Recruitment Process Outsourcing – Service Provider Landscape with PEAK Matrix™ Assessment 2015

Recruitment Process Outsourcing (RPO)
Market Report: October 2015 – Preview Deck

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- Tracking services | Service providers, locations, risk
- Other | 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

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1   Banking, financial services, and insurance

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Background and methodology of the research

Background of the research
- The landscape of US$2.04 billion RPO market continues to evolve. The market is displaying multiple signs of growing maturity with both buyer demand and RPO provider solutions evolving. RPO service providers are designing more holistic solutions in terms of greater involvement in ATS decision-making, utilizing a plethora of add-on recruitment tools, and leveraging advanced analytics. Solution characteristics have also evolved in terms of greater inclusion of value-added services, more outcome-oriented Service Level Agreements (SLAs), outcome-based pricing, and adoption of blended (permanent + contingent) model

In this research, we analyze the global RPO market across the following dimensions:
- Market overview and service provider landscape
- Year 2015 RPO PEAK Matrix and Star Performers
- Service provider performance

The scope of this report includes:
- Third-party RPO deals. It does not include shared services or Global In-house Centers (GICs)
- RPO deals with a minimum of four recruitment processes, which are at least one year in contract length, and are not limited to temporary hires only
- All geographies and industries

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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 **1,500 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

accenture — *High performance. Delivered.*
ADP — *A more human resource.*
alexander mann solutions
ALLEGIS GLOBAL SOLUTIONS
AMN Healthcare
AON Hewitt
CAPITA RESOURCING
CIELO
futurestep — *A Korn/Ferry Company*
HAYS — *Recruiting experts worldwide*
KELLYOCG — *OUTSOURCING & CONSULTING GROUP*
IBM
ManpowerGroup
NEEYAMO
peoplescout — *a TRUEBLUE company*
PeopleStrong
randstad sourceright
SEVENSTEP
RESOURCESOLUTIONS
WilsonHCG — *HUMAN CAPITAL GROUP*
Yoh — *A Day & Zimmermann Company*

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

We define RPO as <u>transfer of ownership</u> of all or part of the recruitment processes or activities <u>on an ongoing basis</u>

| Strategy |
| Judgment-intensive |
| Transaction-intensive |

Pyramid (top to bottom):
- HR strategy
- Employee relations
- Regulatory and compliance
- Global mobility
- Performance management
- Learning
- Recruitment
- Compensation
- Benefits
- Payroll
- Employee data management
- HR information systems and reporting
- Employee contact center

Recruitment
- Employer branding
- Sourcing
- Screening
- Applicant tracking
- Interview scheduling and coordination
- Assessment
- Offer letter management
- Background verification
- Onboarding
- Vendor management

For this study, we included RPO deals in which:
- A **minimum of four or more recruitment processes** are included
- The outsourcing deal is active and is **at least one year in deal length**
- The deal scope should **not be limited to only temporary hires**
- The buyer employee size is 3,000 or more

This study **does not** include "out-tasking" arrangements (typically handled by recruitment agencies, staffing companies, or executive search firms) that are managed on a project-by-project basis rather than through an ongoing long-term arrangement

Overview and abbreviated summary of key messages

This report examines the dynamics of the global RPO service provider landscape and its impact on the RPO market. Based on the comprehensive Everest Group PEAK Matrix, each of the 21 RPO service providers are segmented into Leaders, Major Contenders, and Aspirants. The report also provides key insights on service provider position & growth in the market, changing market dynamics, and assessment of service provider delivery capabilities. It will assist key stakeholders (service providers, buyers, and technology providers) understand the current state of the RPO service provider landscape

Some of the findings in this report are:

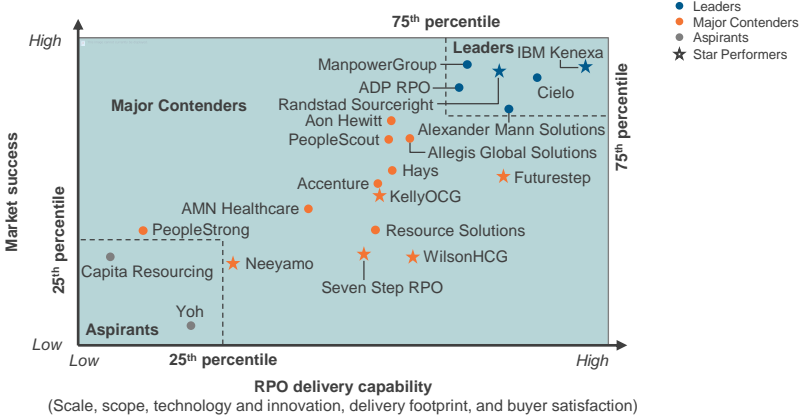|	

2015 PO PEAK Matrix and Star Performers	• Everest Group classified 21 RPO service providers on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix into three categories of Leaders, Major Contenders, and Aspirants
	• The 2015 RPO PEAK Matrix positioning is as follows:
	   – Leaders: ADP RPO, Alexander Mann Solutions, Cielo, IBM Kenexa, ManpowerGroup, Randstad Sourceright
	   – Major Contenders: Accenture, Allegis Global Solutions, AMN Healthcare, Aon Hewitt, Futurestep, Hays, KellyOCG, Neeyamo, PeopleScout, PeopleStrong, Resource Solutions, Seven Step RPO, WilsonHCG
	   – Aspirants: Capita Resourcing, Yoh
	• Based on YoY movement of different service providers on the PEAK Matrix, Everest Group identified seven service providers as the "2015 RPO Market Star Performers" – Futurestep, IBM Kenexa, KellyOCG, Neeyamo, Randstad Sourceright, Seven Step RPO, WilsonHCG

Everest Group analysis on service providers	• We assessed the overall RPO capability of service providers by evaluating them along six dimensions – market success, scale, scope, technology and innovation, delivery footprint, and buyer satisfaction levels
RPO market share analysis	• The RPO competitive landscape remains intense where ManpowerGroup and Randstad Sourceright have the largest number of RPO clients

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

Everest Group PEAK Matrix for RPO

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

Legend:
- ● Leaders
- ● Major Contenders
- ● Aspirants
- ★ Star Performers

Axis labels:
- Y-axis: Market success (25th percentile to 75th percentile, Low to High)
- X-axis: RPO delivery capability (25th percentile to 75th percentile, Low to High)
- (Scale, scope, technology and innovation, delivery footprint, and buyer satisfaction)

Plotted: Leaders — ManpowerGroup, IBM Kenexa, ADP RPO, Cielo, Randstad Sourceright; Major Contenders — Aon Hewitt, PeopleScout, Alexander Mann Solutions, Allegis Global Solutions, Hays, Accenture, KellyOCG, Futurestep, AMN Healthcare, PeopleStrong, Resource Solutions, Neeyamo, WilsonHCG, Seven Step RPO; Aspirants — Capita Resourcing, Yoh

RPO Star performers

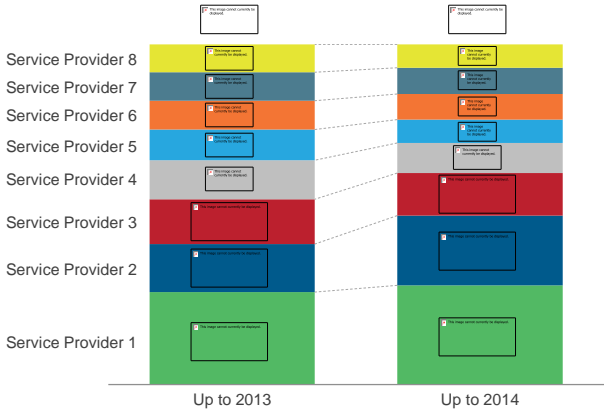| 2015 RPO market Star Performers	Distinguishing features of 2015 market success	Distinguishing features of 2015 capability advancements
Service Provider 1 Logo	● XXX ● XXX	● XXX ● XXX
Service Provider 2 Logo	● XXX ● XXX	● XXX ● XXX
Service Provider 3 Logo	● XXX ● XXX	● XXX ● XXX

RPO Service provider market share

Overall service provider share distribution
Number of deals
100% =

Service Provider 1 – 8, compared Up to 2013 and Up to 2014

Capability assessment

Legend: ● Best-in-Class ◐ Very high ◐ High ◐ Medium high ◐ Medium ◐ Medium low ◔ Low ○ Not matured

Service provider	Scale	Scope	Buyer satisfaction	Technology and innovation	Delivery footprint	Overall	Market success
Service provider 1	◐	●	◐	◐	◑	◐	
Service provider 2	◐	◐	◐	◐	◐	◐	◐
Service provider 3	◐	◐	◐	◐	●	◐	◐
Service provider 4	◐	◐	◐	◐	◑	◐	◐
Service provider 5	◐	◔	◐	◔	◐	◑	○
Service provider 6	◐	◐	◐	●	◑	◐	◐
Service provider 7	◐	◐	◑	◐	◐	◐	◐
Service provider 8	◐	◔	◔	○	●	◑	○

Source: Everest Group (2015)

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RPO research calendar

| | Published | Current |

Topic	Release date

Published:

RPO – Service Provider Profile Compendium 2014	January 2015
Analytics Business Process Services (BPS) – Service Provider Landscape with PEAK Matrix™ Assessment 2015	February 2015
Recruitment Process Outsourcing (RPO) – Rise of RPO in Latin America	February 2015
Reinventing Business Process Services (BPS) – Leveraging Technology to Deliver on New Expectations	March 2015
Recruitment Process Outsourcing (RPO): Good Medicine for Healthcare Recruiting	March 2015
Recruitment Process Outsourcing (RPO) – Annual Report 2015	August 2015

Current:

| Recruitment Process Outsourcing – Service Provider Landscape with PEAK Matrix™ Assessment 2015 | October 2015 |

Talent Acquisition Outsourcing – RPO & MSP in Asia Pacific	Q4 2015
Blended Model in Talent acquisition – A new age	Q4 2015
RPO Service Provider Landscape in Latin America with PEAK Matrix	Q4 2015
RPO - Service Provider Profile Compendium 2015	Q4 2015

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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. **Multi-Process Human Resources Outsourcing (MPHRO) Annual Report – Transition to Changing Realities** (EGR-2015-3-R-1570)**;** 2015. This report provides a comprehensive coverage of the MPHRO market and analyzes it across various dimensions such as market overview & key regional trends, buyer adoption & solution trends, and service provider landscape. The Multi-Process Human Resources Outsourcing (MPHRO) market continued its steady growth at the rate of 4% to reach US$ 3.42 billion in annualized revenue in 2014

2. **RPO Annual Report 2015 – Broader Adoption, Deeper Execution, Greater Innovation** (EGR-2015-3-R-1547); 2015. This report provides a comprehensive coverage of the 2014 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 2015 RPO market

3. **Rise of HR Outsourcing in Asia Pacific: Enabling HR to be Strategic** (EGR-2015-3-R-1374); 2015. As the global HR Outsourcing market moves towards maturity in the developed economies of the West, Asia Pacific has emerged as a stellar performer with an eye-catching growth rate and vast untapped potential. Interestingly, global players are lagging behind their locally entrenched counterparts here. This report examines the interesting dynamics of the Asia Pacific HR Outsourcing market

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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 and research.everestgrp.com.

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