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Reimagining Talent Acquisition in a Digital-First Era

Recruitment Process Outsourcing (RPO) & Managed Service Provider (MSP)
Market Report – March 2018: Complimentary Abstract / Table of Contents

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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

- Other | Market intelligence, service provider capabilities, technologies, contract assessment

Subscription information

- This report is included in the following subscription(s)
  - **Recruitment Process Outsourcing (RPO)**
  - **Managed Service Provider (MSP)**
- In addition to published research, a subscription may include analyst inquiry, data cuts, and other services
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Background of the research

"Reimagining Talent Acquisition in a Digital-First Era" is the second of a three-part series of reports outlining Everest Group's take on the impact of emerging digital technologies in the Talent Acquisition (TA) space. Each part touches upon specific dimensions of the technology landscape in TA and presents a holistic view of the potential impact of various technology levers on specific TA processes, or TA as a whole.
The following points provide a brief overview of the contents of each of the three papers:

Part 1	**Digital Technologies: The Next Frontier in Talent Acquisition (published)**	This paper introduces and provides an overview of the key digital levers (particularly next-generation technologies) disrupting the TA space. The paper reflects on the organizational readiness, relative maturity of different next-generation technologies, current and future applications of these technologies, and any associated drivers, trends and challenges (Link)
Part 2	**Reimagining Talent Acquisition in a Digital-First Era (current paper)**	This paper is a deep dive into the digitalization potential of various TA processes under the influence of next-generation technology levers. It also highlights the applications and benefits of various technologies for each TA process
Part 3	**Digital Startups in Talent Acquisition (upcoming)**	This paper will evaluate the technology startup ecosystem in the TA space. It will identify some of the most interesting startups, and provide a qualitative and quantitative commentary on their growth, market penetration, etc.

Scope of this report
Process evaluated: Talent acquisition – covering both permanent and contingent workforce acquisition
Technologies evaluated: Next-generation technologies including Robotic Process Automation (RPA), Artificial Intelligence (AI) covering Natural Language Processing (NLP) and Machine Learning (ML), and Analytics (including prescriptive and prescriptive)
Geography: Global

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Research methodology

1

Identify and holistically define talent acquisition processes

- Analyzed the talent acquisition value chain, covering both permanent as well as contingent workforce acquisition, to identify and categorize various tasks within defined processes
- A total of ~19 talent acquisition processes have been identified, covering all the tasks involved from requisition management to onboarding of candidates to billing and payments management (to contingent staffing suppliers)

2

Framework to evaluate technology digitalization potential

- The digitalization potential of TA processes leveraging next- generation technologies such as RPA, AI, and advanced analytics was evaluated to estimate the extent of digitalization possible for all the tasks defined within each of the 19 processes identified in step 1
- The proportion of automatable tasks within a TA process was calculated by evaluating the existing theoretical/recently-implemented technology use cases for digitalizing various TA tasks, as well as possible themes and uses cases that can emerge in the future (in the next five years)

3

Evaluate and quantify perceivable benefits from all technologies

- Once the next-generation technologies and their digitalization potential was identified, the quantum of benefits provided by these technologies in terms of efficiency, experience (both candidate and recruiter), and insights (or net new gains) was evaluated
- We have used a five-star scale to represent the scope and relative extent of either of the three benefits attainable for each process. Note that this evaluation is indicative of perceivable benefits attainable from all the identified technologies for a particular process from the existing state, and is not a relative comparison between processes

Overview and abbreviated summary of key messages

The report provides a deep dive into the TA process digitalization potential leveraging next-generation technologies (covers both permanent and temporary hiring processes). About 19 talent acquisition processes have been identified, which cover the majority of TA tasks and functions spanning the entire spectrum of permanent and contingent workforce acquisition.

The following information is analyzed and captured for these processes:

- Extent of digitalization of the processes possible
- Next-generation technologies that can digitalize the processes
- Quantum of benefits generated by these technologies

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

Potential for TA process and subprocess digitalization	• In the next five years, over 50% of all tasks within TA can be automated using a variety of technologies including stand-alone / combination of RPA, cognitive & AI, and analytics, among others • Processes that are highly transactional in nature have a higher potential for automation. Some examples include resume screening and billing & payments / invoice processing for vendors and suppliers • However, processes that involve judgement-intensive tasks (or require human touch) will continue to remain manual effort-intensive. Some examples of such processes include job marketing, telephonic screening, and hiring manager interviews
Digitalization potential of TA processes	• Processes such as requisition management, sourcing, resume-based screening, basic skill and fit assessments, and billing & payments processing have high potential for digitalization • Processes such as employer branding, talent community management, interview scheduling, and background checking have a moderate potential for digitalization • Processes such as job marketing, telephonic screening / video-based screening, applicant tracking, and vendor sourcing have very low potential for digitalization

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This study deep dives into the TA process digitalization potential; below is a template used for each of the 19 processes to illustrate the depth of the report

Name of the process			
Definition	What all functions do the processes include?		
Technologies that can impact the process	Technology 1	• Comments on how the technology (or combination of technologies) could digitalize specific tasks within the process	
	Technology 2		
	Technology 3		
Benefits of the above technologies	Efficiency	★★★★☆	Comments on how these technologies can impact efficiency and stakeholder experience, generate insights, or create net new gains altogether
	Experience	★★★☆☆	
	Insights / new gains	★★☆☆☆	

Everest Group's definition of the TA process

Possible next-generation technologies or combination of next- generation technologies that can significantly digitalize specific functions within the process

Extent to which the TA process can further be digitalized from the current state

○ Low ● High

Quantum of benefits that the use of technology levers provide
☆☆☆☆☆ Lowest ★★★★★ Maximum

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Requisition management

ILLUSTRATIVE

Digitalization potential: ◯ Low ● High   Quantum of benefits: ☆☆☆☆☆ Lowest ★★★★★ Maximum

Requisition management		◔
Definition	Requisition management covers creation of job description for a required role, its approval, and entry into the Applicant Tracking System (ATS). It also covers reviewing, editing, approving, and/or cancelling of requisitions in the ATS.	
Technologies that can impact the process	AI (ML, NLP) + RPA	• Pull relevant job descriptions/profiles from social media (of candidates/companies), ATS, etc., as and when a requisition opens up • RPA can be used to connect various systems and make job description creation more efficient, especially for repeated/recurring roles • Intelligently suggest creative and impactful content, leveraging ML, that can be used in job description creation • AI can automatically create a first draft of a job profile (for e.g., plant manager) that can be further improved by hiring managers
	Analytics	• Enables requisition aging to predict whether requisitions will be filled on time or not, based on historical data • Reporting different performance metrics such as measurement of time-to-fill of open requisitions and benchmark against peers and industry standards
Benefits of the above technologies	Efficiency ★★★★☆	• Faster requisition creation • Reduction of repetitive tasks in requisition management
	Experience ★★★☆☆	• Easier content creation in job descriptions • First draft of a profile or even suggestions while creating job descriptions can enhance hiring managers' experience greatly
	Insights / new gains ★★☆☆☆	• Hard-to-fill requisitions can be identified and strategically focused • Identify and focus on requisitions that are open for a long time

Research calendar – Recruitment Process Outsourcing (RPO)

■ Published ■ Planned ⬚ Current release

Flagship RPO reports	Release date
Recruitment Process Outsourcing – Service Provider Landscape with PEAK Matrix™ Assessment 2017	March 2017
Recruitment Process Outsourcing – Service Provider Profile Compendium 2017	May 2017
Recruitment Process Outsourcing – Annual Report 2017	June 2017
"RPO Buyers are Satisfied" – Truth or Myth?	June 2017
Recruitment Process Outsourcing: Service Provider Landscape with PEAK Matrix™ Assessment 2017 – Asia Pacific	September 2017
Recruitment Process Outsourcing – Service Provider Landscape with PEAK Matrix™ Assessment 2018	Q2 2018
Recruitment Process Outsourcing – Annual Report 2018	Q2 2018

Thematic RPO reports	Release date
RPO 3.0	March 2017
Patient Care to Talent Care: Optimizing Talent Acquisition in Healthcare through Holistic Talent Management	March 2017
Enterprise Total Talent Acquisition (ETTA) – The Future-Ready Talent Approach	May 2017
Digital Technologies: The Next Frontier in Talent Acquisition	December 2017
Reimagining Talent Acquisition in a Digital-First Era	**March 2018**
Digital Startups in Talent Acquisition	Q2 2018

Note: For a list of all RPO reports published by us, please refer to our website page

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Research calendar – Managed Service Provider (MSP)

■ Published	■ Planned	⬚ Current release

Flagship MSP reports	Release date
Managed Service Provider (MSP) – Service Provider Landscape with PEAK Matrix™ Assessment 2017	September 2017
Managed Service Provider (MSP) Service Provider Profile Compendium 2017	October 2017
Managed Service Provider (MSP) Annual Report 2018 – Towards the Next Frontier – Boldly Going Where Few Have Gone Before	December 2017
Managed Service Provider (MSP) - Service Provider Landscape with PEAK Matrix™ Assessment 2018 – Asia Pacific	December 2017
Managed Service Provider (MSP) - Buyer Report 2018	Q1 2018
Services Procurement Market Report 2018	Q2 2018
Managed Service Provider (MSP) - Service Provider Landscape with PEAK Matrix™ Assessment 2018	Q3 2018

Thematic MSP reports	Release date
Digital Technologies: The Next Frontier in Talent Acquisition	December 2017
Managed Service Provider (MSP): A Peek into the Buyer's Mind – Continuous Innovation is the Key to Buyer Delight	February 2017
Reimagining Talent Acquisition in a Digital-First Era	**March 2018**
Digital Startups in Talent Acquisition	Q2 2018
Freelancer Management	Q2 2018
The Clash of MSP and PO	Q2 2018

Note: For a list of all MSP reports published by us, please refer to our website page

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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 or complementary content that may be of interest.

1. **Recruitment Process Outsourcing – Service Provider Landscape with PEAK Matrix™ Assessment 2017** (EGR-2017-3-R-2131); The global RPO market witnessed good traction in 2017 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 Mergers & Acquisitions (M&A) 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

2. **Recruitment Process Outsourcing (RPO) Annual Report 2017 – Strategic Value Creation in a Rapidly Evolving Market** (EGR-2017-3-R-2236); 2017. Recruitment Process Outsourcing (RPO) continued its momentum and grew at 16% to touch the US$2.8 billion mark in annualized spend in 2016. This research provides comprehensive coverage of the market across dimensions such as market overview, key business drivers, buyer adoption trends, solution & transaction trends, and service provider landscape

3. **Digital Technologies: The Next Frontier in Talent Acquisition** (EGR-2017-3-V-2457); 2017. The global services industry is undergoing a tremendous change from a receding arbitrage-first to a fast-growing digital-first model. The impact of such a transformation is being felt by every business function; HR and Talent Acquisition (TA) is no exception. The paper reviews evolution and relative maturity of different next-generation technologies – their current and future applications, factors fueling the growth of digital in TA, including the key outcomes of next-generation digital technologies, among others

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

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Additional MSP research recommendations

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

1. **Managed Service Provider (MSP) Annual Report 2018 – Towards the Next Frontier – Boldly Going Where Few Have Gone Before** (EGR-2017-3-R-2471); 2017. The global Managed Service Provider (MSP) market continued to remain one of the fastest-growing single-process HRO markets. It is expected to pose a high growth rate of 9-11% in 2017, backed by ever-increasing demand for contingent workers, rise in adoption of Statement of Work (SOW), and the emergence of the gig economy, resulting in rapidly-increasing numbers of freelancers/ICs

2. **Managed Service Provider (MSP) – Service Provider Landscape with PEAK Matrix™ Assessment 2017** (EGR-2017-3-R-2354); 2017. In an age of rapid economic, demographic, and digital & technological evolution, the MSP market is undergoing transformative changes as well. Providers investing substantially and continuously in innovation over the next few months will be able to meet the upcoming challenges most effectively and surge ahead of competition

3. **Digital Technologies: The Next Frontier in Talent Acquisition** (EGR-2017-3-V-2457); 2017. The global services industry is undergoing a tremendous change from a receding arbitrage-first to a fast-growing digital-first model. The impact of such a transformation is being felt by every business function; HR and Talent Acquisition (TA) is no exception. The paper reviews evolution and relative maturity of different next-generation technologies – their current and future applications, factors fueling the growth of digital in TA, including the key outcomes of next-generation digital technologies, among others

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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 empower 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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