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Topic: RPO in Europe – Addressing Talent Acquisition in a Diverse Market

Recruitment Process Outsourcing (RPO)
Market Report: September 2012 – Preview Deck

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  - Recruitment process

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Market Vista
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- 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 three key sources of proprietary information

1

- 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, 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 over 20 RPO service providers** (updated annually)
- The database tracks the following capability elements for each service provider:
  - RPO clients, RPO revenue, RPO service suite, 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

3

- Ongoing buyer surveys and interactions
  - Everest Group's **executive interview and data collection** from **11 large multinational corporations (MNCs)** with 14 multi-country RPO arrangements
  - The data contains the following detailed buyer perspective about the 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

accenture — High performance. Delivered.
ALLEGIS GROUP SERVICES — Transforming the Way the World Acquires Talent
alexander mann solutions
AON Hewitt
CAPITA RESOURCING
CDI & WorldConcert — Talent Management Solutions*
futurestep — A Korn/Ferry Company
HAYS — Recruiting experts worldwide
Hudson RPO
IBM
Kenexa
KELLYOCG — OUTSOURCING & CONSULTING GROUP
ManpowerGroup
ochrehouse
pinstripe
peoplescout — right people. right now.
randstad sourceright
SEVENSTEP — Simply Effective RPO
talent2
THE RIGHT THING — An ADP Company
VOLT — Workforce Solutions
Yoh — A Day & Zimmermann Company

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. However, geographic regions differ by the level of maturity, and varying characteristics make each of them unique. The European market is the second largest RPO market after North America but it is highly heterogeneous, with the various regions of Europe displaying distinct characteristics. Buyers have diverse mindsets and service providers need to streamline their offerings accordingly. The uncertain economic condition in Europe also makes it a very dynamic market. On the service provider side, very few have "true global" presence and, hence, the European RPO service provider landscape is quite different from the worldwide service provider landscape.

In this research, we analyze the RPO market across various dimensions
- European RPO market overview
- Buyer adoption trends
- Solution trends and best practices
- Service provider landscape and capability assessment using Everest Group's PEAK Matrix methodology

The scope of analyses includes
- RPO deals that:
  – Have a minimum of four or more recruitment processes in scope
  – Are at least one year in contract length
  – Have Europe in scope
  – Are not limited to temporary hires only(in scope)
- Service providers that:
  – Offer RPO as a stand-alone outsourcing service
  – Have delivery presence in Europe

Overview and abbreviated summary of key messages

This report examines the European RPO market and analyzes it across various dimensions such as market size, growth, heterogeneity across various regions, buyer adoption trends, solution characteristics, and best practices to adopt. The report also analyzes the RPO landscape in Europe and assesses RPO providers using Everest Group's proprietary PEAK Matrix methodology.

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

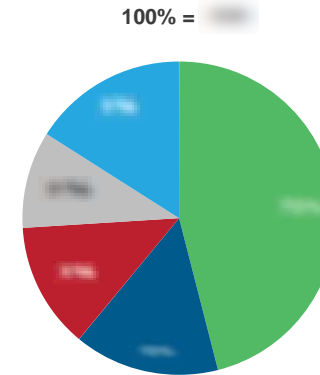|	
Market overview	● Europe is the second largest RPO market and showed rapid growth during the 2009-2011 period. However, the uncertain economic environment will negatively affect the future growth, especially in the short term
Buyer adoption trends	● Buyer adoption displays varying trends around four key dimensions – head-quarter and signing region, continent scope, country scope, and industry scope
Solution and transaction trends	● Given the heterogeneity of the market, executing multi-country RPO (MCRPO) deals in Europe requires both buyers and service providers to adopt focused best practices ● The pricing models prevalent in Europe are a reflection of the "operational culture" of each region
RPO PEAK Matrix for Europe – 2012	● Based on Everest Group's comprehensive evaluation framework, 22 established RPO service providers were evaluated, out of which 17 service providers with European delivery presence were segmented into three categories - Leaders, Major Contenders, and Emerging Players

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Below are four charts to illustrate the depth of the report

RPO market size and CAGR in Europe
US$ million
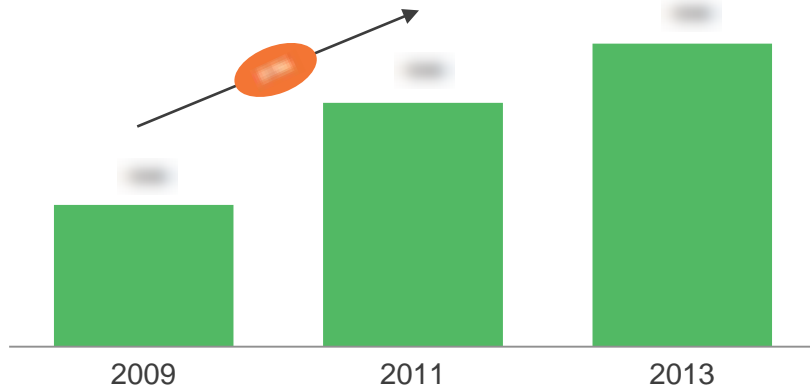
RPO deals distribution by buyer headquarter country
Number of deals

100% =

Process centralization by satisfied buyers
Percentage of buyers

Legend: Centralized | Hybrid | De-centralized

- Strategic consulting
- Sourcing
- Applicant tracking
- Resume-based screening
- Phone-based screening
- Selection/offer management
- Pre-employment testing
- Background checking
- On-boarding
- Vendor management

Everest Group (PEAK) Matrix for RPO in Europe

Legend: Leaders | Major Contenders | Emerging Players

Leaders: AMS, Hays, ManpowerGroup, Ochre House
Major Contenders: KellyOCG, Randstad SourceRight, Kenexa, Capita, Futurestep, Hudson RPO, IBM, Talent2, PeopleScout, The Right Thing, Accenture
Emerging Players: Allegis Group, AON Hewitt

Market success (y-axis)
RPO delivery capability (x-axis)

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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. **RPO Service Provider Landscape and Capability Assessment** (EGR-2012-3-R-0668a); 2012. 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, and Emerging Players, and Star Performers

2. **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

3. **Multi-Country RPO: Unveiling the Service Delivery Model Best Practices** (EGR-2012-3-R-0722); 2012. Multi-Country RPO (MCRPO) is increasingly being adopted by multinational corporations. However, the outcomes achieved, along with the level of satisfaction among MCRPO buyers, are mixed. The key objectives of this study are to assess variations in MCRPO delivery models and to identify best practices. The study's primary methodology is a set of executive interviews combined with detailed engagement data collection with MCRPO buyers

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

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