



# Global Digest

## HR Services

## Background

CASME held HR Services RoundTable meetings in Asia, Australasia, the EMEA region, Latin America and North America. The following main topics were discussed:

- Stakeholder engagement
- Financial analysis and strategy development
- Contracts and performance management
- Trends and technology.

This Digest provides the key points, good practices and insights into future trends identified by CASME members at the RoundTable meetings held around the world.

## Stakeholder Engagement

- The approaches Procurement applies to engage with the stakeholders for HR services to determine their requirements and achieve strategic alignment include:
  - Conducting stakeholder mapping to identify the key stakeholders and scheduling regular one-to-one or group meetings with them
  - Assigning procurement personnel with varying levels of seniority as points of contact for the stakeholders for each of the HR services sub-categories
  - Applying a business partnering approach when communicating with the HR services stakeholders and sub-category teams
  - Attending HR's executive meetings to gain an understanding of HR's strategies and objectives, and to increase strategic engagement, alignment and collaboration between Procurement and HR
  - Conducting regular strategic meetings, annual planning meetings and six-monthly review meetings with the relevant HR stakeholders and senior executives, to discuss HR's quarterly and annual plans, new HR policies and processes, and current and/or future HR projects and initiatives
  - Gaining an understanding of the stakeholders' requirements, the types of services that are being procured and their preferred service providers, to determine how Procurement can provide strategic support and identify opportunities to deliver value
  - Developing appropriate strategies to fulfil the stakeholders' objectives, aligning category plans with HR's strategies and objectives, and sourcing solutions to address HR's challenges.
- The HR services sub-categories in which Procurement is achieving the best results in engaging with the stakeholders and attaining strategic objectives include:
  - Temporary labour, with Procurement and HR collaborating to identify solutions to address the shortage of labour in the market, and to expedite the contracting process for temporary labour providers
  - Permanent and executive recruitment, with HR relying on Procurement's position as an intermediary between the different business units across the organisation to prevent the stakeholders from bypassing HR when recruiting for these types of positions
  - Learning and development (L&D), which tends to be a mature HR services sub-category in which Procurement has become an established business partner
  - Employee benefits, for which HR is increasingly approaching Procurement for assistance with improving the value of employee benefits programmes to attract and retain talent in the post-pandemic environment; and Procurement has consolidated supply with fewer providers and increased the consistency of the benefits that are available in different regions and countries
  - Mobility and fleet solutions, for which HR requests Procurement's assistance in sourcing services and ensuring collaboration and alignment across the business.
- The approaches that have been successfully applied to influence and gain the support of the stakeholders for changes to the HR services strategy and/or supply base include:
  - Developing relationships with the stakeholders with varying levels of seniority within HR, including senior managers, demonstrating category expertise and value, and assisting them with overcoming challenges
  - Gaining an understanding of the stakeholders' objectives and requirements by actively listening and asking questions during meetings with them
  - Presenting business cases, market research and benchmarking results that support Procurement's initiatives
  - Partnering with the key stakeholders to develop the evaluation criteria for requests for proposals (RFPs), with particular focus on service quality, risk mitigation and continuity of supply
  - Determining the utilisation rates for the employee benefits the organisation is currently offering and identifying and removing under-used benefits from the programme, in order to achieve cost savings or reinvest the spend in new or more popular benefits

- Conducting market research and employee feedback surveys to assist the stakeholders in determining which benefits attract talent and retain employees, and identifying the providers that offer these benefits
- Supporting the stakeholders with developing strategies that provide employees with benefits that are within the budget, comply with local legislation, and deliver value
- Providing data and insights to the stakeholders that demonstrate the cost and efficiency benefits of using preferred suppliers, including Procurement in commercial negotiations, rationalising the tail-spend supply base, and implementing robust governance policies and processes.

## Financial Analysis and Strategy Development

- Procurement obtains visibility of HR services spend data for analysis from sources that include:
  - Procure-to-pay (P2P), spend management, and enterprise resource planning (ERP) systems
  - Credit card and purchasing card (P-card) statements
  - Purchase orders (POs) and invoices
  - Finance and Accounts Payable (AP)
  - Brokers
  - The stakeholders.
- The approaches that are being applied for conducting spend analysis and ensuring the accuracy of the spend data include:
  - Using data analytics and visualisation platforms such as [Tableau](#), [PowerBI](#), [Sievo](#) and [Zycus](#)
  - Developing spend cubes
  - Using the reports obtained from the analytics team within the procurement centre of excellence (COE)
  - Establishing service-specific material groups within the procurement system to facilitate the generation of accurate reports
  - Improving the taxonomies and descriptions for individual spend categories
  - Identifying and correcting misclassified spend data
  - Comparing the internal spend data with the spend data provided by HR services providers and brokers
  - Ensuring that all new service providers are categorised according to a tiered system, and that the related spend data is recorded accurately.
- The percentage of HR services spend that is under contract with preferred and/or approved service providers is between 60% and 85% and varies by sub-category. Procurement is increasing the percentage by:
  - Establishing robust policies to prevent the use of service providers that have not been approved or contracted, and mandating Procurement's involvement in the sourcing, contracting and engagement of service providers for spend above a defined threshold
  - Implementing preferred supplier lists (PSLs), catalogues and self-service portals that enable the stakeholders to purchase services from providers that are under contract for spend below the threshold
  - Educating the stakeholders of the benefits of using preferred service providers and demonstrating the efficiencies and cost savings achieved by optimising PSLs
  - Implementing tools and processes for monitoring the spend under contract, and for flagging requests for service providers that are not under contract or on the PSL, as well as educating the stakeholders regarding the company's purchasing policies and processes to discourage rogue spending
  - Improving contract management processes and collaborating with the stakeholders to identify the spend and service providers that should be placed under contract
  - Applying global strategies to some HR services sub-categories
  - Rationalising the supply base and consolidating spend with fewer service providers
  - Contracting managed services providers (MSPs) to manage HR services requirements and tail spend.
- Procurement's role in developing the strategies for outsourced HR services includes:
  - Engaging with senior HR executives and key HR services stakeholders to identify strategic projects planned for the future and opportunities for Procurement to support HR, develop strategies and obtain alignment between Procurement's and HR's strategies
  - Obtaining input from the stakeholders for each HR services sub-category regarding their requirements, priorities and challenges
  - Conducting market research to gain an understanding of the regional and local market conditions, identify new providers and alternative options, and determine the optimal approaches to achieve HR's objectives for specific sub-categories while complying with local laws and regulations
  - Providing market intelligence and data to the stakeholders to support the decision-making process
  - Determining if HR has sufficient in-house resources to fulfil the demand in each sub-category and what needs to be outsourced
  - Implementing new systems and processes, and involving IT to migrate and integrate HR's IT systems.

- Important considerations when developing the strategies for outsourced HR services include:
  - Focusing on the stakeholders' priorities and objectives, and on delivering added value rather than only on achieving cost savings
  - Gaining an understanding of the company's and HR's structure, the geographic coverage of the preferred service providers and their cultural compatibility with the company, as well as the number of employees, the supply markets and relevant laws and regulations in each region and/or country
  - Developing methods to implement centralised strategies for using global service providers across different regions, and to accommodate last-minute directives from senior executives
  - Engaging local service providers to benefit from their flexibility and local market expertise
  - Considering the benefits of reducing the scope of outsourced service providers' responsibilities and performing some of their activities in-house
  - Aligning regional and local strategies with the organisation's environmental, social and governance (ESG), and diversity, equity and inclusion (DEI) policies and objectives.
- The advantages of using brokers include obtaining insights from experts regarding the market and current trends, and advice regarding whether the scopes of services need to be changed.
- Brokers may conduct requests for proposals (RFPs) on behalf of Procurement, negotiate the most favourable agreements possible with benefits providers, and achieve cost savings for the company.
- The HR procurement team can collaborate with the procurement teams for other categories to consolidate requirements under the same contract with a broker to achieve volume-based discounts.
- It may be beneficial to establish non-exclusive contracts with global brokers as well as contracting local brokers in specific countries.

## Contracts and Performance Management

- The essential terms and conditions (T&Cs) for inclusion in HR services contracts include clauses regarding:
  - Data security and privacy requirements for both primary service providers and any subcontractors they use to deliver the services, as well as data ownership and transfer, and compliance with the GDPR
  - Approval for the use of subcontractors
  - Insurance and liabilities
  - Intellectual property (IP) rights and protection
  - Termination for cause and convenience
  - Contract exit fees and/or refunds
  - Transition of services and the support and costs involved during the transition
  - Post-termination data ownership, transfer, retention and access
  - Compliance with the company's ESG policies, including sustainability, diversity and modern slavery
  - Compliance with laws regarding the rights of temporary workers
  - Force majeure and business continuity plans
  - Category- and service-specific service level agreements (SLAs) and key performance indicators (KPIs)
  - The organisation's right to audit the service providers to check for non-compliance with the contract
  - Formal escalation procedures to assist with managing service quality and instances of non-compliance with the contract.
- The cost models that are being applied in contracts for specific HR services sub-categories include:
  - **For temporary labour providers:** a percentage of the basic wage rates for temporary workers; a fixed fee plus a percentage of the daily or hourly rates for temporary workers; a management fee plus a mark-up, or a bill rate model for MSPs
  - **For recruitment agencies:** a percentage of the employees' annual salaries; a retainer fee plus a percentage of the annual salaries; target-based bonuses for executive recruitment; rebates or credits when employees leave the company or their contracts are terminated within the first 12 months; separate pass-through costs for candidate screening
  - **For benefits and employee assistance programme (EAP) providers:** a cost per employee per month (PEPM), not per active user; a cost per case or based on utilisation rates; a fixed cost to minimise spend during periods of business expansion
  - **For learning and development (L&D):** fixed fees per training course; hourly fees for in-person training; volume-based tiered discounts; subscriptions based on the number of active users
  - **For recruitment process outsourcing (RPO) providers:** fixed monthly fees based on a cost-plus model
  - **For payroll:** a monthly fee plus a cost per employee
  - **For relocation services:** fixed fees plus third-party costs
  - **For consultancy:** hourly or daily rates, milestone payments, and not-to-exceed limits
  - **For brokers:** fixed fees or a percentage of the value of the contracts they broker on behalf of the company.



- The KPIs that are being applied to manage the performance of HR services providers include requirements and metrics regarding:
  - Customer service response times and issue resolution timescales, with penalties or escalations for delays
  - Fulfilment rates and timescales, candidate quality, retention rates, diversity and gender equality targets for temporary labour and recruitment services
  - On-time and accurate payment for payroll services, with penalties or fees at risk for failures
  - Utilisation rates for medical and benefits programmes
  - Complaint management and issue resolution
  - The provision of accurate data and reporting
  - Invoice accuracy and timeliness
  - Pricing or rate card compliance
  - Compliance with the organisation's ESG and DEI policies
  - Cost savings
  - Service delivery system uptime, maintenance and downtime
  - Customer satisfaction and net promoter scores (NPSs).
- Good practices when implementing an SRM programme in the HR services category include:
  - Selecting a limited number of key HR services providers for inclusion in the programme, by segmenting and categorising them according to the levels of risk and spend they represent, and whether their status is critical, strategic or transactional
  - Aligning with the stakeholders regarding the agenda and objectives of the SRM programme, and how the service providers are segmented and selected for inclusion
  - Considering the strategic business objectives of applying SRM with key HR services providers and the added value the organisation may obtain by developing strategic partnerships with them
  - Establishing an environment of open and honest communication and feedback between the company and the service providers; and defining and communicating the responsibilities of the participants
  - Conducting regular review meetings with the stakeholders and service providers, to discuss the performance evaluation scorecards completed by the stakeholders, the results of stakeholder satisfaction and/or 360° surveys, as well as improvement strategies, market trends, benchmarking data, current and future projects, and opportunities for innovation
  - Inviting the senior executives of the client and provider companies to attend annual review meetings to develop top-to-top strategic relationships.

## Trends and Technology

- The current trends in the HR services market include:
  - Consolidation in the HR services market due to mergers and acquisitions
  - Inflationary pressure on the cost of services and insurance premiums
  - The 'great resignation' disrupting the management of HR services due to the industry-wide attrition of key account managers
  - Inflation impacting salary expectations, and companies needing to offer competitive compensation and benefits packages to attract and retain talent
  - The shortage of labour and the expansion of the gig economy increasing competition for talent.
- The trends that are impacting HR services procurement include:
  - Flexible benefits and/or allowances being provided to employees that enable them to select their preferred benefits and customise their benefits packages based on their personal requirements
  - Mobility solutions being offered to employees that are specific to their locations; for example, mobility allowances for city-based employees to enable them to use modes of transportation of their choice
  - Top-down emphasis on ensuring employees' satisfaction with their work/life balance, and recognition of the value of attracting and retaining talent by offering effective employee assistance, health and wellbeing programmes, as well as extra benefits such as occupational health services, private medical schemes and financial assistance.
  - Increased demand for mental health and telemedicine services following the pandemic.
  - Additional healthcare services being offered to assist employees with special requirements, such as support for in-vitro fertilisation (IVF), menopause, and gender dysphoria.
  - Companies switching from outsourcing to insourcing global business functions; which has resulted in an increase in internal services centres being established in low-cost countries (LCCs)
  - Increased focus on ESG and DEI objectives within HR services, with policies and contracts being updated to assist with achieving these
  - Emphasis on the IT risks and liabilities resulting from digitalising processes

- Point-based employee recognition benefits and rewards schemes being implemented, with dedicated platforms that convert the points into rewards of the employees' choice
- Some providers issuing single cards that may be used for various benefits, and companies transferring benefits credits to employee gift cards at the end of each year.
- The technological and digital solutions that are being used in the HR services category include:
  - Vendor management systems (VMSs) for managing and maintaining visibility of the external workforce
  - Digital procurement platforms with artificial intelligence (AI) applications and chat bots for providing self-service solutions to the stakeholders and directing them to PSLs and automated purchasing processes
  - Platforms for administering employee assistance, wellbeing and recognition programmes, and mobile apps for providing employees with access to these as well as benefits and healthcare services
  - Digital recruitment software and platforms for conducting the end-to-end recruitment process, with AI and machine learning applications for sourcing and screening candidates and developing candidate pipelines
  - Online platforms for delivering learning and development (L&D) programmes, with the use of virtual and augmented reality (VR/AR) technology replacing some in-person training, and AI software being used to assess employees' levels of knowledge or expertise and provide personalised training according to their requirements.

## Resource Centre Links

The following are links to the full meeting reports for each region:

- [Asia](#)
- [Australasia](#)
- [EMEA](#)
- [Latin America](#)
- [North America](#)

---

### Important

This report is a summary of the facilitated discussions held between the CASME members who attended the meetings. CASME is not a consultancy and does not provide advice. The accuracy or validity of any recommendations or references, particularly to legislation and regulations, contained in the report should be verified by the reader prior to being acted upon. Any third-party organisations named in this report are not recommendations but are examples of companies mentioned during the meeting that may be considered when sourcing the relevant products or services. These are not intended to form an exhaustive list and it is likely that other organisations not listed also provide similar products or services.

Any intellectual property (IP) (including, but not limited to, copyright and database rights) in this work is vested in CASME, which is the trading name of Market Focus Research Limited, and the document is issued in confidence for the purpose only for which it is supplied. It must not be reproduced or distributed in whole or in part in any material form or medium except with agreement or consent in writing from CASME, and then only on condition that this notice is included in any such reproduction. Full terms and conditions can be accessed at the CASME Resource Centre: [www.casme.com](http://www.casme.com).

# ADDITIONAL INFORMATION

Global Digests provide valuable category and strategic insights to CASME members, as part of a much wider subscription service that is delivered to hundreds of corporate indirect procurement teams worldwide.

CASME connects the authentic experiences and perspectives of its global membership network, comprising thousands of procurement professionals, and delivers information services that enrich personal knowledge and team performance.

With more than 200 events, and 1,000+ insight materials and benchmarking reports to choose from, CASME is a great resource for networking, learning and personal development.

Our members actively benefit from:

## Unrivalled EVENTS AND NETWORKING

- Interactive Events – including RoundTables, Mini-RoundTables and Panel Discussions
- Briefings – such as Category SpotLights, Guest Webinars and Podcasts
- Link-Ups – which are one-to-one facilitated introductions

## Comparative INSIGHTS AND INTELLIGENCE

- Peer Intelligence – Reports and Recordings from events, and Global Digests
- Procurement Guides – ToolKits, and Good Practice and Category Strategy Guides
- Partner Intelligence – such as research papers

## Unique and Authentic BENCHMARKING

- Procurement Examiners – including extended studies, SnapShots and Panel Discussion Reports
- Best in Class – with Maturity Matrix and Index.

Furthermore, our impartial services are delivered across 24 indirect procurement categories and practice areas, without input or influence from suppliers or sponsors.

### ALREADY A MEMBER?

[Log in](#) to the CASME Resource Centre to register for an event, personalise your Dashboard, or print your CPD/CEH certificate as proof of accredited CIPS/ISM/PASIA professional learning hours.

Talk to your local [CASME client services representative](#) to discover how we can help.

### NOT A MEMBER?

Visit [casme.com](https://casme.com) for more information, and [Request a Demo](#) or [Contact Us](#) to discover how CASME membership will provide vital information to support the achievement of your strategic objectives and category plans.

**CASME is the trading name of Market Focus Research Limited**  
**EMEA and Head Office:** 1 Holt Barns, Frith End, Bordon, GU35 0QW, United Kingdom  
 T: +44 1420 488355 W: [casme.com](https://casme.com) E: [info@casme.com](mailto:info@casme.com)



**Europe & Head Office**

**T: +44 1420 488355**

**Americas**

**T: +1 973 218 2566**

**Asia**

**T: +65 6832 5584**

**Australasia**

**T: +61 2 8216 0942**

**[casme.com](http://casme.com)**



**CASME\_Network**



**@CASMENetwork**

**INSPIRING PROCUREMENT EXCELLENCE**