the Washington, D.C. and St. Louis areas.</p>	Lockheed Martin	June 2006	5	\$176 million	N/A
<p><b>U.S. Office of Personnel Management (OPM)</b>  <b>Type:</b> National government agency  <b>Geographies in Scope:</b> U.S.</p> <p>As part of Lincolnshire, IL-based Hewitt Associates’ win, the provider will deliver defined benefits technology and administration services to the U.S. Office of Personnel Management (OPM), the federal government’s principal human resources agency. The 10-year agreement, valued at approximately \$290 million, will enable OPM to modernize and improve the administration of its federal retirement system for five million participants. OPM will use Hewitt’s existing benefits technology platform, Total Benefits Administration (TBA), which is used to provide benefits administration services to more than 300 companies and 18 million employees. For the first time, OPM will be able to provide active employees and retirees with defined benefit account information, web access, and modeling tools. Hewitt will also provide retirement administration services, including data management, pension benefit calculations, and pension payments. “With this partnership, OPM is gaining access to solutions that will provide us with a more efficient way to handle the administration of our important benefits programs,” said Linda Springer, director of the U.S. Office of Personnel Management.</p>	Hewitt	May 2006	10	\$290 million	5 million
<p><b>City of Southampton, U.K.</b>  <b>Type:</b> Municipal government agency  <b>Geographies in Scope:</b> U.K.</p> <p>The Capita Group’s selection as the preferred supplier for the \$570 million, 10-year comprehensive BPO contract from the Southampton City Council calls for delivery of a wide range of services including customer services, IT, HR, and procurement. Final contract terms are expected in July, and services are to begin October 1. Residents and businesses are expected to benefit from the development of a contact center and a “one-stop shop,” which will become the first point of contact for all council services. Approximately 600 employees will transfer to Capita and support the delivery of these services.</p>	Capita	March 2007		\$570 million	N/A
<p><b>Swindon Borough Council</b>  <b>Type:</b> Municipal government agency  <b>Geographies in Scope:</b> U.K.</p> <p>In one of the longest public sector contracts signed to date, Capita will deliver a variety of services to Swindon Borough Council during a 15-year incremental strategic partnership worth approximately \$476 million. This follows the announcement last October that Capita had been selected as preferred supplier to deliver a 10-year partnership for approximately \$262 million. Capita will deliver a wide range of services including customer services, business support for administration services, financial administration, HR and payroll, and others. <b>HRO</b></p>	Capita	February 2007	15	\$476 million	N/A