

TOP ENTERPRISE HRO DEALS

The Top 22 Enterprise HRO Deals

2004 was a roller-coaster year for BPO. But as *HRO Today's* annual list of the top enterprise-level HRO deals of the year shows, HRO is still coming out on top.

Early 2004, in the pre-presidential election mass-media feeding frenzy, it seemed as though the three most frightening letters in the English language, next to WMD, were BPO. Turn on the TV and you would hear pundits pontificating on the effects of outsourcing, which many used synonymously with offshoring. Open the newspapers and see front-page editorials on "Outsourcing Pros and Cons." Even pop culture jumped on the trend. The Internet and entertainment magazines abounded with bizarre outsourcing stories (the Catholic Church is outsourcing prayers to India, did you know?).

Former MTVers worked on the much-hyped documentary *America's Jobs*. Even the publishing world jumped in the fray. *Folio Magazine* outsourced an entire issue—editorial and design—in an ode to outsourcing.

The only people who weren't talking about outsourcing were the users and providers.

Fast forward to end 2004, post-presidential election, and the controversy surrounding outsourcing has ended with a whimper, not a bang. The HRO industry has emerged not only unscathed but also stronger than ever. And the previously quiet giants have begun to speak up.

As our list below shows, some of the biggest names in the industry bought in to HRO this year—Sun, Goodyear, Best Buy, TXU. And former media-shy providers, such as Fidelity and Hewitt, began to tout their growing services. Hewitt's relationship with CapGemini and acquisition of Exult this fall prompted several major HRO contracts on the list; Convergys acquired DigitalThink earlier in the year, strengthening its offerings. Look for other big-name buyers and providers following the consolidation trend, such as EDS-Towers Perrin, to appear more prominently on the list in 2005.

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This list was developed by contacting 26 of the leading HRO service providers and requesting information on their largest HRO deals of the year. The information was then verified and added to by online searches of company Web sites, press archives, and news sources. Last, we sent our list of nominees to a number of the top BPO sourcing consultants for their seal of approval. Enjoy.

HRO User	HRO Provider	Date of Contract	Employees Covered	Contract Amount (USD)	Contract Length (yrs)
ABB (U.S. Operations) Expansion of 1995 contract, which included health and welfare administration, 401 (k), and defined benefit plans; additional services under new contract include payroll, HR administration, and HR technology.	Fidelity Employer Services Co.	Jan 2005	9,500	NA	NA
Air Canada After signing a letter of intent with Exult, the new Hewitt-Exult combo closed the deal with Air Canada to manage their core administrative and transactional HR services for employees and provide a suite of technology and operational tools.	Hewitt Associates	Oct 2004	>30,000	NA	NA
Bank of America Corporation In one of the first big HRO re-contractings, BOA turned to Fidelity to provide it with a wide range of human resources and benefits administration services including a full suite of integrated workforce effectiveness services, such as compensation planning, performance management, talent management, and learning management; payroll, timekeeping, and attendance; personnel administration; employee records; HRIS management; health, welfare, and defined benefit; defined contribution; and stock plans.	Fidelity Employer Services Co.	Apr 2004	250,000	NA	7
Best Buy Mega retailer Best Buy bought into Accenture's HR offering for HR systems support, payroll, compensation and benefits, staffing and recruiting, corporate HR generalists, and HR operations and technology. Accenture will also build several new HR capabilities for Best Buy, including a call/service center for employee inquiries, an employee Web portal, a staffing system to facilitate the internal and external recruiting of employees, and an employee-centric data warehouse that centralizes all data about individual employees	Accenture HR Services	Jan 2004	90,000	NA	7
Bristol-Myers Squibb Similar to the groundbreaking BT deal, Bristol-Myers Squibb moved from shared services to full-scale HR BPO under this newly inked contract.	Accenture HR Services	Dec 2004	44,000	NA	5

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CapGemini A full-scale HR BPO contract that includes workforce administration, benefits, compensation, recruiting, and payroll services.	Hewitt Associates	Oct 2004	NA	NA	10
Chubb & Son Chubb & Son, part of the Chubb Group of Insurance, signed on with ACS for payroll, benefits administration, staffing, training, and relocation services.	ACS	Jan 2005	NA	NA	NA
Cinergy Services Aon HRO will provide enterprise-wide services related to employment and staffing outsourcing for the vast majority of Cinergy's hiring needs.	Aon HR Outsourcing	Nov 2004	7,700	NA	3
Finnair An indication that European HRO is catching on, ARINSO will develop new HR management and payroll systems for Finnair and consolidate their current SAP system.	ARINSO International	Dec 2004	8,000	NA	12.5
Goodyear Tire & Rubber Company Goodyear went the fully-loaded approach with this HRO contract. ACS is providing payroll, medical benefits administration, call center, training, recruiting and staffing systems, and support services.	ACS	Feb 2004	40,000	NA	10
IHG (Intercontinental Hotel Group) Services provided to IHG's U.S. and U.K. employees include payroll administration services, benefits administration services, Human Resources Management System, tax services, and regulatory and compliance services.	ADP Employer Services	Jan 2004	32,000	NA	5
Levi Strauss & Co. Full-scale HRO contract including benefits and HR administration, payroll, HR IT, and more.	Accenture HR Services	Dec 2004	12,300	NA	5
Northwestern Memorial Hospital Providing a number of human resource consulting and outsourcing services including actuarial valuations, retirement plan consulting, health and welfare consulting, and administration services for NMH's defined benefit pension plan and health and welfare plans.	Mellon HR&IS	Sep 2004	7,500	NA	NA
Rockwell Automation Services provided under the contract include workforce administration, payroll, health and welfare, and defined benefit services to Rockwell Automation's 15,000 U.S. employees.	Hewitt Associates	Jan 2005	15,000	NA	NA
Rohm and Haas Provide global HR technology and infrastructure services, including HR IT administration, improved employee and manager self-service tools, technology to support compensation planning, performance management and leadership development, payroll services, recruitment support, and relocation services.	ACS	Jun 2004	NA	NA	7
Sandvik Accenture will provide Sandvik with administrative-related services in the areas of resourcing, customer services, competence development, performance management, reward and recognition, and workforce administration. Accenture will use its global delivery network to provide services to Sandvik and will also establish a new service center in Sandviken. Currently serving more than 14,000 employees in three countries, the deal is expected to expand to include additional countries and more than 23,000 employees.	Accenture HR Services	Nov 2004	14,185 (current) 23,500 (expanded)	NA	10
Sun Microsystems Global HR BPO contract that includes workforce administration, recruiting and staffing, compensation administration, performance management, and learning. All services to be provided on a global basis in both the United States and 49 additional countries.	Hewitt Associates	Oct 2004	>30,000	>\$100M	5
Texas HHSC Comprehensive human resources and payroll services for the state's Health and Human Services Commission.	Convergys Corporation	Oct 2004	46,000	NA	5
TRW Providing an array of health and welfare benefits as well as 401(K) and stock options.	Fidelity Employer Services Co.	Jun 2004	34,500	NA	NA
TXU Hewitt provides HR operations, strategy, design, and administration to all TXU U.S. employees including employee data and records management; benefits, including health, wealth, and retirement; payroll; compensation and rewards management; learning development and training; performance; recruiting and staffing; talent management and succession planning; business partners; and HR supplier management.	Hewitt Associates	May 2004	NA	NA	10
Visteon Corporation A global BPO contract that includes managed payroll services for employees in the United Kingdom, France, Germany, Portugal, and Spain as well as payroll and health and welfare services for U.S. employees.	Ceridian	Sep 2004	10,000	NA	5
Williams Companies Multi-domain outsourcing mega deal that includes HRO, FAO, and ITO.	IBM	Jul 2004	NA	\$320M (total)	7.5