![Everest Group Research logo]

Title: Recruitment Process Outsourcing (RPO) Annual Report 2014 – Time to be strategic

Recruitment Process Outsourcing (RPO)
Annual Report: June 2014 – Preview Deck

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

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

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- Benchmarking | Pricing, delivery model, skill portfolio
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- 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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Everest Group's RPO research is based on three key sources of proprietary information

1
- Everest Group's proprietary database of over **1,100 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, 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 **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 detail in the analyses

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

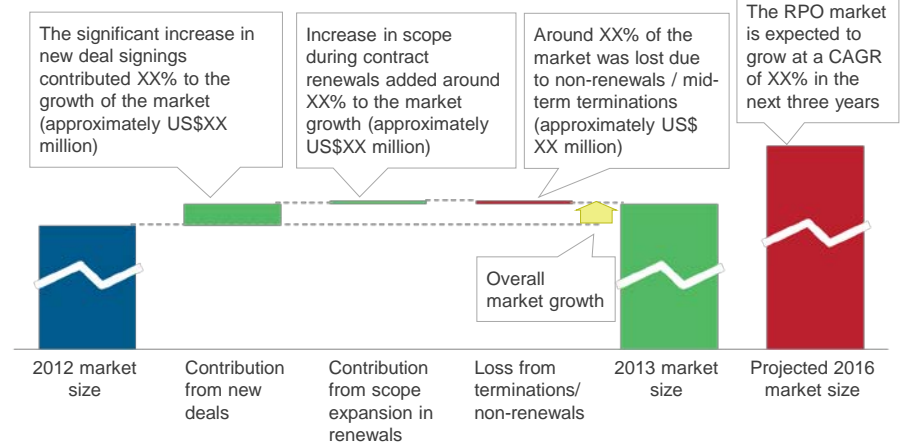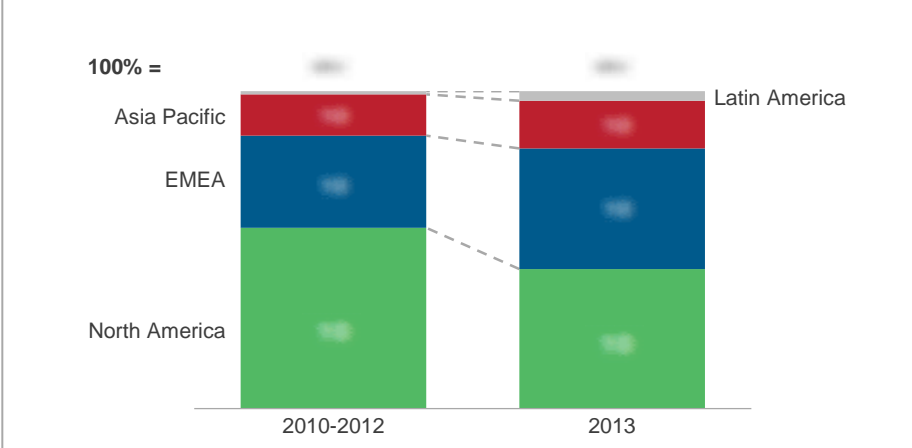| Dimension	Key RPO market insight
1 **Market overview and key business drivers**	• RPO market continued its momentum and grew at 16% in 2013 to reach US$ 1.8 billion in annualized spend • North America, made a strong comeback with a growth of 21%, the highest in the last three years
2 **Buyer adoption trends**	• Multi-Country RPO (MCRPO) engagements are on the rise with higher number of multi-continent deals, which reflects the increased maturity of the MCRPO model • While manufacturing remained the biggest contributor to RPO adoption, increased adoption was also witnessed in the services sector (including financial services)
3 **Solution and transaction trends**	• The base-fee-plus-variable price is the most prevalent pricing structure. Base fee as a percentage of the overall fee, however, varies by the type of RPO contract (RPO+ versus vanilla RPO)
4 **Service provider landscape**	• The competitive environment remains intense with several providers contending fiercely to gain market share

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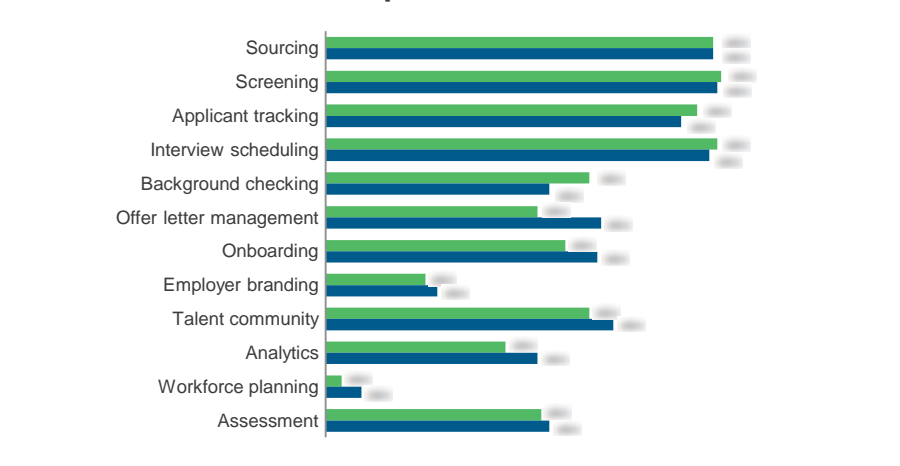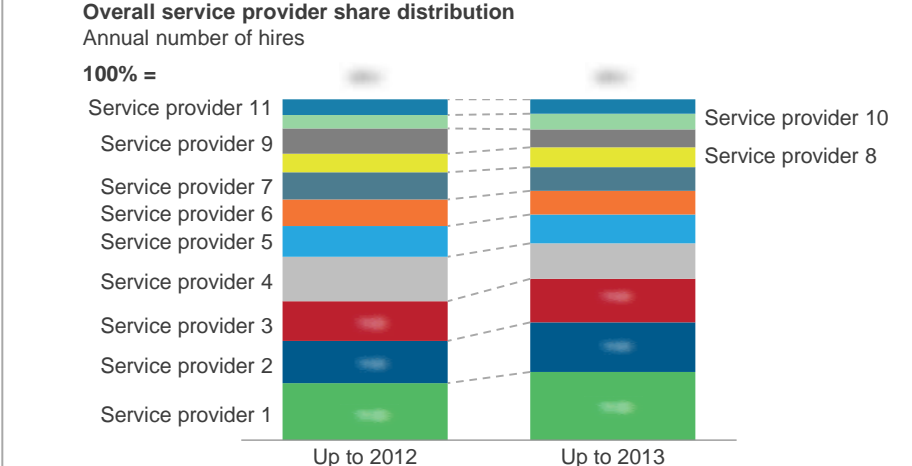
RPO market size and growth

The significant increase in new deal signings contributed XX% to the growth of the market (approximately US$XX million)

Increase in scope during contract renewals added around XX% to the market growth (approximately US$XX million)

Around XX% of the market was lost due to non-renewals / mid-term terminations (approximately US$XX million)

The RPO market is expected to grow at a CAGR of XX% in the next three years

Overall market growth

| 2012 market size | Contribution from new deals | Contribution from scope expansion in renewals | Loss from terminations/ non-renewals | 2013 market size | Projected 2016 market size |

Buyer adoption trend by buyer HQ region

100% =

Asia Pacific

EMEA

North America

Latin America

2010-2012   2013

Inclusion of recruitment processes in RPO deals

- Sourcing
- Screening
- Applicant tracking
- Interview scheduling
- Background checking
- Offer letter management
- Onboarding
- Employer branding
- Talent community
- Analytics
- Workforce planning
- Assessment

Service provider market share distribution

Overall service provider share distribution
Annual number of hires

100% =

- Service provider 11
- Service provider 9
- Service provider 7
- Service provider 6
- Service provider 5
- Service provider 4
- Service provider 3
- Service provider 2
- Service provider 1

Service provider 10
Service provider 8

Up to 2012   Up to 2013

Source: Everest Group (2014)

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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 (RPO) Annual Report 2013 – Dichotomy of Market Exuberance and Subdued Economy** (EGR-2013-3-R-0850); 2013. This research provides comprehensive coverage of the RPO market and analyzes it across various dimensions such as market overview, key business drivers, buyer adoption trends, solution and transaction trends, and service provider landscape. Additionally, it includes predictions for market size, buyer adoption, solution & transaction trends, and service provider landscape for the 2013 RPO market

2. **Recruitment Process Outsourcing – Service Provider Landscape with PEAK Matrix Assessment 2013** (EGR-2013-3-R-0860); 2013. 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 25 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

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:

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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

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