Recruitment Process Outsourcing (RPO) – What Do RPO Buyers Want?

September 2022: Complimentary Abstract / Table of Contents

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- Trust and Safety
- Work at Home Agent (WAHA) Customer Experience Management (CXM)

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Tracking: providers, locations, risk, technologies

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Contents

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Our research methodology is based on four pillars of strength to produce actionable and insightful research for the industry

01
Robust definitions and frameworks

Function specific pyramid, Total Value Equation (TVE), PEAK Matrix®, and market maturity

02
Primary sources of information

Annual contractual and operational RFIs, provider briefings and buyer interviews, web-based surveys

03
Diverse set of market touchpoints

Ongoing interactions across key stakeholders, input from a mix of perspectives and interests, supports both data analysis and thought leadership

04
Fact-based research

Data-driven analysis with expert perspectives, trend-analysis across market adoption, contracting, and providers

Proprietary contractual database of ~4,100 RPO deals (updated annually)

Year-round tracking of 37 RPO service providers

Large repository of existing research in RPO

Over 30 years of experience advising clients on strategic IT, business services, engineering services, and sourcing

Executive-level relationships with buyers, providers, technology providers, and industry associations

This report is based on three key sources of proprietary information

- Everest Group's proprietary database of **~4,100 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 a country level)
  - Technology ownership and maintenance
  - Global sourcing

- Everest Group's proprietary database of **operational capability of 37 RPO providers** (updated annually)
- The database tracks the following capability elements for each 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

- 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

- **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 activity in the last five years
- The sample size varies for different analyses based on the deal detail availability

Providers assessed

Note: **The source of all content is Everest Group unless otherwise specified**
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

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Background and methodology

As organizations emerged from the COVID-19 pandemic in 2021, they faced a chaotic talent landscape amid the great resignation, forcing them to augment their talent acquisition processes rapidly, leading to a surge in demand for RPO services. This report aims to provide an insight into the renewed priorities of RPO buyers and how buyer-provider relationships have evolved following the pandemic. It also provides an overview of the buyers' perception of aggregate RPO provider performance. The analysis in this report is presented at three levels:

- RPO provider performance
- Key buyer concerns in 2021
- Key takeaways for RPO providers

We have considered the buyer feedback surveys and interviews conducted in 2020 and 2021 for this analysis.

Methodology: Everest Group undertakes global web-based surveys and one-on-one executive-level interviews of buyers to understand how organizations perceive the performance of their RPO provider. The surveys/interviews focus on different aspects of an outsourcing relationship including:

- Key RPO success parameters and evolving buyer-provider relationships
- Contract details (including process scope, signing year, and duration)
- Overall performance of the RPO provider including key strengths and improvement areas
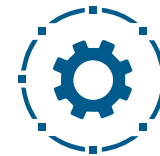- Buyer satisfaction level and underlying reasons

Scope of this report

Geography
Global

Industry
Recruitment process outsourcing

Services
Business process services

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Overview and abbreviated summary of key messages

This report examines the RPO providers performance across traditional and next-generation parameters and analyses the renewed priorities of RPO buyers post the uncertainties caused by COVID-19 pandemic in 2021. It focus on the RPO success parameters and RPO provider performance, key buyer concerns in 2021, and key takeaways for RPO providers.

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

RPO provider performance

- Although the overall buyer satisfaction levels improved in 2021, a significant proportion of buyers continue to expect critical service improvements in 2021 and beyond
- Decreasing buyer satisfaction and increasing level of importance for next-generation success parameters indicates criticality of these parameters for the overall success of RPO programs

Key buyer concerns in 2021

- Proactivity of RPO providers in pitching innovative ideas and solutions to improve the recruitment processes remains an ongoing concern for RPO buyers
- Buyers also highlight a gap in technology and value-added services capability of RPO providers, as they look for providers that have expertise beyond the core RPO services
- High recruiter attrition and its impact on service delivery was also a key concern for buyers in 2021

Key takeaways for RPO providers

- RPO adoption has moved beyond from being a transactional process, with cost reduction being the primary driver, and buyers are increasingly looking for strategic outcomes from their RPO programs
- There is a need for RPO providers to tailor their value proposition to address concerns specific to different buyer groups

This study provides a deep dive into the various dimensions evolving RPO buyer-provider relationships and the renewed priorities of RPO buyers
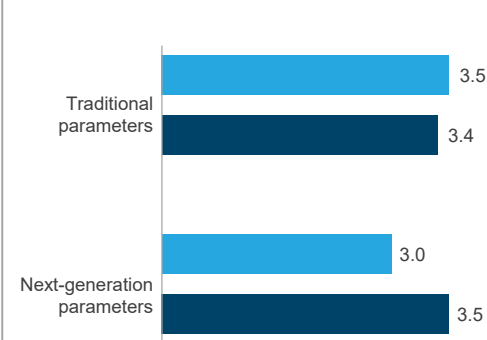
Overall level of satisfaction among RPO buyers

Overall level of satisfaction among RPO buyers
2021; % buyers in buyer surveys

Legend: Not satisfied | Moderately satisfied | Highly satisfied

2020:
- 20%
- 35%
- 45%
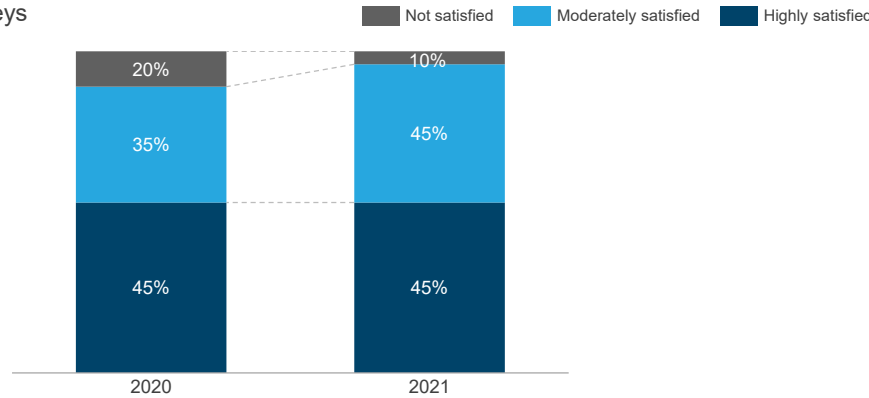
2021:
- 10%
- 45%
- 45%

Evolution of RPO success parameters and RPO provider performance

Level of importance for different success parameters
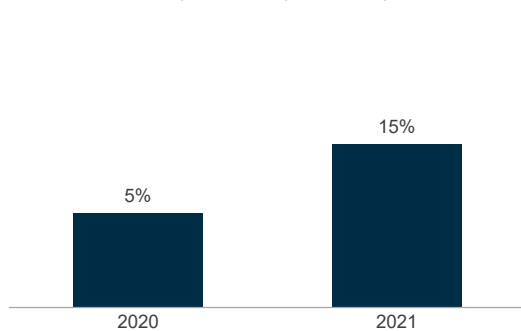2020-2021; score on the scale of 1-5

Traditional parameters:
- 2020: 3.5
- 2021: 3.4

Next-generation parameters:
- 2020: 3.0
- 2021: 3.5

Buyers' satisfaction with RPO providers
2020-2021; score on the scale of 1-5

Legend: 2020 | 2021

Traditional parameters:
- 2020: 3.5
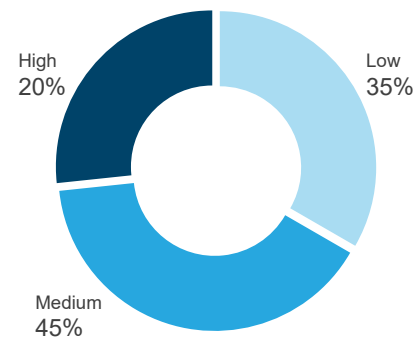- 2021: 3.0

Next-generation parameters:
- 2020: 3.5
- 2021: 3.0
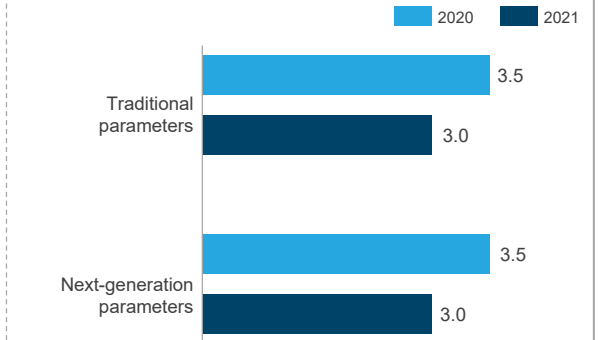
Key buyer concerns in 2021

Buyer dissatisfaction levels – technology capability and innovation
2020-2021; % buyers in buyer surveys

- 2020: 5%
- 2021: 15%

Level of impact on buyers due to recruiter attrition
2021; % buyers in buyer surveys

- High: 20%
- Low: 35%
- Medium: 45%

Key takeaways for RPO providers

Level of importance and RPO provider performance – analytics and market insights capability
2021; score on the scale of 1-5

Legend: 2020 | 2021

Performance:
- 2020: 4.0
- 2021: 3.0

Level of importance:
- 2020: 3.2
- 2021: 3.5
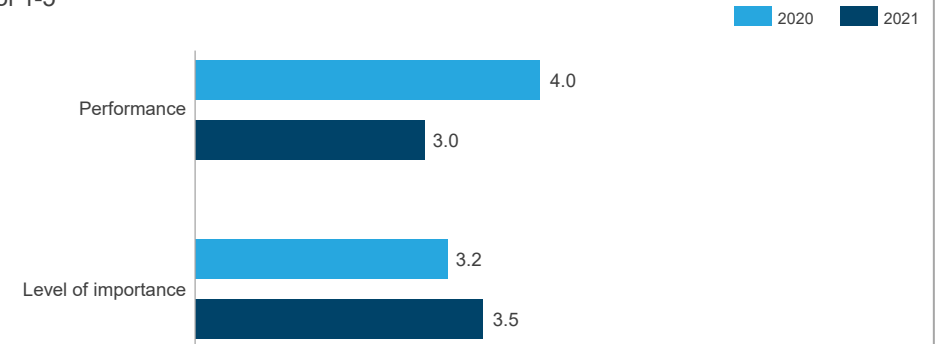
Note: All charts/numbers are for illustration purposes only

Research calendar
Recruitment

Reports title	Release date
Recruitment Process Outsourcing (RPO) in North America – Service Provider Landscape with PEAK Matrix® Assessment 2021	April 2021
Recruitment Process Outsourcing (RPO) – Service Provider Compendium 2021	June 2021
Building for the New Normal: Recruitment Process Outsourcing (RPO) State of the Market Report 2021	September 2021
Future of Work Series: Reimagining Workforce and Workplace Mechanics	September 2021
Future of Work Series	Reimagining Workforce and Workplace Mechanics: Who Will Do the Work?	February 2022
Recruitment Process Outsourcing (RPO) Services PEAK Matrix® Assessment 2022 – Global and EMEA	April 2022
Recruitment Process Outsourcing (RPO) – Service Provider Compendium 2022	July 2022
Future of Work Series	Reimagining Workforce and Workplace Mechanics: How Will the Work Be Done?	August 2022
Recruitment Process Outsourcing (RPO) – What Do RPO Buyers Want?	**September 2022**
Recruitment Process Outsourcing (RPO) – State of the Market Report 2022	Q3 2022
Maneuvering through Talent Challenges in Life Sciences: The Role of Recruitment Process Outsourcing (RPO) 4.0	Q4 2022
Maneuvering through Talent Challenges in Healthcare: The Role of Recruitment Process Outsourcing (RPO) 4.0	Q4 2022
Maneuvering through Talent Challenges in Manufacturing: The Role of Recruitment Process Outsourcing (RPO) 4.0	Q4 2022
Maneuvering through Talent Challenges in Consumer Brands and Retail: The Role of Recruitment Process Outsourcing (RPO) 4.0	Q4 2022
Candidate Relationship Management (CRM) Platforms PEAK Matrix® Assessment 2023	Q1 2023

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