Everest Group
RESEARCH

Recruitment Process Outsourcing (RPO) Annual Report 2016 – Opportunities Abound in a Buoyant Market

Recruitment Process Outsourcing (RPO)
Annual Report: November 2016 – 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**
- **BFSI[1] Business Process**
- **Healthcare & Life Sciences ITS**
- **Healthcare & Life Sciences BPS**
- **Application & Digital**
- **Cloud & Infrastructure**
- **Global Sourcing**
- **Locations Insider™**
- **PricePoint™**
- **Finance & Accounting**
- **Procurement**
- **Human Resources**
- **Recruitment & Talent Acquisition**
- **Contact Center**
- **Service Optimization Technologies**
- **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
- Others | Market intelligence, service provider capabilities, technologies, contract assessment

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
- **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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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

ADP A more human resource. · alexander mann solutions · ALLEGIS GLOBAL SOLUTIONS · AMN Healthcare · CAPITA RESOURCING · CIELO · KORN FERRY | Futurestep · HAYS Recruiting experts worldwide · KELLYOCG · Hudson RPO · IBM · ManpowerGroup Solutions · NEEYAMO · peoplescout a TRUEBLUE company · randstad sourceright · RESOURCESOLUTIONS · Recruit Career Co.,Ltd. · SEVENSTEP · WilsonHCG HUMAN CAPITAL GROUP · YOCTO · Yoh

The analyses in this report are presented at two levels:
- Overall market analysis that highlights the 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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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$2.4 billion mark in 2015, backed by a 17% growth rate over 2014 • 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 and Continental Europe
2 Buyer adoption trends	• Single-country RPO accounts for a majority of the deal activity. Interest around Multi-Country RPO (MCRPO) engagements is high, however, the size and scope of such deals is witnessing a downward trend. In fact, very few incidents of global mega-sized deals were witnessed of late • Manufacturing, hi-tech & telecom, and financial services are the biggest adopters of RPO globally. The encouraging shift in adoption by industries, such as healthcare & pharma, services, and retail, has added fire to the RPO growth engine
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 Emerging themes and areas of investment	• The market is witnessing separate, more targeted offerings around niche areas such as veterans, diversity hiring, and outplacement, by service providers. Not only does this help address buyer needs better, it also provides for differentiation for the service provider • Almost all major RPO service providers are investing in developing talent advisory capabilities. Such services bulk up the value proposition of existing RPO offerings, especially among the first time buyers and can also act as potential door openers for new business opportunities
5 Service provider landscape	• RPO continues to remain an intensely competitive and fragmented market. Providers from all backgrounds (staffing, broader BPO, and pure-play RPO) have tasted success in this fast growing market

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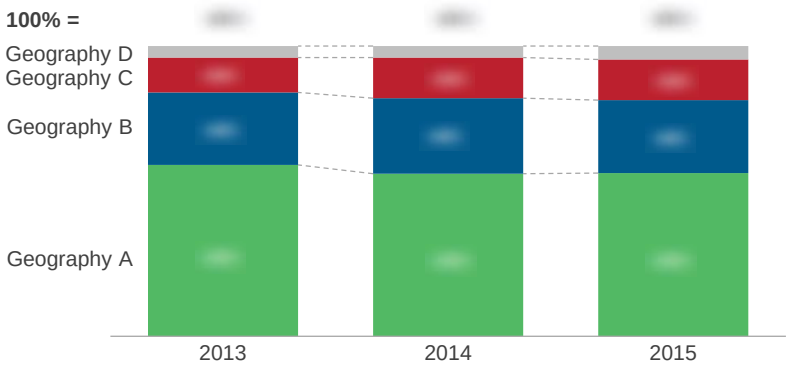
This study offers five distinct chapters providing a deep dive into key aspects of the RPO market; below are four charts to illustrate the depth of the report

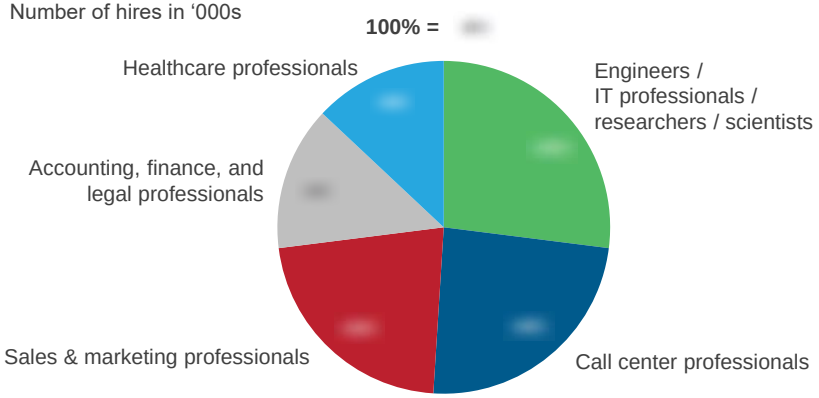
RPO market size and growth

RPO market size by geography
US$ billion



Buyer adoption

RPO buyer adoption in white collar jobs
Number of hires in '000s



Buyers feedback

Cumulative buyer feedback on RPO service providers

Top three strengths

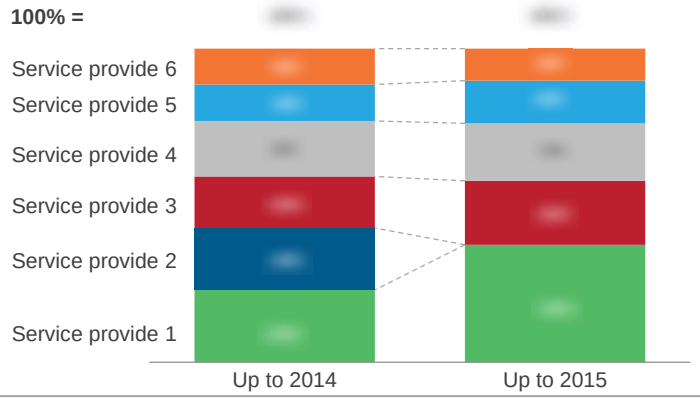
- Customer orientation and relationship management
- Strength 2
- Strength 3

Top three areas of improvement

- Being proactive as opposed to reactive in problem identification and solving
- Areas of improvement 2
- Areas of improvement 3

Service provider market share distribution

Overall service provider share distribution
Annual number of hires in 000's



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RPO research calendar

Published Current

Topic	Release date
RPO – Service Provider Profile Compendium 2015	January 2016
RPO in Middle East and Africa: Managing complexity for competitive advantage	January 2016
Blended Model in Talent Acquisition - A Rosy Path Strewn with Thorns	March 2016
Heralding a New Era of Transformative Business Process Services through Technology	April 2016
Robotic Process Automation in HR Outsourcing: Not the Same as Other Business Process Service Lines	April 2016
Talent Acquisition in Asia Pacific: Diverse Demands Ensuring Growth	May 2016
Recruitment Process Outsourcing – Service Provider Landscape with PEAK Matrix™ Assessment 2016	July 2016
RPO - Service Provider Profile Compendium 2016	November 2016
Recruitment Process Outsourcing (RPO) Annual Report 2016 – Opportunities Abound in a Buoyant Market	November 2016
Recruitment Process Outsourcing – Service Provider Landscape in Latin America with PEAK Matrix™ Assessment	Q4 2016
Recruitment Process Outsourcing – Service Provider Landscape in Europe with PEAK Matrix™ Assessment	Q4 2016
Technology in RPO	Q4 2016

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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. **Talent acquisition in Asia Pacific: Diverse demands ensuring growth** (EGR-2016-3-R-1764); 2016. This report provides a comprehensive coverage of the talent acquisition services market (including RPO and MSP) in Asia Pacific and analyzes it across various dimensions such as market overview and key business drivers, buyer adoption trends, solution and transaction trends, and service provider landscape

2. **Blended model in talent acquisition: A rosy path strewn with thorns** (EGR-2016-3-R-1724)**;** 2016. Today, many organizations are viewing talent management, including talent acquisition, through a singular lens as opposed to the traditional method of segregating it into contingent and permanent – blended recruitment is emerging as the new mantra of the day. This report explores the various nuances of executing the blended recruitment model and provides insights into market dynamics, execution levers, and models of engagement in blended recruitment outsourcing

3. **Recruitment Process Outsourcing – Service Provider Landscape with PEAK Matrix™ Assessment 2016** (EGR-2016-3-R-1834); 2016. The global RPO market witnessed good traction in 2016 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.

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From **insight** to ***action***.

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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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