Recruitment Process Outsourcing (RPO) – Service Provider Landscape and Capability Assessment

Recruitment Process Outsourcing (RPO)
Report: April 2012 – 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
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies

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

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- Everest Group's proprietary database of over **600 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 TCV, ACV, term, start date, total hires managed, and primary pricing structure
  - Scope: Process and geographic coverage (at country level)
  - Technology ownership and maintenance
  - Global sourcing

2

- Everest Group's proprietary database of **operational capability of over 20 RPO service providers** (updated annually)
- The database tracks the following capability elements for each service provider:
  - Major RPO clients and recent wins
  - Overall RPO revenues, total clients, and RPO 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
  - RPO service suite

Service providers covered in detail in the analyses

The analyses in this report are presented at two levels:
- Overall market analysis that highlights the overall market composition/dynamics
- The current market trends based on deal activities in the last four 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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Background and scope of the research

Background of the research

Recruitment Process Outsourcing (RPO) is one of the fastest growing single process HRO markets with a growth rate of over 25% and US$1.4 billion in annualized spend. The fast growing market continues to attract providers with different backgrounds, value propositions, and service delivery models. In addition, the rise of multi-country RPO and blended RPO considerations mean that the buyers require increased rigor and sophistication in their service provider selection process. The continued M&A activity within provider landscape further complicates this. In this backdrop, buyers will have to utilize a comprehensive framework to compare and assess increasing provider options. Service providers, on the other hand, need to have a better understanding of their competitive environment to bridge or expand the gap between them and their key competitors

In this research, we analyze the RPO market across various dimensions:
- RPO market overview
- RPO PEAK Matrix 2012 and Star Performers 2012
- Key insights on PEAK dimensions
- Areas of differentiation
- Implications for buyers and service providers

The scope of analyses includes:
- RPO deals in which a minimum of four or more recruitment processes are included
- The RPO deal is active and is at least one year in contract length
- Service providers that offer RPO as a stand-alone outsourcing service
- The deal scope should not be limited to only temporary hires
- All geographies and industries

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Overview and abbreviated summary of key messages
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This report examines the global 2012 RPO service provider landscape and its impact on the RPO market. It focuses on service provider position and growth in the RPO market, changing market dynamics, emerging service provider trends and differentiating factors, and assessment of service provider delivery capabilities. It also identifies the key implications of the research findings for buyers and service providers. Some of the findings in this report, among others, are:

Some of the findings in this report, among others, are:

Market overview	● The RPO market continues to show accelerated growth across geographies to reach US$1.4 billion in annualized spend in 2011 ● Significant end-of-term market represents both value creation opportunity, as well as potential risks for buyers and service providers
RPO PEAK Matrix 2012 and Star Performers 2012	● Based on Everest Group's comprehensive evaluation framework, PEAK Matrix, the 22 established RPO service providers evaluated are segmented into three categories – Leaders, Major Contenders and Emerging Players ● Everest Group selected RPO Star Performers 2012 based on the relative year-on-year movement of each service provider on the PEAK Matrix

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Overview and abbreviated summary of key messages
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| **Key insights on PEAK dimensions**	• Key insights on comparing the top quartile performers and other performers on delivery capability dimensions:
	  – Top quartile performers have built greater economies of scale in their operations
	  – Top quartile performers deliver specialized and expanded set of services to differentiate themselves

Areas of differentiation	• The competitive intensity continues to remain high in the RPO market fuelling the need to differentiate • RPO providers differentiate themselves along multiple dimensions – geographic coverage, industry and buyer size, scope of services, types and sources of hires, technology, and global sourcing • Service providers have varying degrees of success across different regions, with very few "true global" players

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

Deal renewal activity

Deal renewal activity in 2010-2011
Number of deals

100% = 209

- Renewal with the incumbent provider
- Transfer to another provider
- Termination before contract expiry
- Non-renewals (post contract expiry)
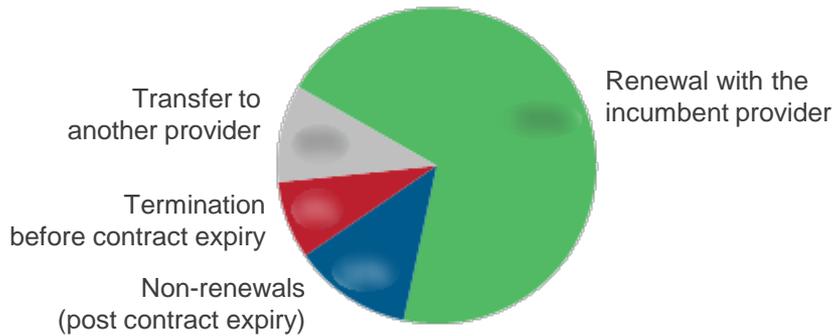
RPO PEAK Matrix and Star Performers

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for RPO

- ● Leader
- ● Major Contender
- ● Emerging Player
- ☆ Star Performer
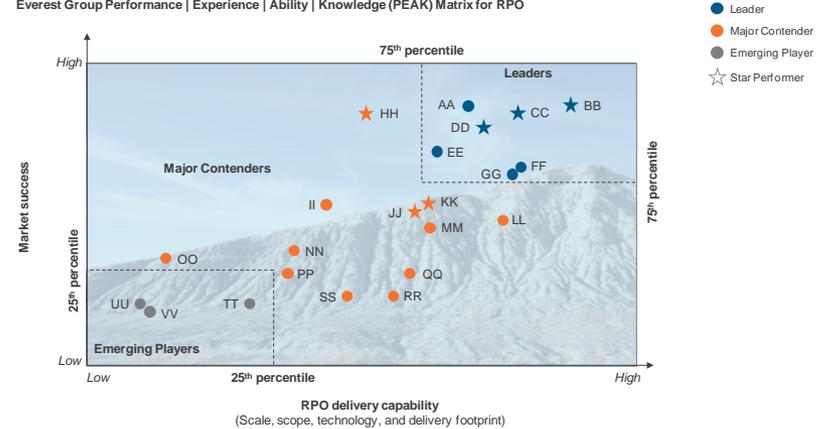
Delivery capability – scale: Differentiating strategy

Average number of RPO FTEs and hires managed

- ■ Top quartile performers
- ■ Others

- No. of FTEs
- No. of hires
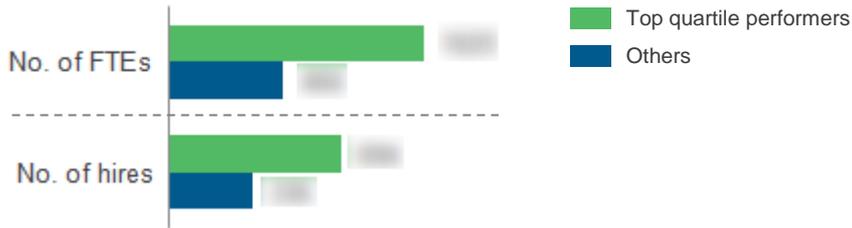
Top quartile performers by scale		
Service provider A	Service provider B	Service provider C
Service provider D	Service provider E	Service provider F

Market share by buyer size

Service provider market share in large market
Number of deals; Annual number of hires managed

100% = ~667,000   ~632,229

- HH
- GG
- FF
- EE
- DD
- CC
- BB
- AA

Upto 2011   Upto 2011
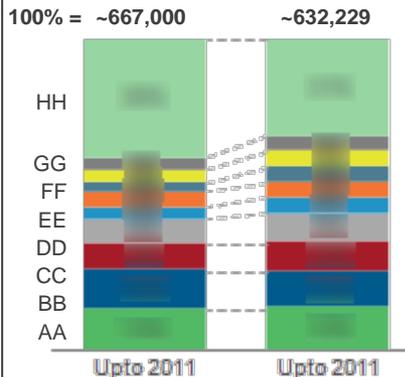
Service provider market share in mid market
Number of deals; Annual number of hires managed

100% = ~387,525   ~413,439

- HH
- GG
- FF
- EE
- DD
- CC
- BB
- AA

Upto 2010   Upto 2011
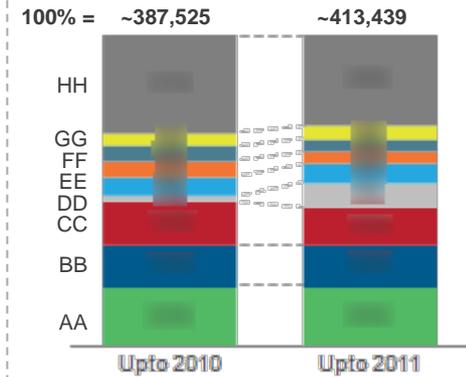
Source: Everest Group (2012)

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	Published	Current	Upcoming

Topic	Goals of the research	Release date
Multi-Country RPO: Hype Versus Reality	Provides insights into the drivers behind multi-country RPO, requirements of a multi-country RPO solution, current market offerings, case examples and the lessons learnt, implications for buyers and service providers	July-2011
Rise of Blended RPO: Addressing the Total Talent Acquisition Need	Discusses how to capture value from a total talent acquisition approach in RPO through a blended solution that covers both contingent and permanent hiring needs	September-2011
ADP's Acquisition of The RightThing: Did ADP Do the Right Thing?	This breaking viewpoint document analyses the recent acquisition announcement by ADP of The RightThing	October-2011
RPO Annual Report 2012	Provides a detailed coverage of the growing global RPO market covering buyer adoption trends, solution and transaction characteristic and service provider landscape	February 2012
RPO Service Provider Landscape and Capability Assessment	Provides a comprehensive analysis of the RPO service provider landscape along multiple dimensions and assesses service providers to position them in the Everest Group PEAK matrix	April 2012

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| | | | | | Published | | Current | | Upcoming |

Topic	Goals of the research	Release date
RPO Service Provider Compendium	This compendium provides accurate, comprehensive, fact-based snapshots of 20+ service providers in the recruitment process outsourcing marketplace. The report also offers insights into the recruitment process outsourcing service provider landscape and analysis of their capabilities	Q2-2012
RPO in Europe: How to Make it Work in a Heterogeneous Market	Provides a detailed coverage of the growing RPO market in heterogeneous European market covering buyer adoption trends, solution and transaction characteristic, best practices, and service provider landscape	Q2-2012
Sourcing Contingent Workforce – Rise of MSP model	With increasing importance and signficant spend on contingent workforce, this study identifies different sourcing models and deep dives into the growing Managed Service Provider (MSP) models and its variations	Q3-2012
RPO Annual Report 2013	Provides a comprehensive coverage of the 2012 global RPO market covering buyer adoption trends, solution and transaction characteristic and service provider landscape	Q4-2012

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Additional RPO research recommendations

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

1. **RPO Annual Report 2012 – Raising the Bar to Sustain Momentum** (EGR-2012-3-R-0649b); 2012. This report provides a comprehensive coverage of the 2011 RPO market 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. Additionally, it includes predictions for market size, buyer adoption, solution and transaction trends, and service provider landscape for the 2012 RPO market

2. **Multi-Country Recruitment Process Outsourcing (RPO): Hype vs. Reality** (EGR-2011-3-R-0575); 2011. This report provides a comprehensive coverage of the multi-country RPO market and analyzes it across various dimensions, such as market overview and key business drivers, buyer adoption trends, transaction characteristics, and service provider landscape

3. **ADP acquires The RightThing – Breaking Viewpoint** (EGR-2011-3-V-0605); 2011. This document provides Everest Group's viewpoint on the recent acquisition of The RightThing by ADP

4. **Rise of Blended RPO – Addressing the Total Talent Acquisition Need** (EGR-2011-3-R-0597); 2011. This document highlights the key drivers for a total talent acquisition approach, the impact that a blended RPO can create, some major challenges in its adoption, and the key considerations for buyers to realize the enhanced value proposition

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

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About Everest Group

Everest Group is an advisor to business leaders on the next generation of global services with a worldwide reputation for helping Global 1000 firms dramatically improve their performance by optimizing their back- and middle-office business services. With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of global services in their pursuits to balance short-term needs with long-term goals. 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. For more information, please visit www.everestgrp.com and research.everestgrp.com.

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