Managed Service Provider (MSP) – Service Provider Landscape with PEAK Matrix™ Assessment 2015

Managed Service Provider (MSP)
Market Report: December 2015 – Preview Deck

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Our research offerings for global services

▶ **Market Vista™**
Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

▶ **BFSI[1] Information Technology**

▶ **PricePoint™**

▶ **BFSI[1] Business Process**

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▶ **Cloud & Infrastructure**

▶ **Recruitment & Talent Acquisition**

▶ **Global Sourcing**

▶ **Contact Center**

▶ **Locations Insider™**

▶ **Transaction Intelligence**

Custom research capabilities
- Benchmarking | Pricing, delivery model, skill portfolio

- Peer analysis | Scope, sourcing models, locations

- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool

- Tracking services | Service providers, locations, risk

- Other | Market intelligence, service provider capabilities, technologies, contract assessment

Subscription information

- The full report is included in the following subscription(s)
  - **Managed Service Provider (MSP)**

- In addition to published research, a subscription may include analyst inquiry, data cuts, and other services

- **If you want to learn whether your organization has a subscription agreement or request information on pricing and subscription options, please contact us**

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1   Banking, financial services, and insurance

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Background and methodology of the research

Background of the research

The global MSP market, by managed spend, is estimated to be between US$88-93 billion. It witnessed rapid growth of 15-20% CAGR during 2011-2014. MSP is undergoing a transition due to evolving business imperatives, which are reshaping its value proposition as well as due to the emergence of innovative solutions to cater to market demands. The service provider landscape of MSP is also undergoing a transition, with increasing number of non-staffing legacy players joining the fray. To maintain a competitive edge in this evolving space, service providers are adopting various new strategies. They are also exploring innovative models to deliver MSP in order to differentiate their offering.

In this research, we analyze the global MSP market across the following dimensions:

- Global MSP market and service provider landscape overview
- MSP PEAK Matrix 2015
- Analysis of MSP PEAK Matrix dimensions
- Everest Group remarks on MSP service providers

The scope and methodology of this report includes:

- Proprietary data collected from 13 MSP providers
- MSP deals with a minimum of four core processes and a minimum contract term of two years
- Scope of hires includes temporary/contingent hires, SoW consultants, and independent contractors
- Everest Group defines MSP as the transfer of ownership of all or part of the management of an organization's contingent/temporary staffing activities on an ongoing basis
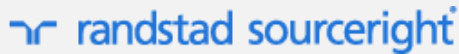
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The following service providers participated in this research

Service providers covered in the analyses

ALLEGIS GLOBAL SOLUTIONS™   AMN® Healthcare   CAPITA RESOURCING   HAYS Recruiting experts worldwide

HCMWORKS   Hudson | RPO   KELLYOCG OUTSOURCING & CONSULTING GROUP   nextSource Workforce optimization. Business enlightenment.

randstad sourceright®   Superior Group®   TAPFIN ManpowerGroup Solutions   Yoh   zerochaos

- Everest Group maintains a proprietary database of **operational capability of ~15 MSP service providers**
- The database tracks the following information and capability elements for each service provider:
  - Key leaders
  - Major MSP clients and recent wins
  - Overall revenue and MSP employees
  - Recent MSP-related developments
  - MSP revenue split by geography, industry, and client size
  - MSP business and engagement models
  - MSP delivery locations
  - MSP service suite
  - MSP-related technology capability

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Everest Group defines MSP as the <u>transfer of ownership</u> of all or part of the management of an organization's contingent/temporary staffing activities <u>on an ongoing basis</u>

MSP process pyramid

| Strategic |
| Judgment-intensive |
| Transaction-intensive |
| Enabling |

MSP strategy

1. Spend data analysis
2. Demand rationalization
3. Vendor sourcing
4. Vendor management
5. Candidate selection
6. Recruitment administration
7. Day-to-day order management
8. Billing and payments
9. Performance and compliance monitoring and reporting

| 10. Vendor management system | 11. Contact center / helpdesk |

Core MSP processes
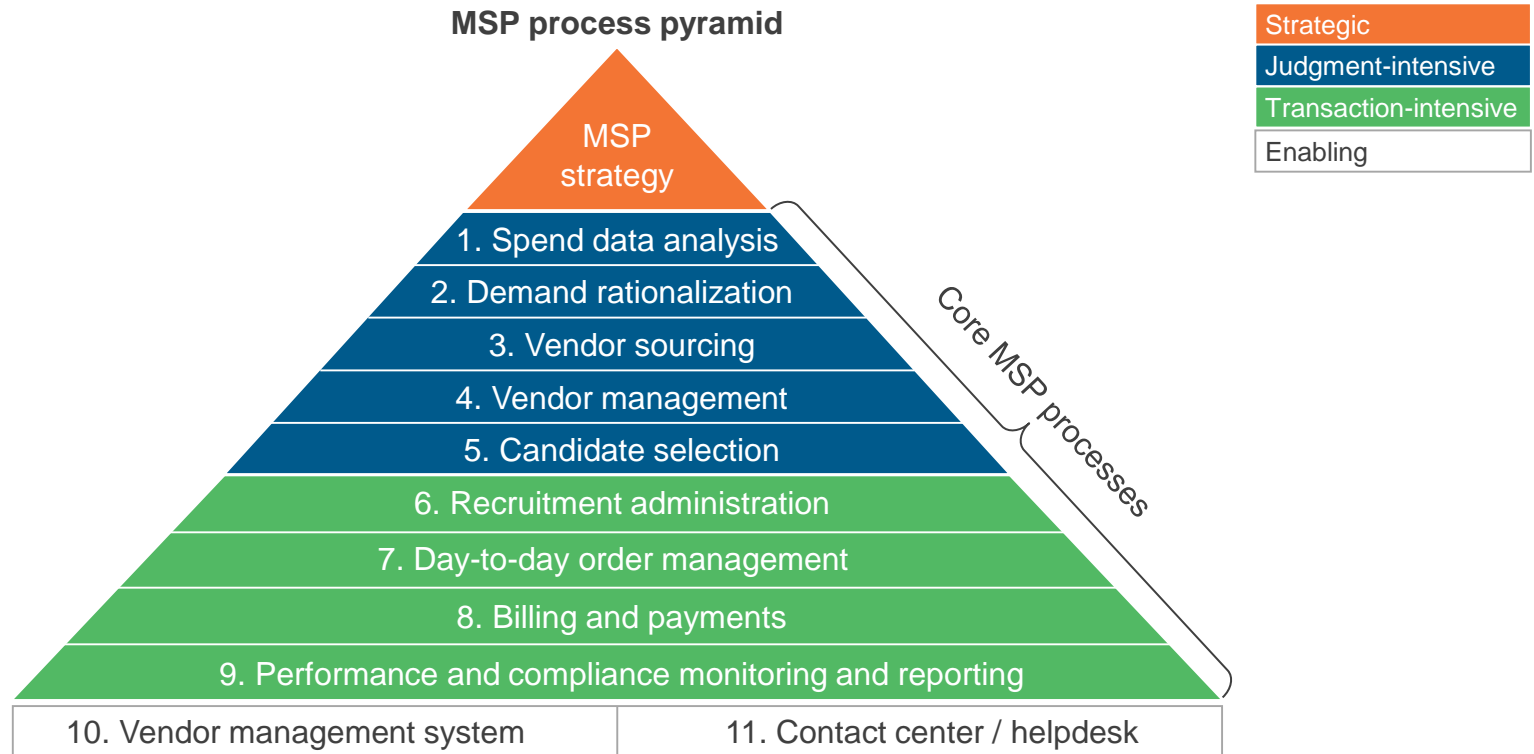
Everest Group defines MSP deals as those which satisfy the following key characteristics:
- A minimum of four core processes are included
- A minimum contract term of two years
- Scope of hires includes temporary/contingent hires, SoW consultants[1], and independent contractors

1   Statement of Work (SoW) consultants are contracted for project-based work with pre-determined deliverables (as specified in the SoW) to be completed within a fixed amount of time. They are often paid on the basis of final outcome/deliverable, but can also be paid on an hourly basis

Source: Everest Group (2015)

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A detailed view of MSP processes

Strategy (done in-house)
- Mission/corporate strategy
- Business strategy
- Geographic strategy
- Technology strategy

1 **Spend data analysis**
- Baseline analysis
- Data "cube" construct
- Saving-opportunities identification

2 **Demand rationalization**
- Hire-volume rationalization
- Specifications/standards
- Transformation/change management
- Process and systems implementation

3 **Vendor sourcing**
- Sourcing strategy
- Vendor selection
- Contracting
- Sourcing implementation

4 **Vendor management**
- Vendor relationship management
- Contract administration

5 **Candidate selection**
- Screening
- Assessment
- Background verification

6 **Recruitment administration**
- Candidate tracking
- Interview scheduling and co-ordination
- Offer-letter management
- On boarding

7 **Day-to-day order management**
- Approval workflow
- Requisition
- Order distribution
- Expediting/troubleshooting

MSP strategy

1. Spend data analysis
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11. Contact center / helpdesk

Core MSP processes

Strategic
Judgment-intensive
Transaction-intensive
Enabling

8 **Billing and payments**
- Invoice receipt
- Consolidated billing
- Supplier payments

9 **Performance and compliance monitoring and reporting**
- Vendor assessment
- Overall program assessment
- Service levels / standards monitoring
- Compliance management
- Policies and procedures
- Performance and results reporting

10 **Vendor management system**
- Proprietary platform
- Technology support

11 **Contact center / helpdesk**

Source: Everest Group (2015)

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Overview and abbreviated summary of key messages

This report examines the dynamics of the global MSP service provider landscape and its impact on the MSP market. Based on the comprehensive Everest Group PEAK Matrix, each of the 13 PO service providers are segmented into Leaders, Major Contenders, and Aspirants. The report also provides key insights on the capabilities of various service providers. It will assist key stakeholders (service providers, buyers, and technology providers) understand the current state of the MSP service provider landscape

Some of the findings in this report are:

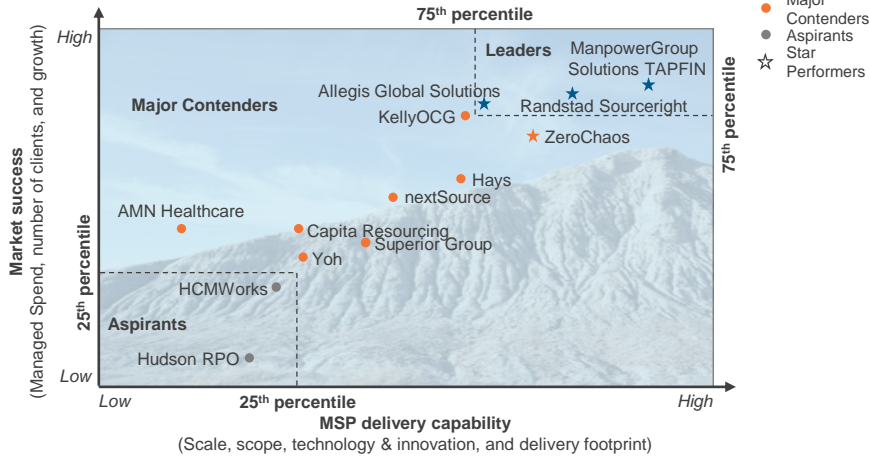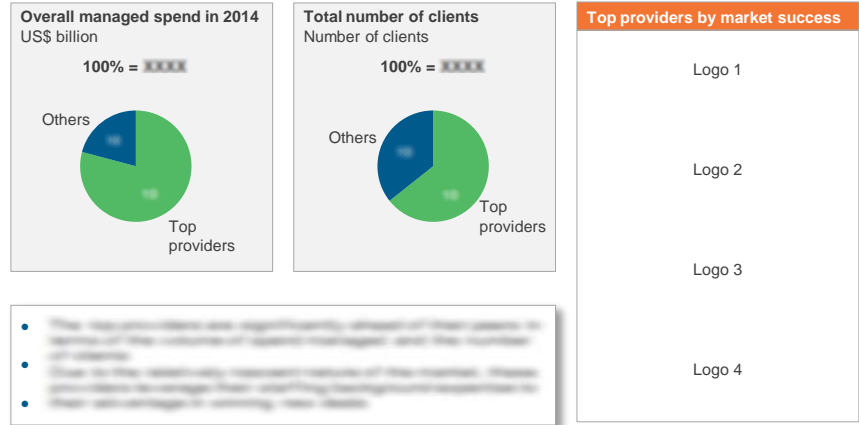|	

2015 MSP PEAK Matrix and Star Performers	• Everest Group classified 13 MSP service providers on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix into three categories of Leaders, Major Contenders, and Aspirants
	• The 2015 MSP PEAK Matrix positioning is as follows:
	  – **Leaders**: Allegis Global Solutions, Randstad Sourceright, and ManpowerGroup Solutions TAPFIN
	  – **Major Contenders**: AMN Healthcare, Capita Resourcing, Hays, KellyOCG , nextSource, Superior Group, ZeroChaos, and Yoh
	  – **Aspirants**: HCMWorks and Hudson RPO
	• Based on YoY movement of different service providers on the PEAK Matrix, Everest Group identified four service providers as the "2015 MSP Market Star Performers" – Allegis Global Solutions, ManpowerGroup Solutions TAPFIN, Randstad Sourceright, and ZeroChaos

Everest Group analysis on service providers	• We assessed the overall MSP capability of service providers by evaluating them along five dimensions – market success, scale, scope, technology and innovation, and delivery footprint
Analysis of MSP PEAK Matrix dimensions	• A few service providers dominate the MSP market with a sizable share in the overall clientele and managed spend • Most of the service providers have a high concentration of temporary/contingent workers in their portfolio, however, the service providers that scored highest in this subdimension had a higher concentration of SoW consultants • Technology is playing an increasingly invasive role in MSP – various service providers have built their own Vendor Management Systems (VMS) despite the market's heavy reliance on third-party VMS • Service providers are also exploring various innovative models in MSP to differentiate their offerings

This study offers three distinct chapters providing a deep dive into key aspects of MSP service provider landscape; below are four charts to illustrate the depth of the report
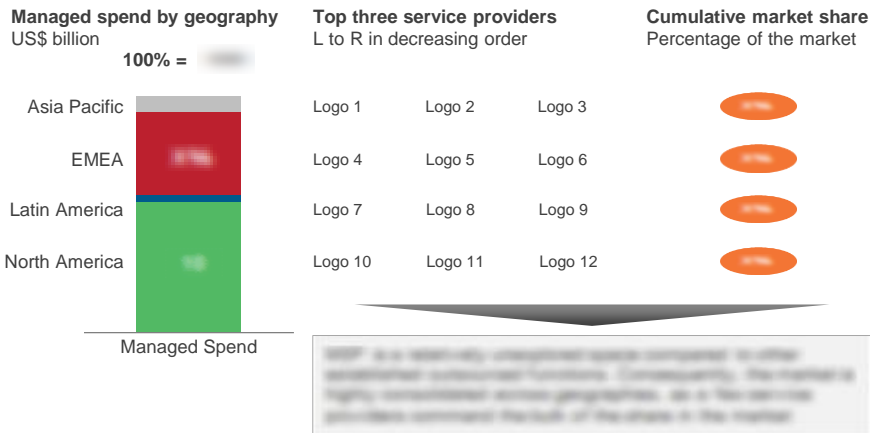
Everest Group PEAK Matrix for MSP

- Leaders
- Major Contenders
- Aspirants
- ☆ Star Performers

Market success
(Managed Spend, number of clients, and growth)

High / Low

75th percentile

Leaders

Major Contenders

Aspirants

- ManpowerGroup Solutions TAPFIN
- Allegis Global Solutions
- KellyOCG
- Randstad Sourceright
- ZeroChaos
- Hays
- nextSource
- AMN Healthcare
- Capita Resourcing
- Superior Group
- Yoh
- HCMWorks
- Hudson RPO

25th percentile / 75th percentile

Low — High

MSP delivery capability
(Scale, scope, technology & innovation, and delivery footprint)

MSP market success

Overall managed spend in 2014
US$ billion
100% = XXXX
- Others
- Top providers

Total number of clients
Number of clients
100% = XXXX
- Others
- Top providers

Top providers by market success
- Logo 1
- Logo 2
- Logo 3
- Logo 4

MSP Service provider market share

Managed spend by geography
US$ billion
100% =

	Managed Spend
Asia Pacific	
EMEA	
Latin America	
North America	

Top three service providers
L to R in decreasing order

Logo 1	Logo 2	Logo 3
Logo 4	Logo 5	Logo 6
Logo 7	Logo 8	Logo 9
Logo 10	Logo 11	Logo 12

Cumulative market share
Percentage of the market

Capability assessment

Leaders | Major Contenders | Aspirants | ● Best-in-Class | ◑ Very high
◑ High | ◑ Medium high | ◑ Medium | ◑ Medium low | ◔ Low | ○ Not matured

Service provider	Scale	Scope	Technology and innovation	Delivery footprint	Overall	Market success
Service provider 1	◑	●	◑	◑	◑	◑
Service provider 2	◑	◑	◑	◑	◑	◑
Service provider 3	◑	◑	◑	◑	●	◑
Service provider 4	◑	◑	◑	◑	◑	◑
Service provider 5	◑	◑	◑	◔	◑	◑
Service provider 6	◑	◑	◑	◑	◑	◑
Service provider 7	◑	◑	◑	◑	◑	◑
Service provider 8	◑	◑	◑	◔	●	◑
Service provider 9	◑	◑	◑	◑	◑	◑
Service provider 10	◑	◑	◑	◑	◑	◑
Service provider 11	◑	◑	◑	◑	◑	◑
Service provider 12	◑	◔	◑	◑	◑	◑

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MSP research calendar

Topic	Release date
HR Analytics in Europe: A Patchwork Landscape	September 2015
Webinar Deck: Analytics: All You Need to Know about the Hottest Topic of the 21st Century	September 2015
Recruitment Process Outsourcing – Service Provider Landscape with PEAK Matrix™ Assessment 2015	October 2015
Seizing the Robotic Process Automation (RPA) Market Opportunity	October 2015
Managed Service Provider (MSP) – Annual Report 2015: Moving Beyond the Horizon	December 2015
MSP – Service Provider Landscape with PEAK Matrix™ Assessment 2015	December 2015
Innovative pricing models in MSP	Q1 2016
Rise of MSP 2.0	Q1 2016
Talent Acquisition Outsourcing – RPO & MSP in Asia Pacific	Q1 2016
Blended Model in Talent acquisition – A new age	Q1 2016
MSP – Service Provider Profile Compendium 2015	Q1 2016
MSP in Europe	Q1 2016
Technology in BPS - Market Landscape refresh	Q2 2016
MSP Service Provider Landscape with PEAK Matrix Assessment 2016	Q3 2016
MSP Annual Report 2016	Q3 2016

Additional MSP related research recommendations

The following documents are recommended for additional insight into the topic covered in this research. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **Managed Service Provider (MSP) – Annual Report 2015: Moving Beyond the Horizon** (EGR-2015-3-R-1645); 2015. The global MSP market is witnessing fundamental changes that are altering the dynamics of the market. MSP buyers, having obtained the relatively low hanging fruits, are now looking for additional strategic gains from their MSP programs. This, in a way, has also provided opportunity for service providers to differentiate themselves by bringing in innovative solutions and best practices from allied industries in the broader Business Process Outsourcing (BPO) area such as RPO, HRO, and PO

2. **Recruitment Process Outsourcing – Service Provider Landscape with PEAK Matrix Assessment** (EGR-2015-3-R-1595); 2015. This report provides a comprehensive analysis of the RPO service provider landscape along multiple dimensions and assesses service providers to position them on the Everest Group PEAK Matrix. Each of the 21 RPO service providers analyzed are segmented into Leaders, Major Contenders, Aspirants, and Star Performers. Additionally, it provides key insights on the areas in which service providers differentiate themselves

3. **RPO Annual Report 2015 - Broader Adoption, Deeper Execution, Greater Innovation** (EGR-2015-3-R-1547); 2015. Recruitment Process Outsourcing (RPO), one of the fastest growing single-process HRO markets, continues to evolve. The overall RPO market posed a healthy growth of 13% in 2014, fuelled largely by the strong growth in Europe and Asia Pacific. This research provides comprehensive coverage of the market across dimensions such as market overview, key business drivers, buyer adoption trends, transaction trends, recruitment technology trends, and service provider landscape

For more information on this and other researches published by Everest Group, please contact us:

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