

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

December 2023: Complimentary Abstract / Table of Contents



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Background of the research

While the global economy was recovering from the repercussions of the two-year pandemic that led to the stagnation of expansion plans of many companies, enterprises have been hit with economic slowdown. Enterprises were seen making tough choices including employee layoffs to navigate through the challenging times. However, due to the talent and skills shortage, supply and demand gap are not going anywhere.

Global expansion can be a complex and lengthy process with organizations looking to adapt to new legal systems, taxes, global payroll, and among other things. As organizations seek to leverage the benefits of hiring workers internationally, managing and paying them across multiple countries in a compliant manner may turn out to be a complex and difficult process. Therefore, one of the simplest ways for enterprises to enter a new market at speed is through an Employer of Record (EOR). An EOR is a third-party organization that undertakes the responsibility to pay an employee (permanent or temporary) on behalf of another company. 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, 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. 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

Scope of this report



Geography
Global



Industry
20



Services
Employer of Record

Overview and abbreviated summary of key messages

This report examines the 2022 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 grew at a rate of ~120% in 2022 and is expected to have a growth of 35-40% in 2023
- 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

- Most providers have broadened their services portfolio to cater to a wider range of customers, achieve superior geographical reach, cater to different processes in the hire-to-retain cycle
- EOR firms are making investments in technology and services partnerships to expand their capabilities and ensure a comprehensive and competitive suite of services for global workforce management
- Providers are investing in technological capabilities to elevate stakeholder experience as well as bring efficiencies to various processes












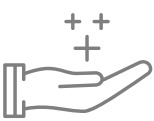





Revenue

Deel, G-P, and Velocity Global account for more than 50% of the market share and continued to dominate the EOR market in 2022

Industry and geography focus

- Deel and G-P has a significant market presence across geographies
- Deel and G-P have a dominant market share in the majority of industries; Velocity Global and Mercans are also some of the top providers across industries

This study comprises distinct chapters providing a comprehensive analysis of key aspects in the EOR space and highlighting prominent market trends within this domain; below are four charts to illustrate the depth of the report

Navigating economic uncertainty in business environment through EOR	Objectives to adopt EOR solutions
 <p>Cost reduction</p>  <p>Agility and flexibility</p>  <p>Adapting to changing regulations</p>  <p>Workforce transitions</p>	 <p>Global expansion and talent availability</p>  <p>Compliance</p>  <p>Cost and time saving</p>  <p>Enter and exit new geographies without risk</p>  <p>Better management of remote employees</p>
Investments to enhance services capabilities	Evolving ESG mandate and role of EOR providers
 <p>MCP</p>  <p>Contractor management</p>  <p>Value added services</p>  <p>Financial wellness and broader payment ecosystem</p>	 <p>Promoting digitization of HR processes</p>  <p>DEIB</p>  <p>Impact sourcing</p>  <p>Customized benefits</p>

Research calendar

Human Resources

■ Published
 ■ Planned
 ■ Current release

Reports title	Release date
Nine Employee Experience Solutions Enterprises Need – Is Surviving the Recession Enough?	March 2023
People Analytics Platforms	March 2023
Unlocking the Full Potential of Users Through Userization and DAPs	March 2023
Rewards and Recognition (R&R) Solutions PEAK Matrix® Assessment 2023	April 2023
Multi-process Human Resources Outsourcing (MPHRO) Services PEAK Matrix® Assessment 2023	August 2023
Employee Experience Management (EXM) Platforms PEAK Matrix® Assessment 2023	August 2023
Digital Adoption Platforms (DAP) PEAK Matrix® Assessment with Technology Provider Landscape 2023	September 2023
Employer of Record (EOR) Solutions PEAK Matrix® Assessment 2023	September 2023
Multi-Country Payroll (MCP) Solutions PEAK Matrix® Assessment 2023	October 2023
Employer of Record (EOR) – Provider Compendium 2023 – Update	November 2023
Multi- Country Payroll (MCP) Solutions – Provider Compendium 2023 – Update	December 2023
Employer of Record (EOR) – State of the Market 2023 – Update	December 2023
Rewards and Recognition (R&R) State of the Market 2023	Q4 2023
Multi-process Human Resources Outsourcing (MPHRO) State of the Market 2023	Q4 2023

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