

CHRO Today Executive Network



Transformational HRO

As ISG's leader in HCM and Enterprise Transformation, Stacey leverages her 25+ years of experience to help clients achieve their strategic, operational, and financial objectives. Through her diverse background in strategy, operations, transitions, and technology, she has developed unique insight and the ability to ask the right questions to help organizations achieve their vision.



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Welcome to C-TEN, Jeff!

Jeff currently serves as Global CHRO at **Inotiv Corporation** (NYSE: NOTV), a \$600M revenue and 2,400 employee leading contract research organization dedicated to providing nonclinical and analytical drug discovery and development services and research models and related products and services. As a member of the Executive Committee, he is responsible for aligning culture, people, and business strategy across all aspects of Performance and Talent Management, Leadership Development, DEI, Total Rewards, Employee Engagement, HR Ops, Corp Comms, and EHSS.



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In 2024 Jeff was named a CHRO of the year, Leader of Distinction by HRO Today!



Transformational HRO

PREPARED FOR C-TEN

Stacey Cadigan, Partner

February 13, 2025

Q: Where are you on your HRO journey?



- a. Planning stage
- b. Beginning services
- c. Increase use
- d. Decrease use
- e. Stop
- f. No change

Question #1

The Changing HRO Value Proposition

New Ways of Driving Client Value.

Traditional

Cost reduction

- High volumes of manual transactions processed at lower cost via labor arbitrage.
- Largely rote processes, business scripts followed exactly.

Become more strategic

- Offload the day-to-day “headache” of operations to enable business partners to focus more fully on strategic items.

Better capabilities

- Purpose-built custom solutions to better enable self-service, reporting and imaging.
- Process re-engineering, knowledge management and KPIs increase focus/quality of delivery.

Current/Evolving

Competitive or lower cost

- Leverage technology such as AI, Chatbots, RPA to further reduce cost structure.
- Leverage common cloud platform(s) to drive as much workflow automation and self-service as possible.

Experience as a differentiator

- Drive increased employee adoption/engagement with emphasis on Moments that Matter.
- Create “self-sufficient self-service” and simplified journeys

Drive up the value scale

- Focus on exception processing and solving more complicated transactions that remain after self-service adoption.
- Blend of consulting and operations to provide perspective and advice to business clients – Operational consulting and Analytics CoEs.

Evolving HRO Landscape

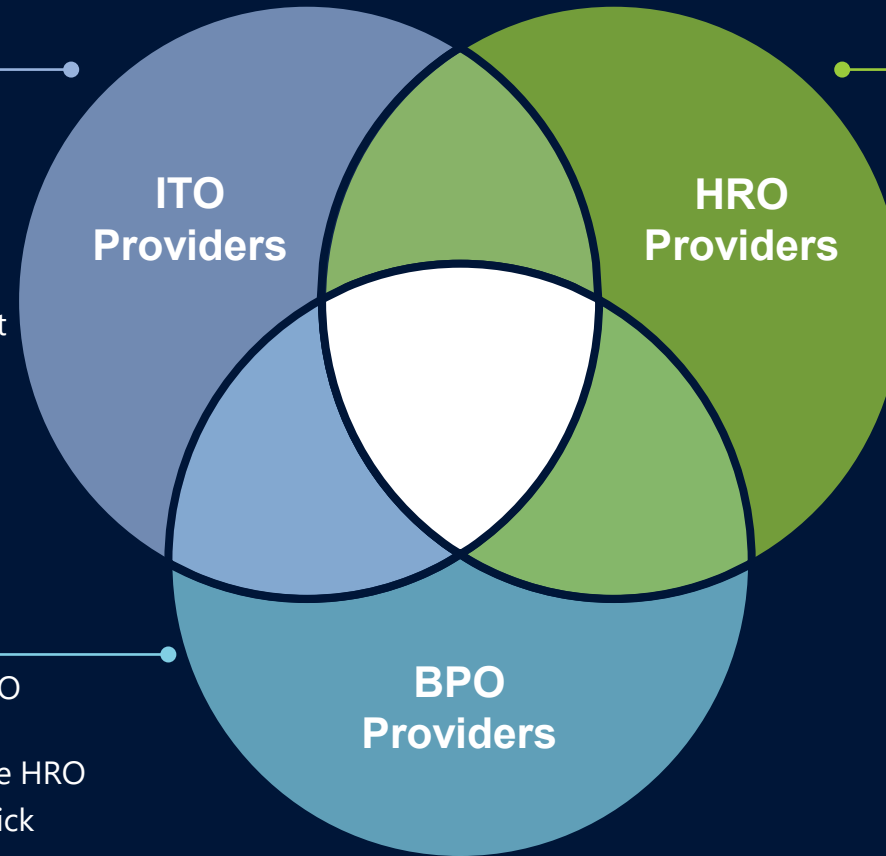
A more expansive set of HRO providers.

ITO Providers

- Some traditional ITO providers making investments and competing in standalone HRO
- Deep technical expertise, often with significant automation accelerators
- Not as deep in HR domain SMEs
- Commercials that tend to be at a lower price point

BPO Providers

- Some BPO providers have moved into adjacent HRO services
- Business process experts; not as deep in standalone HRO
- GBS market is gaining steam, with a significant uptick anticipated in the next 12 months

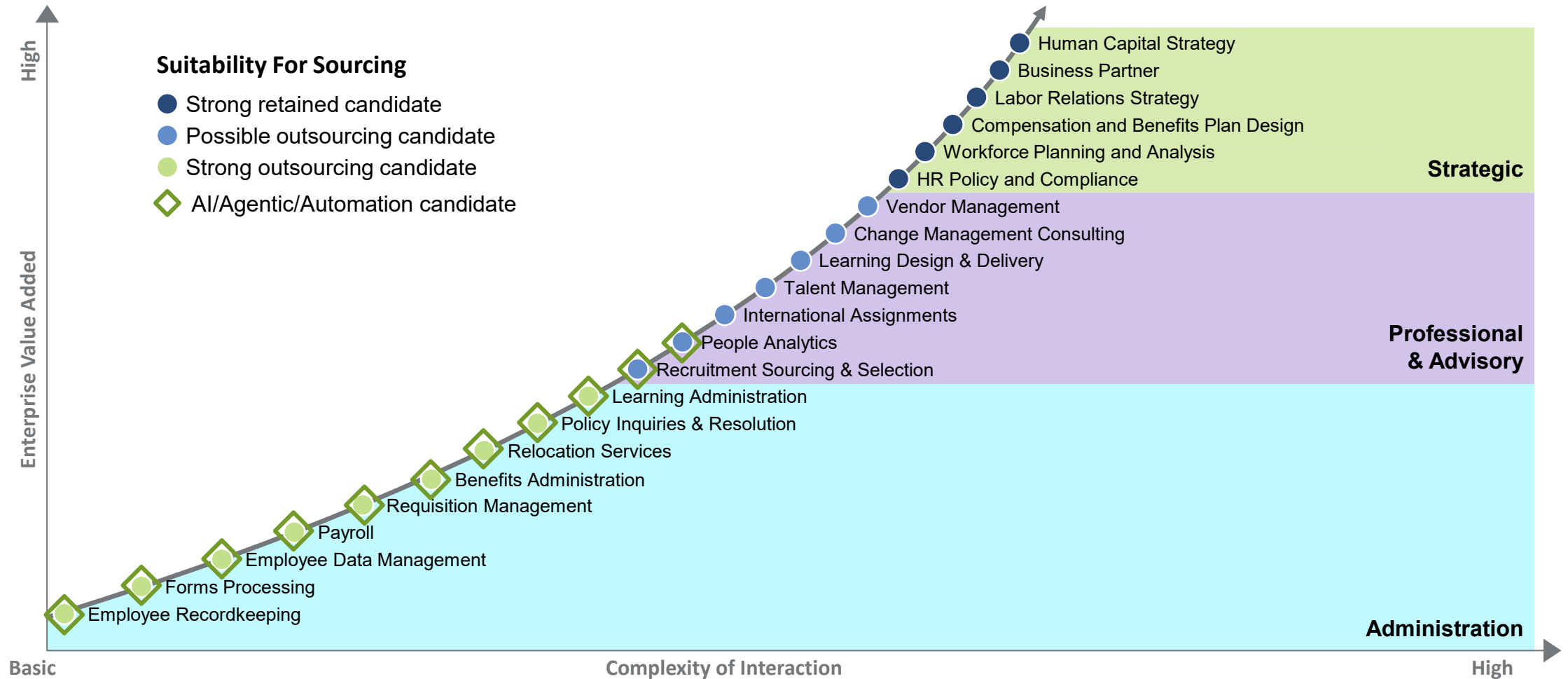


HRO Providers

- Deep HR domain expertise with more hands-on experience delivering broad HRO services
- Market movements and new partnerships being formed
- Increased focus on the mid-market
- Being pushed for lower cost of delivery to compete effectively within expanded competitive landscape
- Complex market for specialized HR services
- **Payroll Providers** – combination of global heritage providers, regional providers, niche aggregators, in-country payroll firms, platform providers, payroll integrators and service bureaus
- **Benefits Providers** – combination of traditional providers and technology focused benefits administrators
- **Recruitment Providers** – various market models from administration to end-to-end RPO; often delivered via standalone RPO providers with market leading capability

Transformational HRO Services

Strategic HR Services will likely be retained and improved by HR leadership, but there is movement up and down the swoop chart, with higher enablement of self-service.





Where do you see the greatest opportunity in your HR model today?

- a. Use of **new** AI and emerging technologies
- b. Better leverage of **current** technologies
- c. Clarify and/or redesign the HR operating model
- d. Simplification and harmonization of HR processes
- e. Other

Question #2

Trends in Transformational HRO

1 AI-led Transformation

Leveraging AI to drive out cost and up effectiveness a prerequisite to generating client value.

- AI and automation applied across workforce administration, payroll, benefits, compensation, recruiting, learning and talent.



2 Consolidation of the HR Tiered Model

Moving away from the traditional HR tiered delivery model (Tiers 0 to 3):

- Two-tiered model
 - Digital Layer (collapse of Tier 0 and Tier 1) – for 80 to 85% of inquiries.
 - Human Layer – intended for 15 to 20%.
- Some models being built without any live support.



3 Enabling the Retained Organization

Focus is not just on improving outsourced services but enabling efficiency and effectiveness within the retained organization.

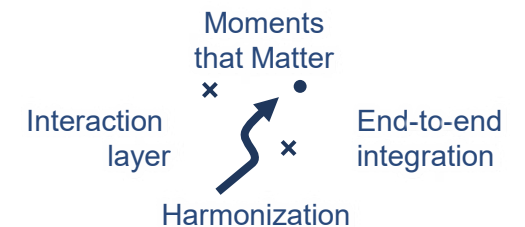
- Many of the AI and automation tools can be leveraged by the internal team.
- With the capacity created, models shifting to more agile teams.



4 Focus on Simplification

Creating simplified journeys to enhance self-service adoption and enable agility.

- Simplification and harmonization key to unlocking value and reducing costs
- Employee experience a layer of significant investment
- End-to-end process and data integration



Trends in Transformational HRO (continued)

5

Evolving Talent and Location Strategies

Offshore locations in India, Philippines and others have been primary hubs for recent offshoring.

- Increasingly competitive India market which threatens to reduce some of the benefits.
- Providers expanding into Tier 2 and 3 cities.
- New efforts by providers to build talent from within.



6

HRO as part of Broader Outsourcing Strategy

HRO is increasingly grouped with broader ITO, BPO services.

- Nearly a quarter of enterprises are looking to set up a new GBS; 40% looking to expand their GBS.
- Where organizations prioritize getting to a common provider across IT or BPO, can result in a suboptimal HRO solution if not properly solutioned and evaluated.



7

Speed to Value

Organizations under pressure to speed up the pace of transformation.

- Providers with proven accelerators, methodologies and success stories better positioned to meet demands.
- A multi-phased approach that prioritizes the most significant opportunities is a common path to transformation.



8

Focus on Business Outcomes

More outcome-based commercial models, often focused on improved quality, reduced cycle times, and reduced cost.

- Should be able to attain notable savings in the outer years.
- Expect to push provider for commitments to employee experience.





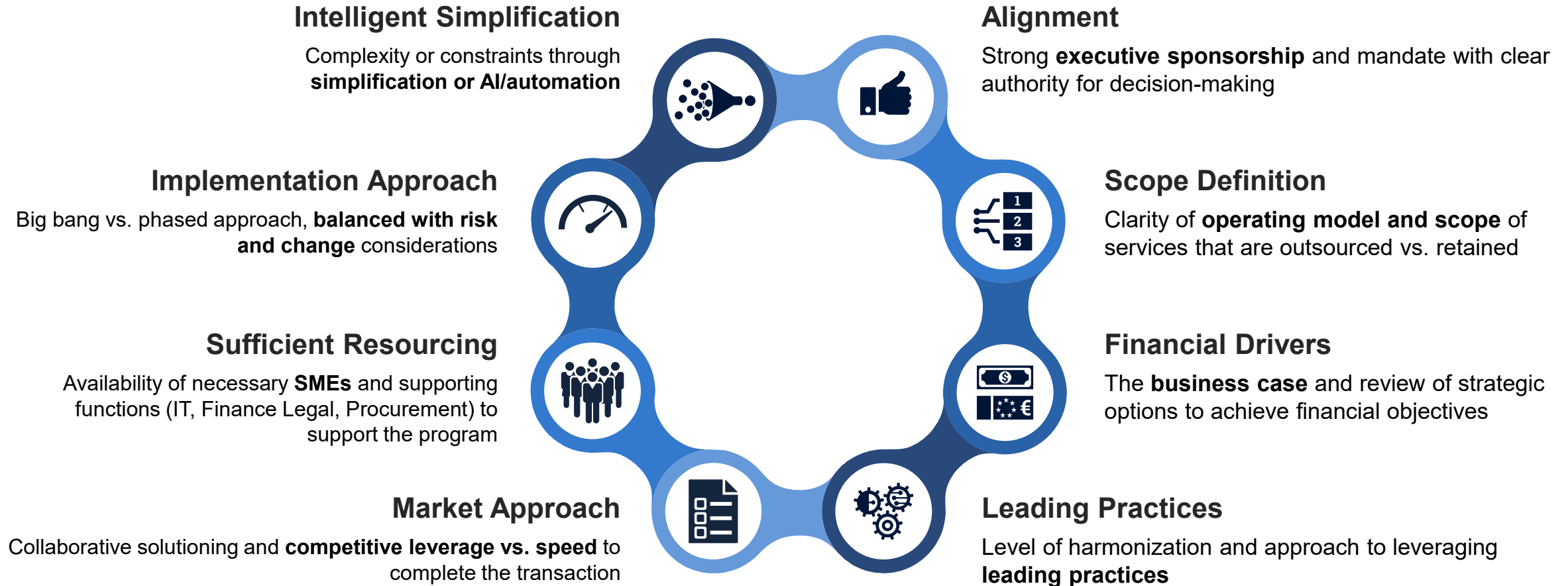
What is the top business outcome you seek from HR Transformation/HRO over the next 1 to 2 years?

- a. Reduce costs
- b. Improve service quality and the employee experience
- c. Accelerate AI transformation
- d. Enable more business agility
- e. Other

Question #3

Speed of Transformation

There are numerous factors that will impact the timeline for transformation and benefits realization.



In one word, what is your greatest obstacle to
Transformational HRO?

...

Question #4

Executive Guidance

Start planning at least 12 to 18 months in advance to achieve the best results.	1	Harmonize and optimize business processes as part of the transformation. Focus on driving high adoption of direct access solutions.	5
Leverage emerging technologies to achieve the next level of efficiency and improved experience.	2	Don't underestimate (and underinvest in) change management.	6
Understand the provider 3 to 5 years roadmap for improvements (and build AI and Innovation into the agreement).	3	Plan early for the ongoing governance and retained model.	7
Carefully evaluate the various service delivery options – including strategic, operational and financial considerations.	4	Prioritize SLAs to the most critical business needs with outcome-based measures.	8





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ISG (Nasdaq: III) is a global AI-centered technology research and advisory firm. A trusted partner to more than 900 clients, including 75 of the world's top 100 enterprises, ISG is a long-time leader in technology and business services sourcing that is now at the forefront of leveraging AI to help organizations achieve operational excellence and faster growth. The firm, founded in 2006, is known for its proprietary market data, in-depth knowledge of provider ecosystems, and the expertise of its 1,600 professionals worldwide working together to help clients maximize the value of their technology investments.

Less than 3 months until the first of two in-person meetings this year!

April 30th from 8:30AM – 1:00PM at the HRO Today Forum
JW Marriott Hill Country Resort in San Antonio, Texas

You must complete a (complimentary) registration for the HRO Today Forum to attend this meeting.
Please click here: <https://lnkd.in/eVXcyE3v>

***TALENT, TECH,
AND TOMORROW***
... it's all in **YOUR** hands!!!



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April 30 – May 2, 2025
San Antonio, TX