

# Contingent Workforce Management (CWM) State of the Market Report 2022 – The Next Frontier to Address Unprecedented Talent Challenges

October 2021: Complimentary Abstract / Table of Contents



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

**Arkadev Basak**, Vice President

**Krishna Charan**, Practice Director

**Rhea Nijhawan**, Senior Analyst

**Raghavendra Gupta**, Analyst

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## This report is based on two key sources of proprietary information

- Everest Group’s proprietary database of over **1,600 CWM/MSP and services procurement deals** (updated annually)
- The database tracks the following elements of each CWM/MSP deal:
  - Buyer details including industry, size, location, and signing region
  - Deal details including ACV, signing date, term, spend managed, primary pricing structure, process coverage, and geographic coverage (at country level)
  - Technology ownership and maintenance
  - Global sourcing
- Everest Group’s proprietary database of operational capability of 25+ service providers (updated annually)
- The database tracks the following capability elements for each service provider:
  - CWM/MSP deals, managed spend, revenue, services suite, and number of employees
  - Recent CWM-/MSP-related developments (investments and partnerships)
  - CWM/MSP deals split by geography, industry, scope, funding model, and buyer size
  - Managed spend split by geography, industry, job family, and type of sourcing model
  - Delivery locations and level of offshoring
  - Supplier partners by geography

### Ongoing buyer surveys and interactions

- Everest Group’s executive interviews and data collected from CWM/MSP & services procurement buyers
- The data contains the following detailed buyer perspectives about services procurement deals:
  - Drivers for adopting CWM/MSP and buyer-provider relationships
  - The level of buyer satisfaction and the underlying reasons

### The analysis in this report is presented at three levels:

- Service provider landscape and overview
- CWM and services procurement PEAK Matrix® characteristics
- Sourcing considerations for enterprises

Note 1 The term Contingent Workforce Management (CWM) and Managed Service Provider (MSP) are used interchangeably.

Note 2: The analysis for RGF Staffing includes Advantage Group (UK), Advantage Group (US), Solvus/Public-Sourcing (BE), Unique (GE), Chandler Macleod (AUS) MSP brands of RGF Staffing.

Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any information we collect that is contract specific will only be presented back to the industry in an aggregated fashion.

### Service providers assessed



## Background and/or Introduction of the research

The CWM outsourcing industry was disrupted in 2020 and shrank slightly on account of the COVID-19 pandemic. However, it remained remarkably resilient and is expected to grow dramatically over the next few years, as it moves towards MSP 4.0. Buyer expectations are also evolving with the rapid shifts in key focus areas and the increasing investments in innovative talent solutions such as direct sourcing, services procurement management, and total talent management.

### In this report, we focus on:

- Evolution of CWM/MSP market
- CWM market size and growth
- Buyer adoption and demand trends
- Key future growth drivers
- Future outlook

### Scope of this report:



**Geography**  
Global



**Industry**  
Contingent workforce  
management



**Services**  
Contingent workforce  
management

## Overview and abbreviated summary of key messages

This report examines the dynamics of the global CWM/MSP and services procurement / Statement of Work service providers, and their impact on the market. It also sheds light on the future trajectory of the CWM market, which is being by the current market conditions, service provider landscape, and buyer expectations

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

### Buyer adoption and demand trends

- The global CWM outsourcing / MSP market displayed resilience, and contracted only slightly in 2020 owing to the effects of COVID-19
- Contingent workers became an attractive choice for smaller clients looking to revive their businesses. The CWM market gained significant traction with increased demand from healthcare, hi-tech & telecom, and the public sector, which greatly cushioned the impact from COVID-19
- The demand for healthcare professionals increased, and engineers/IT remained resilient; however, the blue-collar category experienced a significant contraction
- With improvements in the global economic climate and easing of restrictions, the MSP industry saw a rise in the number of strategic global deals
- Centralization and offshoring experienced a major boost in 2020, as enterprises turned to a cost-saving strategy and realized the benefits of flexible CWM delivery models

### Key future growth drivers

- CWM providers' services procurement spend under management is on the rise, spurred on by the rising awareness and demand for flexible engagement models
- Direct sourcing is increasingly being leveraged by enterprises and service providers as an alternative sourcing mechanism due to its benefits
- CWM/MSP deals involving an IC management component are gradually increasing in number, and as enterprises realize the benefits and service providers strengthen their capabilities, the demand for TTA solutions is increasing
- MSP 4.0 will be enabled by an integrated system of tools and solutions covering the entire spectrum of talent acquisition processes; providers should focus on optimizing the mix of these tools to maximize utility

# This study provides a deep dive into the various dimensions of growth of the CWM market; below are four charts to illustrate the depth of the report

## Macro trends from the global talent market

### Talent shortage and gaps



- Due to the global talent shortage, enterprises are having a harder time finding talent across roles. Across the dimensions of attracting, hiring, and retraining IT talent, 87%1 clients believe that the process has become more difficult in the last three to four months
- To mitigate this challenge, organizations are actively looking for ways to expand their hiring pools by leveraging flexible location options and adding new, global hiring channels
- Tapping into deeper global talent pools is perhaps the most viable long-term solution to tackle talent shortages

### Rising rates and benefit demands



- As a result of this increasing supply-demand gap, contractors and contingent talent workers are demanding higher salaries and rates, in addition to increased employment benefits
- This inflationary impulse is predominant particularly in the US, as a result of high stimulus amounts being injected into the economy, and the periodically rising minimum wages
- Topping the list of enterprises' priorities is the need to find additional locations for the availability of abundant and cheaper talent

### High rates of attrition

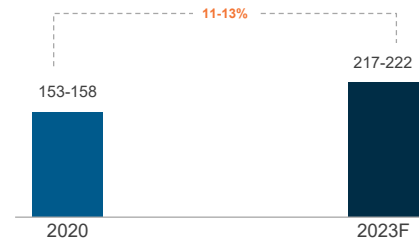


- Employees across the board are now locking horns with employers in The Great Resignation. Attrition rates have been creeping up due to a surplus in the availability of jobs vis-à-vis talent, allowing them to jump from one role to another
- Organizations are having to issue bigger compensation increases for the staff jumping ship; while this is also manifesting itself in the higher outsourcing rates
- To dampen this impact and slow down the rate of attrition, companies are offering flexible work location options, and increasing the emphasis on learning/training and global career paths

## Geographical variations in the CWM market

### Global CWM industry growth projections 2020-21; US\$ billion

CAGR X%



- The CWM market is expected to return to a robust growth tangent over the next year. The rapid uptick will be led by the increased adoption from new industries such as fast-growing tech, retail, services, and government / public sector. The higher adoption from newer segments such as small- and mid-sized buyers along with improved penetration will aid in market growth
- Growth will also be driven by an expansion in the scope of existing CWM deals, as MSPs will be entrusted with the oversight/management of the additional contingent categories such as services procurement and freelancer management
- The demand from the healthcare and IT sectors is also expected to sustain over the next year, further fueling the market boom

## Key future growth drivers



## Implications for CWM providers and enterprises

- New industries opening up to CWM outsourcing
- Enterprises pivoting towards talent-oriented impact metrics
- MSPs developing strategic relationships with buyers
- MSPs preparing to meet end-to-end CWM needs





# Research calendar

## Contingent Workforce Management (CWM)

Published Planned Current release

### Flagship reports

### Release date

Contingent Workforce Management (CWM) – Service Provider Landscape with Services PEAK Matrix® Assessment 2020	August 2020
Tackling the Global Pandemic: Contingent Workforce Management (CWM) State of the Market Report 2021	October 2020
Vendor Management System (VMS) Products PEAK Matrix® Assessment with Technology Vendor Landscape 2021	March 2020
US Contingent Workforce (Staffing) Provider Landscape with PEAK Matrix® Assessment 2021 – Going Beyond Scale	June 2021
Vendor Management System (VMS) – Technology Vendor Compendium 2021	July 2021
Management System (VMS) State of the Market Report 2021 – Keeping Pace with Rapidly Evolving Buyer Expectations	September 2021
<b>Contingent Workforce Management (CWM) State of the Market Report 2022 – The Next Frontier to Address Unprecedented Talent Challenges</b>	<b>October 2021</b>

### Thematic reports

### Release date

Collaboration to beat disruption – Future of CWM	July 2020
Data & Analytics – Foundational Pillars of Efficient Services Procurement Management	August 2020
The Evolution of Vendor Management Systems (VMSs) for Contingent Workforce Management: What Will Differentiate the VMSs in the Future?	December 2020
A Practical Approach to Total Talent Acquisition	February 2021
Disruption in IT Staffing	May 2021
MSP 4.0	June 2021
Demystifying Direct Sourcing	Q1 2022

Note: For a list of all of our published CWM reports, please refer to our [website page](#).



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### Dallas (Headquarters)

[info@everestgrp.com](mailto:info@everestgrp.com)

+1-214-451-3000

### Bangalore

[india@everestgrp.com](mailto:india@everestgrp.com)

+91-80-61463500

### Delhi

[india@everestgrp.com](mailto:india@everestgrp.com)

+91-124-496-1000

### London

[unitedkingdom@everestgrp.com](mailto:unitedkingdom@everestgrp.com)

+44-207-129-1318

### Toronto

[canada@everestgrp.com](mailto:canada@everestgrp.com)

+1-647-557-3475

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