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Recruitment Process Outsourcing (RPO) Annual Report 2017 – Strategic Value Creation in a Rapidly Evolving Market

Recruitment Process Outsourcing (RPO)
Annual Report – June 2017 – Preview Deck

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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

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

1
- Everest Group's proprietary database of over **2,000 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 21 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 interviews and data collection** from **RPO buyers**
  - The data contains the following detailed buyer perspectives about RPO deals:
    - Drivers for adopting RPO and buyer-provider relationships
    - The level of buyer satisfaction and the underlying reasons

Service providers covered in detail in the analyses

The analysis in this report are presented at two levels:
- Overall market analysis that highlights the market composition/dynamics
- The current market trends based on deal activity 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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Overview and abbreviated summary of key messages

Dimension	Key RPO market insight

1
Market overview and key drivers

- The global RPO market is one of the fastest growing single process HRO markets. It touched the US$2.8 billion mark in 2016, backed by a 16% growth rate over 2015
- Buyers headquartered in North America are the dominant adopters of RPO, followed by United Kingdom. That being said, greater adoption by local buyers can be seen in some of the emerging RPO markets of Asia Pacific, Continental Europe, and Latin America

2
Buyer adoption trends

- Firms headquartered in the developed economies of North America and Europe continue to lead in terms of number of RPO deals signed
- Traditional job families such as operations and sales & marketing have seen a significant drop in their share of total jobs in the markets which has instead been captured by upcoming job families such as healthcare professionals, call center professionals, and engineering/IT
- Traditional industries such as manufacturing, BFSI, and hi-tech & telecom have lost a large percentage of their market share which was in turn captured by new and upcoming industries such as healthcare & pharma
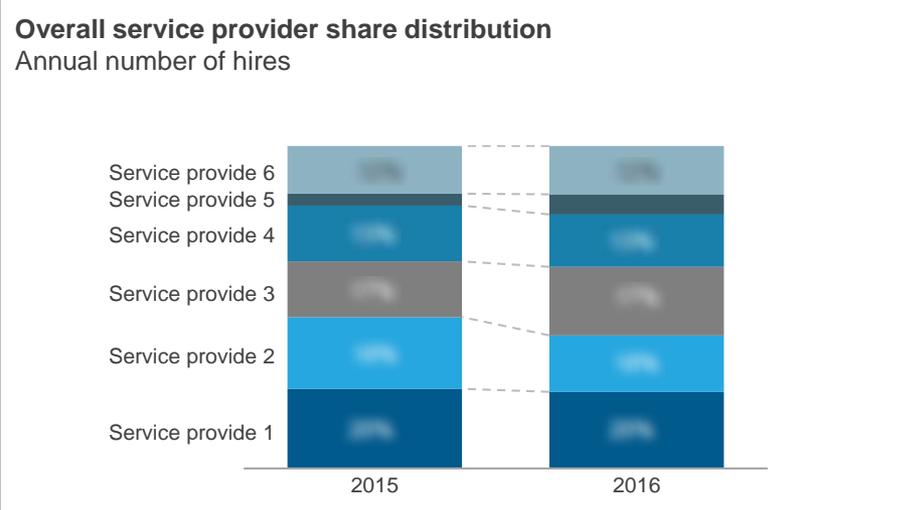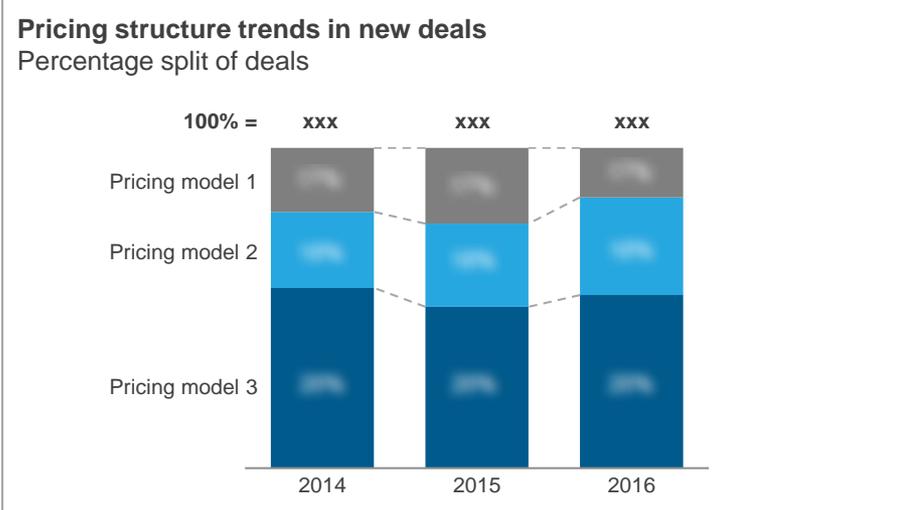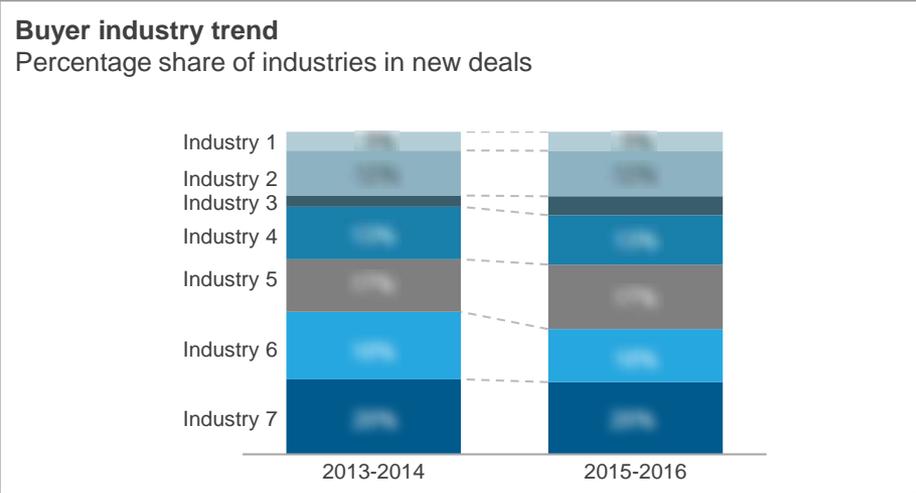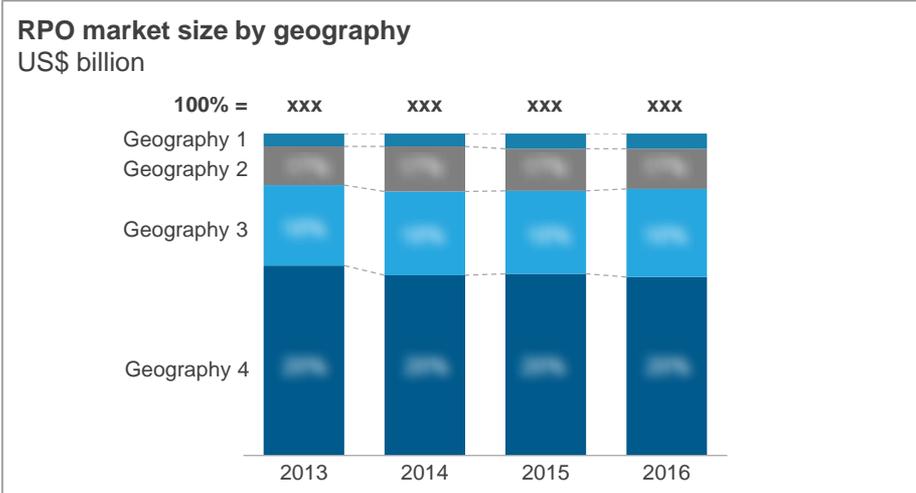
3
Solution and transaction trends

- Inclusion of value-added services (employer branding, talent communities, workforce planning, etc.) have almost become table-stakes in RPO, especially among mature (second/third generation) buyers
- The base-fee-plus-variable price continues to remain the most prevalent pricing structure. Such a construct enables service providers to make dedicated investments for their clients, thus fostering a more partnership-oriented approach between the buyer and service provider. However, instances of gain-sharing are starting to emerge

4
Service provider landscape

- Given the strong regional focus of most service providers, only a few have been able to pull off large multi-country RPO deals so far
- While most of the service providers offer considerable breadth of talent acquisition consulting services, only few have really deep expertise in those

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This study offers five distinct chapters providing a deep dive into key aspects of the RPO market; below are four charts to illustrate the depth of the report

RPO market size by geography
US$ billion

Buyer industry trend
Percentage share of industries in new deals

Pricing structure trends in new deals
Percentage split of deals

Overall service provider share distribution
Annual number of hires

Source: Everest Group (2017)

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RPO research calendar

Topic	Release date
Recruitment Process Outsourcing – Service Provider Landscape with PEAK Matrix™ Assessment 2016	July 2016
Recruitment Process Outsourcing (RPO) – Service Provider Profile Compendium 2016	October 2016
Recruitment Process Outsourcing – Annual Report 2016	November 2016
Recruitment Process Outsourcing – Service Provider Landscape in Latin America with PEAK Matrix™ Assessment	December 2016
Technology in Recruitment Process Outsourcing - Enabling a Paradigm Shift	December 2016
RPO 3.0	March 2017
Recruitment Process Outsourcing – Service Provider Landscape with PEAK Matrix™ Assessment 2017	March 2017
Enterprise Total Talent Acquisition (ETTA) – The Future-Ready Talent Approach	March 2017
Recruitment Process Outsourcing (RPO) – Service Provider Profile Compendium 2017	June 2017
Recruitment Process Outsourcing (RPO) Annual Report 2017 – Strategic Value Creation in a Rapidly Evolving Market	June 2017
Cognitive and Automation in Talent Acquisition	Q3 2017
Mega-sized deals in RPO	Q3 2017
RPO Service Provider Landscape in Asia Pacific with PEAK Matrix	Q4 2017

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 or complementary content that may be of interest

1. **Recruitment Process Outsourcing – Service Provider Landscape with PEAK Matrix™ Assessment 2017** (EGR-2017-3-R-2131); The global RPO market witnessed good traction in 2017 with over 200 new contracts signed. The market in North America showed an uptick as compared to last year and the market in Asia Pacific continued to exhibit strong growth. Last year, especially, saw a lot of M&A (Mergers & Acquisitions) activity in the RPO market. As the market is becoming more competitive, service providers are taking the inorganic route to strengthen their capabilities in different geographies, industries, or recruitment technology

2. **Enterprise Total Talent Acquisition (ETTA) – The Future-Ready Talent Approach** (EGR-2017-3-V-2148); This research report describes in detail the concept of Enterprise Total Talent Acquisition (ETTA), and highlights the drivers, challenges, and the financial & business benefits of adopting such an approach. It also suggests various models and methods that the buyers and service providers should leverage to effectively implement this approach.

3. **RPO 3.0 – Paradigm Shift in RPO Value Proposition** (EGR-2016-3-V-2116); RPO is transitioning to the next phase of its evolution – RPO 3.0. This will enable organizations to create real strategic impact from RPO in these times of revolutionary transition. This report discusses the global shifts and their impact on the workforce, imperatives for the talent acquisition organization, the emergence of RPO 3.0, how it differs from the earlier generations of RPO, as well as challenges & best practices in realizing RPO 3.0

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About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empowers clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

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