Recruitment Process Outsourcing (RPO) – Rise of RPO in Latin America

Recruitment Process Outsourcing (RPO)
Market Report: February 2015 – Preview Deck

Our research offerings for global services

Subscription information

- The full report is included in the following subscription(s)
  - **Recruitment Process Outsourcing (RPO)**

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

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Corporate Headquarters
Office: +1-214-451-3000
info@everestgrp.com

European Headquarters
Office: +44-207-129-1318
unitedkingdom@everestgrp.com

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

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Healthcare information technology	**Procurement**
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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

1   Banking, financial services, and insurance

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Our research methodology is based on four pillars of strength to produce fact-based actionable and insightful research for the industry

- Market thought leadership
- Actionable and insightful research
- Syndicated and custom research deliverables

1 **Robust definitions and frameworks**

(Function-specific pyramids – HRO, RPO, Total Value Equation (TVE), capability-success matrix, and market maturity)
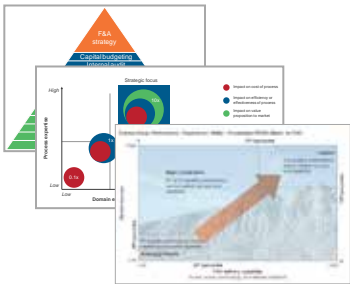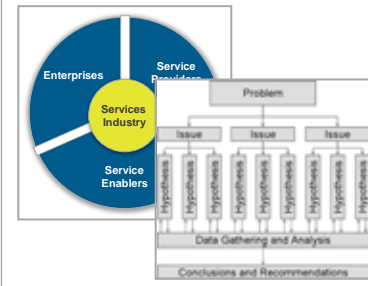

2 **Primary sources of information**

(Annual contractual and operational RFIs, service provider briefings, theme-based executive interviews, and web-based surveys)

3 **Diverse set of market touch-points**

(Ongoing interactions across key stakeholders, inputs from a mix of perspectives and interests, supports both data analysis and thought leadership)

4 **Fact-based research**

(Data-driven analysis with expert perspectives and trend-analysis across market adoption, contracting, and service providers)
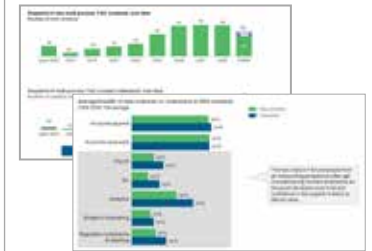
- Proprietary contractual database of over 1100 RPO deals signed up to October 2013 (updated annually)
- Round the year tracking of all the service providers in the RPO market
- Dedicated team for HRO/RPO research spread over two continents
- Over 20 years of experience in advising clients on BPO-related decisions
- Executive-level relationships with buyers, service providers, technology providers, and industry associations

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Everest Group's RPO research is based on three key sources of proprietary information

1
- Everest Group's proprietary database of over **1100 RPO deals** (updated annually)
- The database tracks the following elements of each RPO deal:
  – Buyer details: Including industry, location, and signing region
  – Deal details: Including ACV, term, start date, hires managed, primary pricing structure, process coverage, and geographic coverage (at country level)
  – Technology ownership and maintenance
  – Global sourcing

2
- Everest Group's proprietary database of **operational capability of 25 RPO service providers** (updated annually)
- The database tracks the following capability elements for each service provider:
  – RPO clients, revenue, service suite, and employees
  – Recent RPO-related developments (investments and partnerships)
  – RPO clients split by geography, industry, scope, and buyer size
  – RPO hires split by geography, source of hires, and type of hires
  – RPO delivery locations and level of offshoring

3
- Ongoing buyer surveys and interactions
  – Everest Group's **executive interview and data collection** from **RPO buyers**
  – The data contains the following detailed buyer perspective about RPO deals:
    - Drivers for adopting RPO and buyer-provider relationships
    - The level of buyer satisfaction and the underlying reasons

Service providers covered in the analyses

The analyses in this report are presented at two levels:
- The overall market analysis that highlights the overall market composition/dynamics
- The current market trends based on deal activities in the last five years

The sample size varies for different analyses based on the deal detail availability

Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any contract-specific information collected is only presented back to the industry in an aggregated fashion

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We define RPO as <u>transfer of ownership</u> of all or part of recruitment processes or activities <u>on an ongoing basis</u>

Legend:
- Strategy
- Judgment-intensive
- Transaction-intensive

Pyramid (top to bottom):
- HR strategy
- Employee relations
- Regulatory and compliance
- Global mobility
- Performance management
- Learning
- Recruitment
- Compensation
- Benefits
- Payroll
- Employee data management
- HR information systems and reporting
- Employee contact center

Recruitment
- Employer branding
- Sourcing
- Screening
- Applicant tracking
- Interview scheduling and co-ordination
- Assessment
- Offer letter management
- Background verification
- On-boarding
- Vendor management

For this study, we include RPO deals in which:
- A **minimum of four or more recruitment processes** are included
- The outsourcing deal is active and is **at least one year in deal length**
- The deal scope should **not be limited to temporary hires only**
- The buyer employee size is 3,000 or more

This study **does not** include "out-tasking" arrangements (typically handled by recruitment agencies, staffing companies, or executive search firms) that are managed on a project-by-project basis rather than through an ongoing long-term arrangement

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Overview and abbreviated summary of key messages

This research provides comprehensive coverage of the RPO market in Latin America and analyzes it across various dimensions such as market overview, RPO drivers and challenges, buyer adoption & solution trends, service provider landscape and key characteristics of RPO in various Latin American countries

Some of the findings in this report are:

1

Market overview

- RPO market in Latin America, although very small at present, is evolving rapidly, displaying rapid growth as well as maturing buyer, solution, and transaction characteristics
- Latin America has seen increased deal activity in the past three years. Consequently, the market grew by over 25% CAGR and the steep growth is expected to continue in the future

2

Buyer adoption and solution trends

- Latin America primarily features in global multi-country deals, which have generally been signed by western headquartered firms. Increased interest around RPO, by Latin America-headquartered was also witnessed, primarily in the form of single-country RPO deals
- Being an emerging market, buyers generally go for core RPO processes and it will be a while before buyers start asking for the next level of benefits in terms of value-added RPO services

3

Service provider landscape

- Service provider landscape in Latin America is relatively consolidated, with the top five players accounting for more than 75% of the market
- Witnessing increased traction and expecting greater demand from the region in the future, some service providers have started making proactive investments in the region, with dedicated onshore and onsite RPO FTEs

4

Latin America country focus

- Latin America is a heterogeneous market with varying RPO maturity across countries
- Brazil, Mexico, and Argentina are the most frequently included countries and account for almost 70% of the RPO market in Latin America

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This study includes distinct chapters that provide a deep dive into the key aspects of Recruitment Process Outsourcing (RPO) market in Latin America
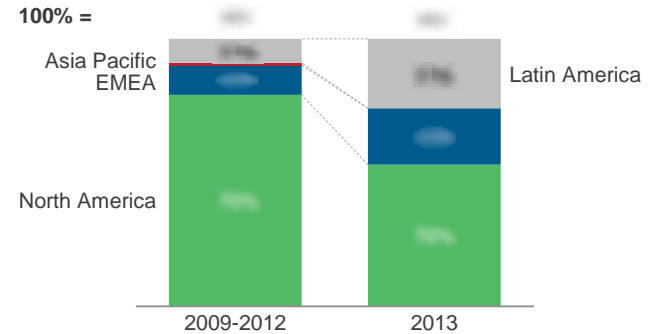
Market size and growth
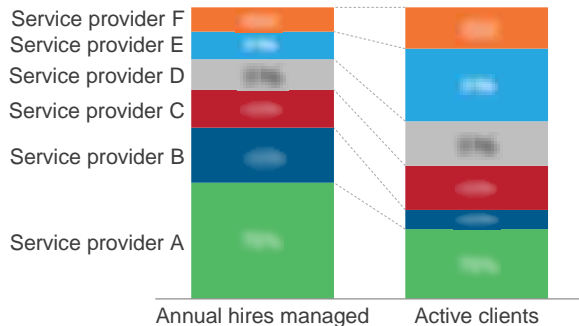
RPO market size in Latin America
US$ million

XX% Historic CAGR
XX% Expected CAGR

2010 · 2013 · 2014 E · 2017 F
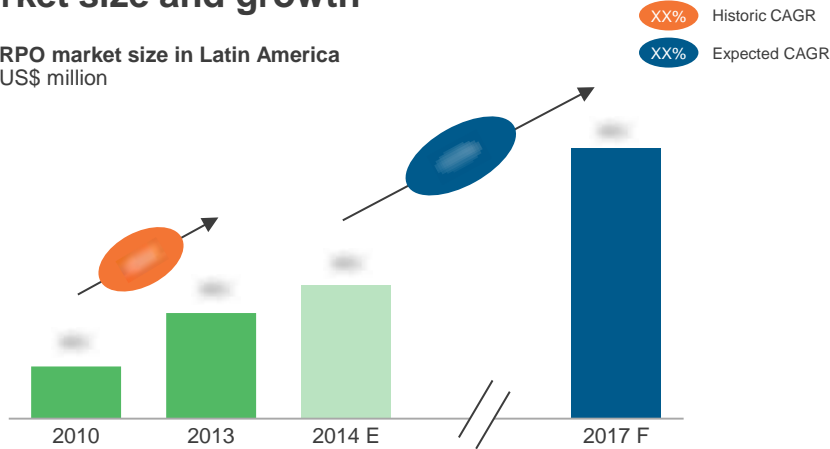
Buyer adoption trend

Buyer adoption trend by buyer headquarter region
Number of new deals that included Latin America

100% =

Asia Pacific
EMEA
Latin America

North America

2009-2012 · 2013

Service provider share distribution

Service provider share distribution in Latin America
2013; Annual number of hires and active clients

100% =

Service provider F
Service provider E
Service provider D
Service provider C
Service provider B

Service provider A

Annual hires managed · Active clients

Country inclusion

Inclusion of Latin American countries in RPO deals
Percentage of deals

Most frequently included countries:
Brazil
Mexico
Argentina
Colombia
Puerto Rico
Chile
Peru
Ecuador
Costa Rica
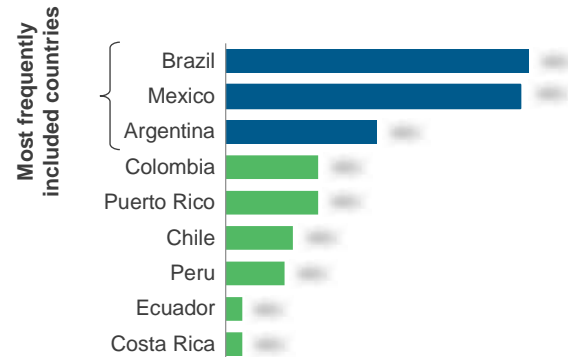
Source: Everest Group (2015)

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Additional RPO 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. **Recruitment Process Outsourcing – Service Provider Landscape with PEAK Matrix™ Assessment 2014** (EGR-2014-3-R-1216); 2014. 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 20+ RPO service providers analyzed are segmented into Leaders, Major Contenders, Emerging Players, and Star Performers. Additionally, it provides key insights on the areas in which service providers differentiate themselves

2. **Recruitment Process Outsourcing (RPO) Annual Report 2014 – Time to be strategic** (EGR-2014-3-R-1121); 2014. Recruitment Process Outsourcing (RPO) continued its momentum and grew at 16% in 2013 to reach US$ 1.8 billion in annualized spend. This research provides comprehensive coverage of the market across dimensions such as market overview, key business drivers, buyer adoption trends, transaction trends, and service provider landscape. It also provides a preview of the trends likely to develop in 2014-2015 RPO market

3. **Global RPO: Addressing Globalization Imperatives – How Global RPO Helps Multi-National Corporations Slay the Global Talent Dragon** (EGR-2014-3-R-1054); 2014. This report takes a close look at how the rapidly evolving global RPO market strives to enable MNCs across many regions to address the challenges outlined above. It explores the key considerations driving companies to engage in global RPO, how global RPO solutions are evolving to meet client needs, and outlines the potential challenges and pitfalls, that both the clients and providers of global RPO may encounter along the way. By wrapping up with the recommended best practices, we offer useful guidance based on the experiences of one particular global RPO client and the many observations Everest Group has developed in its years of working with global RPO buyers

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

Rajesh Ranjan, Partner: rajesh.ranjan@everestgrp.com
Arkadev Basak, Practice Director: arkadev.basak@everestgrp.com
Vishal Gupta, Senior Analyst: vishal.gupta@everestgrp.com

Website: www.everestgrp.com | Phone: +1-214-451-3000 | Email: info@everestgrp.com

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From **insight** to *action*.

At a glance

- With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of the next generation of global services

- Through its practical consulting, original research, and industry resource services, Everest Group helps clients maximize value from delivery strategies, talent and sourcing models, technologies, and management approaches

- Established in 1991, Everest Group serves users of global services, providers of services, country organizations, and private equity firms in six continents across all industry categories

Dallas (Headquarters)
info@everestgrp.com
+1-214-451-3000

New York
info@everestgrp.com
+1-646-805-4000

Toronto
canada@everestgrp.com
+1-647-557-3475

London
unitedkingdom@everestgrp.com
+44-207-129-1318

Delhi
india@everestgrp.com
+91-124-284-1000

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