NEAT EVALUATION FOR CAPGEMINI:

Multi-Process HR Transformation Services

Market Segment: Overall

Introduction

This is a custom report for Capgemini presenting the findings of the 2024 NelsonHall NEAT vendor evaluation for *Multi-Process HR Transformation Services* in the *Overall* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of Capgemini for multi-process HR transformation, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering multi-process HR transformation services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall and with specific areas of capability (talent/skills, efficiency, Workday services, SuccessFactors services, Oracle HCM services), company focus (SME-mid market, large enterprises) and geographic coverage (North America, Europe, and multi-country).

Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Vendors evaluated for this NEAT are: Accenture, ADP, Alight Solutions, Capgemini, Conduent, HR Path, IBM, SD Worx, TCS, and Zalaris.

Further explanation of the NEAT methodology is included at the end of the report.

NEAT Evaluation: Mult-Process HR Transformation Services (Overall)

Multi–Process HR Transformation Services 2024
Overall
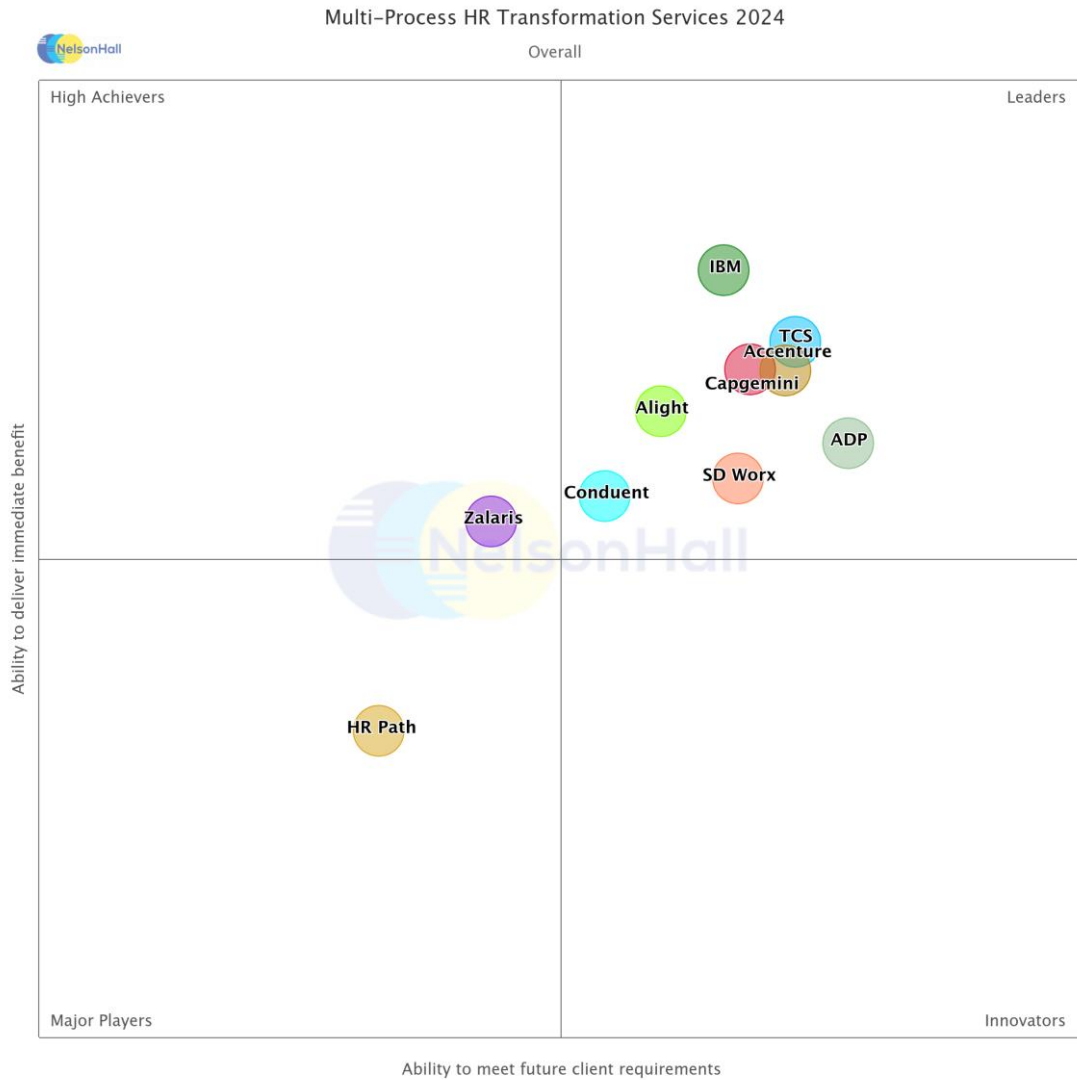
NelsonHall has identified Capgemini as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects Capgemini's overall ability to meet future client requirements as well as delivering immediate benefits to its multi-process HR transformation clients.

Leaders are vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements.

Buy-side organizations can access the *Multi-Process HR Transformation* NEAT tool (*Overall*) here.

Vendor Analysis Summary for Capgemini

Overview

Capgemini's Employee Services business supports Multi-Process HR Transformation services through its three divisions:

- Consulting, known as Capgemini Invent: includes HR functional design, process optimization, HR automation, organizational change management, and employee engagement solutions

- Multi-Process HR Services: includes application development, system integration, and maintenance services for technologies such as SuccessFactors, Workday, Oracle, SAP, ServiceNow, Zendesk, Salesforce, Microsoft, and other Digital Workplace solutions

- Managed Services: includes outsourced services covering employee helpdesks and transactions, process enhancements and automation tools, and learning value chains and design. Its services framework is supported by ~3k HR practitioners and ~800 change practitioners.

Core to its offering is the Capgemini HR digital transformation approach, which it has heavily invested in over the last few years. Since launching the D-GEM framework, its Digital Enterprise Model for designing future states, Capgemini has followed a methodology that drives results and behaviors to optimize client outcomes across its HR service offerings. In 2023, Capgemini launched its People Experience offer which leverages services across the three divisions to deliver People Experiences not just for employees, but also the larger ecosystem including vendors, partners, and contingent workforces.

Capgemini has ~32 Multi-Process HR Transformation Services clients and serves ~820k employees. It primarily targets large enterprise organizations that are driving greater value from operational services through increased digital services. It targets its existing BPS clients for its Multi-Process HR Transformation services, including its F&A, procurement, and supply chain outsourcing clients. All its current Multi-Process HR Transformation Services clients are part of broader multi-tower BPS deals. Capgemini has ~3.8k employees delivering its Multi-Process HR Transformation services.

The company primarily targets North American and EMEA-headquartered organizations. Multi-Process HR Transformation services have mainly been sold to organizations headquartered in the U.S., U.K., France, Germany, Netherlands, and Australia.

Financials

NelsonHall estimates that Capgemini's revenue from Multi-Process HR Transformation services was $319m in 2023.

Strengths

- Commits to pricing, continuous improvements, and metrics to meet HR operational outcomes with clear results, as shown in a large number of case studies

- Digital design-thinking, with a robust methodology and delivery capability for digital solutions through its D-GEM methodology and key guiding design principles supported by design workshops and digital twin mode. It has a heavy focus on digital, including Digital

Employee Operations, Digital Helpdesk, and Digital Learning Operations to offer consumer-grade experiences

- Digital learning solutions with a knowledge-centric focus to drive up employee engagement and address the upskilling challenges of organizations

- A holistic approach to delivering exceptional experiences by bringing a rich technical stack incorporating all aspects of HR operations, including knowledge management, collaboration, case management, process automation, and employee experience platforms. Capgemini heavily leverages next-generation technological innovations, including RPA, chatbots, and machine learning/AI

- Strength across large-market HR geographies, including the U.S., U.K., France, Germany, the Netherlands, and Australia. It has significant breadth in service to include HCM deployment as well as HR operations that include HR master data management and payroll services in ~40 countries

- Ability to support all three major HCM technologies: Workday, SAP SuccessFactors, and Oracle HCM.

Challenges

- Being technology-agnostic and investing in frameworks rather than technology IP, it relies on investments of third parties to deliver much of the GenAI capability

- Despite having benchmarking capability within its data-driven models, it is not easily able to leverage benchmarks across its client base due to client customizations and limited evidence of delivering market benchmarks

- Limited offerings for mid-market organizations

- Despite the digital twin concept bringing opportunities for improvement, its upfront investment could be prohibitive for some organizations facing budget constraints

- Reliance on partners for payroll services and recruitment process outsourcing (RPO).

Strategic Direction

Capgemini focuses on driving improved business outcomes with enhanced and connected employee experience to grow its Multi-Process HR Transformation Services business.

Through the People Experience global offer, Capgemini can address all People and HR Transformation challenges and bring the most suitable/adapted set of solutions and transition steps.

It will thus continue to develop D-GEM and drive more chatbots to support digital processes. Capgemini's target operating model has been further developed in recent months and continues to embed automation and GenAI tools. Its measurement of "moments that matter" is embedded in the D-GEM methodology to help drive outcome benchmarks and support continuous improvement.

It further enables digital twin offerings to enable organizations to test digital solutions alongside existing processes, which can help quantify opportunities and synergies and support a data-driven business case.

Capgemini will continue to emphasize digital transformation heavily through its applications (e.g., Digital Employee Helpdesk, Digital HR Operations, and Digital Learning Operations),

which will continue to expand. Technology developments are expected to focus on greater collaboration tools, improved analytics to support increased process decision-making and reporting, and increased Workday capability with a digital Workday helpdesk.

Outlook

The key factors driving interest in Capgemini's Multi-Process HR Transformation Services offerings are:

- Its emphasis on business outcomes for clients and commitment to delivering cost benefits

- Its focus on the digital experience, with a holistic approach that includes the people, HR operational design, and governance

- Its breadth of process optimization and experience improvement that spans talent and benefits and HR administration.

Capgemini is expected to attract clients at all stages of HR maturity and readiness, that are looking for:

- Cost-effective "operations in a box", leveraging RPA

- Higher ROI from HR investments already made

- Reduced time required to start operations with right-shoring and faster results

- Virtual knowledge collaboration with AI and chatbot communication support

- A "transfer and then transform" approach.

As the adoption of digital twins grows with more use cases, and as the D-GEM model matures, NelsonHall estimates that Capgemini's Multi-Process HR Transformation Services revenues will increase in single digits over 2024 and maintain momentum in the near to medium term.

Multi-Process HR Transformation Services
Market Summary

Overview

The broad HR environment is experiencing increased legislation with greater focus on AI governance, pay equity and pay transparency. Payroll services revenues bundled within Multi-Process HR Transformation Services continue to represent over half of the market, but it is more commonly bundled for mid-market and small market sized organizations.

The Multi-Process HR Transformation Services market is experiencing the following key changes:

- Buyer demand driven by the need to digitalize processes, driving operational efficiencies whilst bringing the best experiences leveraging advances in technology offerings

- New offerings include supporting higher impact HR best practices, in particular developing GenAI capabilities with a library of use cases and embedding GenAI into existing virtual agents. Investments are being made to develop AI governance models and growing consulting capability to support improved measurements with the aim of increasing ROI

- Increasing capability to support transitioning on-premise to cloud migration strategies for SAP customers is a focus for vendors. Ongoing appetite to increase SAP consulting capability continues through acquisitions

- Market consolidation and geographical expansion continue, with ongoing efforts to address white spaces of offerings to recently added countries, so that standardized services are offered to all countries served

- Vendor proprietary HR platforms and apps and marketplaces continue to be enhanced

- Refined deployment and employee experience frameworks offering holistic HR transformations.

Buy-Side Dynamics

Drivers of Multi-Process HR Transformation Services adoption include:

- Cost savings to stay competitive in light of business uncertainty, together with improving employee experiences through leveraging technology developments

- Delivering end-to-end digital process improvements, supported by automation and AI, improved interfaces and data insights

- Managing skills gaps and the ongoing demand for scarce talent drives buyers to redesign the sourcing techniques of their talent function, supported by tools in areas such as skills inference

- Improving data analytics capability to support HR KPI improvements governance, as well as specific programs such as pay equity initiatives, CSR and DEI

- Ensuring HR compliance and minimizing exposure to the risk of fines through improved data flows and system harmonization. Organizations look to mitigate risks of

noncompliance with better controls, especially around recruitment, payroll, and onboarding

- Supporting M&A activities, which drive the need to stand up new HR operations

- Reducing the administrative burden to focus on strategic activities. This often includes vendor and technology consolidation to help reduce the management onus of a complex architecture or provider landscape.

Market Size & Growth

NelsonHall estimates that the size of the Multi-Process HR Transformation Services global market was $9.1bn in 2023.

The largest market is North America, with a $5.1bn market size in 2023. Whilst the start of 2024 saw some softening in the labor market in some sectors, the ongoing workforce shortages due to baby boomers retiring is a trend that started many years ago and over the medium to long term is not likely to abate. As a result, the Multi-Process HR Transformation Services market will focus on enhancing employee experience and engagement, as well as looking for efficiencies with greater digitalization, automation, and AI, specifically with GenAI capability.

NelsonHall estimates the Multi-Process HR Transformation Services global market will grow to $14.3bn by 2028, a CAGR of 9.6% over the five years.

Success Factors

Client services satisfaction is lowest for consulting services and HR administration operational services, but satisfaction in robotics and contact centers is relatively high.

The top five success factors in this market are:

- *Partnership approach*: successful HR Transformation Service vendors collaborate with clients to support tailored needs and build client relationship management and governance structures to proactively serve and manage client relationships

- *Experience-Led HR services*: with a focus on experience-led and engagement-led integrated service design, vendors need to ensure design thinking and collaborative workshops are inclusive of change and organization management, process, and technology experts

- *Technology innovation through GenAI*: to be a successful transformation, operational delivery needs to keep up to date with ongoing technological developments and change needs to be embedded into the digital design. There is growing appetite to explore GenAI technologies to support HR services

- *Integration capability*: successful vendors offer integration services, tools, and technologies to enable organizations to best leverage existing technologies and offer flexibility to add new solutions

- *Flexibility of approach*: successful vendors focus on value-added discrete offerings. Where they can offer outcome-based offerings, they are likely to be most successful. Second-generation transformation buyers increasingly look to leverage their existing technology platforms, so HR experience offerings bringing workflow and AI tools are increasingly important.

Outlook

In 2024 and beyond, the Multi-Process HR Transformation Services market will see:

- Acquisitions of AI-based software by vendors. GenAI offers potential to radically change employee and HR professional experiences. Where virtual agents already existed, vendors are rebuilding these with GenAI tools. Some have delivered GenAI virtual agents internally as pilots. The blending of data and GenAI with actual data and nudges will be the next frontier. This will better support data-based decision making. Legislation around the usage of AI and GenAI adds complexity and an element of risk which increases the need for specialist expertise

- Growth driven by the need for organizations to stay competitive with rising costs and difficulties finding talent. Improving connectivity and experiences that became disjointed, mostly as a result of bolt-on offerings as well as improving operational processes giving greater visibility to employees, business owners, and across HR teams. Ongoing M&A and technology consolidation and the move to cloud solutions (e.g. SAP customer base transitioning to cloud) continues to support growth

- Greatest growth in the manufacturing, professional services, and healthcare sectors

- Increased HR professional development and learning offerings. Leadership development will also be a focus. The ROI is a key success factor and can be improved with a faster onboarding. HR role definitions will feature to drive role-based onboarding offerings to help speed up the transformation

- Deployments that are faster, complemented with more automation for client onboarding and testing. They will happen through more AI-based deployment methodologies and IP

- Offerings that offer visibility of ESG-related metrics to employees as well as their ESG contributions

- A more integrated landscape with an increase in technology partnerships offering deeper integrations. This can better support client-preferred technology architectures and existing investments

- Changing legislation and ongoing cybersecurity attacks which put pressure on organizations to modernize. The need for agility, and visibility of data whilst having strong security processes, skills, employee wellbeing and benefits, DE&I, compliance, and cost management are ongoing buyer themes

- Vendor offerings characterized by 'pick and mix', the success of which will depend on the ability of providers to offer a broad range of services that include collaboration tools, knowledge help, communication tools, and workflows. Analytical insight capability and recommendation engines will be a differentiator and predictive analytics will increasingly support HR professionals, managers, and employees.

NEAT Methodology for Multi-Process HR Transformation Services

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet future client requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet future client requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders**: vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements

- **High Achievers**: vendors that exhibit a high capability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet future client requirements

- **Innovators**: vendors that exhibit a high capability relative to their peers to meet future client requirements but have scope to enhance their ability to deliver immediate benefit

- **Major Players**: other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.

Exhibit 1

'Ability to deliver immediate benefit': Assessment criteria

Assessment Category	Assessment Criteria
Breadth of Offerings	Consulting offerings
	Deployment offerings
	Application support offerings
	HR administration services
	Talent services
	Payroll services
	Other HR services
Delivery Capability	Ability to drive services process excellence
	Application of omni-channel delivery
	Application of analytics and benchmarks
	Architecture capability
	Application of automation/AI/ML/NLP/GenAi
	Capability to Workday-specific services
	Capability to SAP HCM specific services
	Capability to support Oracle HCM -specific services
	Proprietary IP capability
	Use of low cost locations
	Delivery capability in North America
	Delivery capability in U.K.
	Delivery capability in Continental Europe
	Delivery capability in Asia Pacific
	Delivery capability in Latin America
	Delivery capability in SME-Mid Market
	Delivery capability in Large Market
Client Presence	Overall HR client presence
	N. America client presence
	U.K. client presence
	Continental Europe client presence
	Asia Pacific client presence
	Latin America client presence
	Multi-country client presence
Benefits Achieved	Improved experience
	Process improvement
	Cost savings
	Greater agility to scale
	Improved decision making
	Simplified and modernized technology

Exhibit 2

'Ability to meet client future requirements': Assessment criteria

Assessment Category	Assessment Criteria
Capability to Meet Future Service Needs	Perceived suitability to achieve process transformation Mid-market service capability Large Enterprise service capability Flexibility of approach
Roadmap Initiatives and Developments	HR services roadmap Mobile App, Virtual Chat, EX roadmap Workday services roadmap SAP services roadmap Oracle HCM services roadmap Technology roadmap Analytics and benchmarking roadmap Geographic expansion roadmap
Ability to Deliver Innovation	Perception for innovation Client perception of deployment innovation Client perception of employee experience innovation Speed of operational transformation Client perception of digitization of service Client perception of future suitability

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.

Sales Inquiries

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NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:

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