

Employer of Record (EOR) – State of the Market 2023

December 2022: Complimentary Abstract / Table of Contents



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Background of the research

With remote working becoming the norm, the world has reopened for businesses of all sizes. Enterprises across the world now consider global hiring as a business advantage and opportunity, allowing them to gain insights into new markets and greater diversity in ideas. Hence, it is no surprise that solutions, such as Employer of Record (EOR), have experienced explosive growth over the past couple of years. An EOR partner enables companies to legally engage with workers in a new country or region, without the need to set up a legal entity or face the risk of violating local laws. EOR offerings can span the employee administration value chain and include services, such as onboarding, benefits provision, administration, payroll, as well as time & expense management, among other administration services. Given, that providing a seamless experience to a globally distributed workforce is a key imperative, technology plays an integral role in the EOR space as enterprises look to leverage the right mix of technology and human expertise to hire and retain skilled talent. Hence, beyond increasing geographic coverage, service providers are also focusing on building sophisticated EOR platforms to offer seamless employee and manager experiences through mobile-enabled self-service and chatbots, as well as data insights on compliance and talent through interactive dashboards and custom reports.

This research presents the key trends in the EOR market, and the primary components of the report are elucidated below:

- Understanding EOR
- Market overview
- Buyer adoption trends
- Key investment themes
- Provider landscape
- Outlook for market stakeholders in 2022-23

Scope of this report



Geography
Global



Service providers
15



Services
Employer of Record

Overview and abbreviated summary of key messages

This report examines the 2021 EOR provider landscape and its impact on the EOR market. It focuses on the EOR market overview, buyer feedback and adoption drivers, key investment themes and outlook. It also identifies the key implications of the research findings for buyers and providers.

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

EOR market adoption trends

- The EOR market is expected to have a steady growth of 154% for FY 2021-22
- EOR solutions are largely adopted by small and midsize buyers as they are primarily focused on expanding their employee size and tapping potential markets across the regions
- North America remains a major adopter and has the highest contribution to the overall revenue of EOR providers followed by Europe and APAC regions

Key investment themes

- EOR firms are focusing on enhancing their technology capabilities such as chatbots, advanced analytics, dynamic dashboard and benchmarking, ESS, and MSS
- Payroll has emerged as a key area of focus and investments span across supporting multiple talent models
- EOR firms are significantly investing to enhance their global coverage and their overall offering in terms of recruitment, benefits, multi-language support, and knowledge hub

Revenue

- Globalization partners, Mercans and Velocity Global, had the highest EOR market share in 2021; Safeguard Global, Remote, and Papaya Global have significant market shares

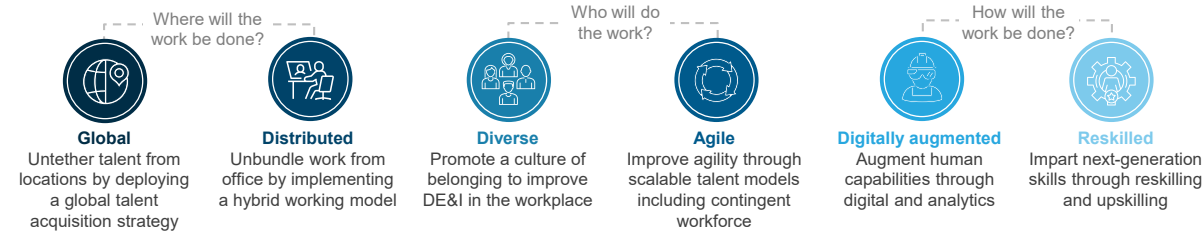
Industry and geography focus

- Mercans has a significant presence across the top five industry verticals adopting EOR solutions
- Deel and Mercans have the highest revenue share across geographies; other EOR providers, such as Globalization Partners, Papaya Global and Remote, are also prominent in certain geographies

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

Adoption trends for IT, non-voice BPS, and voice-based BPS

Key tenets of workforce of the future



- The COVID-19 pandemic has given organizations a once-in-a-generation opportunity to reimagine their workforce and workplace mechanics. They are looking to make a shift to the new ways of working, where work is not defined by physical office spaces and office timings, and talent is not restricted by geographical boundaries
- DE&I is becoming a key priority; organizations are looking at different avenues in solutions and policies to ensure they bring this to the fore. More than ever before, employees and customers expect organizations to be responsible members of the larger community
- Remote work has become mainstream, and this has opened multiple avenues for enterprises to source talent eliminating the regional barriers. Hiring managers will now be able to consider people located further away – even in different countries

Mix of digital technology leveraged by consumer banks

Drivers for EOR adoption

Pre-pandemic

- Cost and time savings**: Employing an EOR helps lower the administrative cost per employee and save the enterprises' resources and time spent in setting up an entity. The enterprises could leverage these resources and focus on expanding their business and spend time on other relevant tasks
- International expansion**: EOR firms are used to facilitate global expansion and save the effort of setting up an international subsidiary and mitigate associated risks. Lot of firms have begun adopting to 100% remote operations post pandemic and are keen on diversifying their employee locations

Post-pandemic

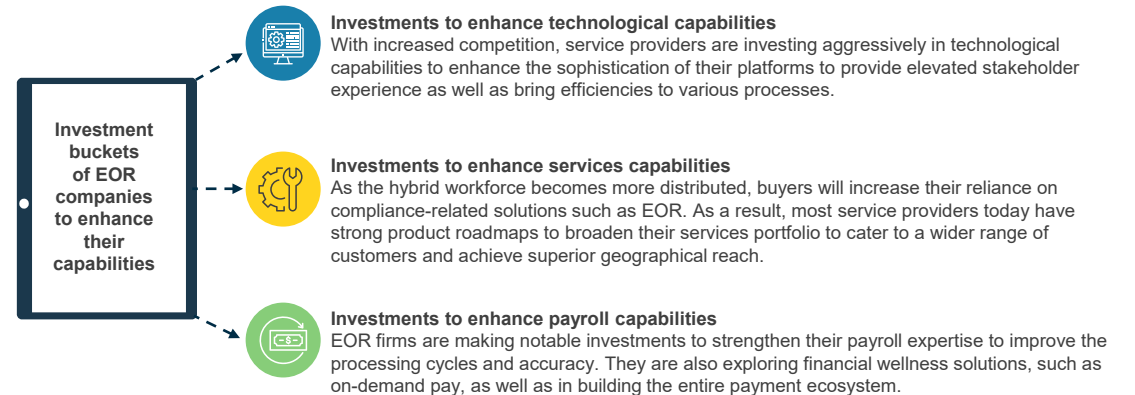
- Business continuity**: EOR firms provide enterprises with tools to onboard and manage a remote workforce and, hence, ensure business continuity during the next normal. Enterprises are on the lookout for sophisticated technology platforms to ensure the entire offering is delivered over web, eliminating the delays associated with manual work
- Global mobility**: With an EOR, businesses can access talent across the globe and continue to run global operations. With the increase in remote work post pandemic, companies could tap potential markets that otherwise would not have been explored
- Changing regulations**: EOR firms have regional partners that remain abreast with employment laws and regularly review these to ensure accuracy and compliance with the laws.

Technology building blocks for consumer banks

Core processes						
Onboarding and offboarding Tackle various aspects from onboarding and off-boarding	Benefits provision and administration Offer workers' compensation and employee benefits based on country norms	Payroll Manage global payroll, tax, and other HR-related services	Compliance Enterprises often explore an EOR offering to stay ahead of continuously changing laws and regulations and stay compliant	Time and attendance management Manage time and attendance for employees	Expense and employee data management Track and submit expense requests in a seamless experience	Mobility services Visa immigration and services

Value added services				
Recruitment Helps in screening of candidates	Entity management set-up Help organizations set up a global entity quickly and compliantly	Contractor management Handling contractor payments	Advisory services Providing advisory services to the clients	Talent insights and analytics Providing data insights based on analytics to help make informed decisions

AI elements actively explored by payers



Research calendar

Human Resources Outsourcing

■ Published
 ■ Planned
 ■ Current release

Reports title	Release date
Employee Experience Management (EXM) Platforms PEAK Matrix® Assessment 2022	March 2022
Multi-Process Human Resources Outsourcing (MPHRO) Services PEAK Matrix® Assessment 2022	March 2022
Navigating Change with Technology for Better RoI	May 2022
Learning Experience Platforms (LXPs)	June 2022
360-degree Digital Adoption	June 2022
The Payroll Transformation Journey	June 2022
Digital Adoption Platform (DAP) Products PEAK Matrix® Assessment with Technology Vendor Landscape 2022	August 2022
Employer of Record (EOR) – Solutions Provider Landscape with PEAK Matrix® Assessment 2022	September 2022
Learning Experience Platform (LXP) Products PEAK Matrix® Assessment with Technology Vendor Landscape 2022	September 2022
Multi-Country Payroll (MCP) Solutions PEAK Matrix® Assessment with Service Provider Landscape 2022	September 2022
Multi-process Human Resources Outsourcing (MPHRO) State of the Market Report 2022	September 2022
Employee Experience Management (EXM) State of the Market Report 2022	October 2022
Learning Experience Platform (LXP) – Provider Compendium 2023	November 2022
Digital Adoption Platform (DAP) – State of the Market 2023	December 2022
Employer of Record (EOR) – State of the Market 2023	December 2022
Learning Experience Platform (LXP) State of the Market Report 2023	Q4 2022

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