



Recruitment Process Outsourcing (RPO) Annual Report: November 2010 – Preview Deck

A Year of Rapid Growth and Intense Competition

Background of the research

The Recruitment Process Outsourcing (RPO) market has quickly moved beyond the pioneer phase of the market maturity curve and now is firmly in the rapid growth phase. It has shown robust growth emerging from the economic downturn RPO in 2010 with its value proposition as a cost-effective, efficient and effective talent-acquisition process resonating well with buyers. However, the maturity of the market varies significantly across different geographies. There is a significant interest in Global or multi continent RPO, although there are few service providers that can comprehensively meet that demand. Established service providers are trying to increase their market share and build new capabilities through various organic and inorganic routes. At the same time, there is an increased focus from the traditional MPHRO service providers to tap the stand alone RPO market.

In this research study, we analyze the RPO market across various dimensions:

- Market overview and key business drivers
- Buyer adoption trends
- Current transaction characteristics
- Service provider landscape
- 2011 market predictions

The scope of analysis includes

- RPO deals in which a minimum of four or more recruitment processes are included
- The RPO deal is active and is at least one year in contract length
- The deal scope should not be limited to temporary hires only
- Service providers that offer RPO as a stand-alone outsourcing service
- All geographies and industries

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Overview and abbreviated summary of key messages

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This research report provides a comprehensive coverage of the RPO market and analyzes it across various dimensions such as market overview and key business drivers, buyer adoption trends, transaction characteristics, and supplier landscape. It also provides time trend analysis around these various dimensions. Additionally it includes predictions for market size, buyer adoption, transaction characteristic and service provider landscape for the 2011 RPO market.

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

Market overview and business drivers

- Compared to other stand-alone HR outsourcing markets, the RPO market is relatively new. However, it has quickly moved beyond the pioneer phase of the market maturity curve and now is firmly in the emerging rapid growth phase
- Although cost reduction and scalability continue to be important especially for first-generation buyers; second-generation buyers increasingly look for higher business impact from RPO

Buyer adoption

- North America continues its position of leadership with a share of more than 50 percent in terms of the number of deals. However, adoption in Continental Europe is on the rise
- Adoption of single-country deals increased in 2010. While the interest around global RPO remains high, there are still some barriers to adoption
- A lack of comprehensive global RPO offerings led to a large percentage of buyers adopting a multi-vendor strategy

Overview and abbreviated summary of key messages

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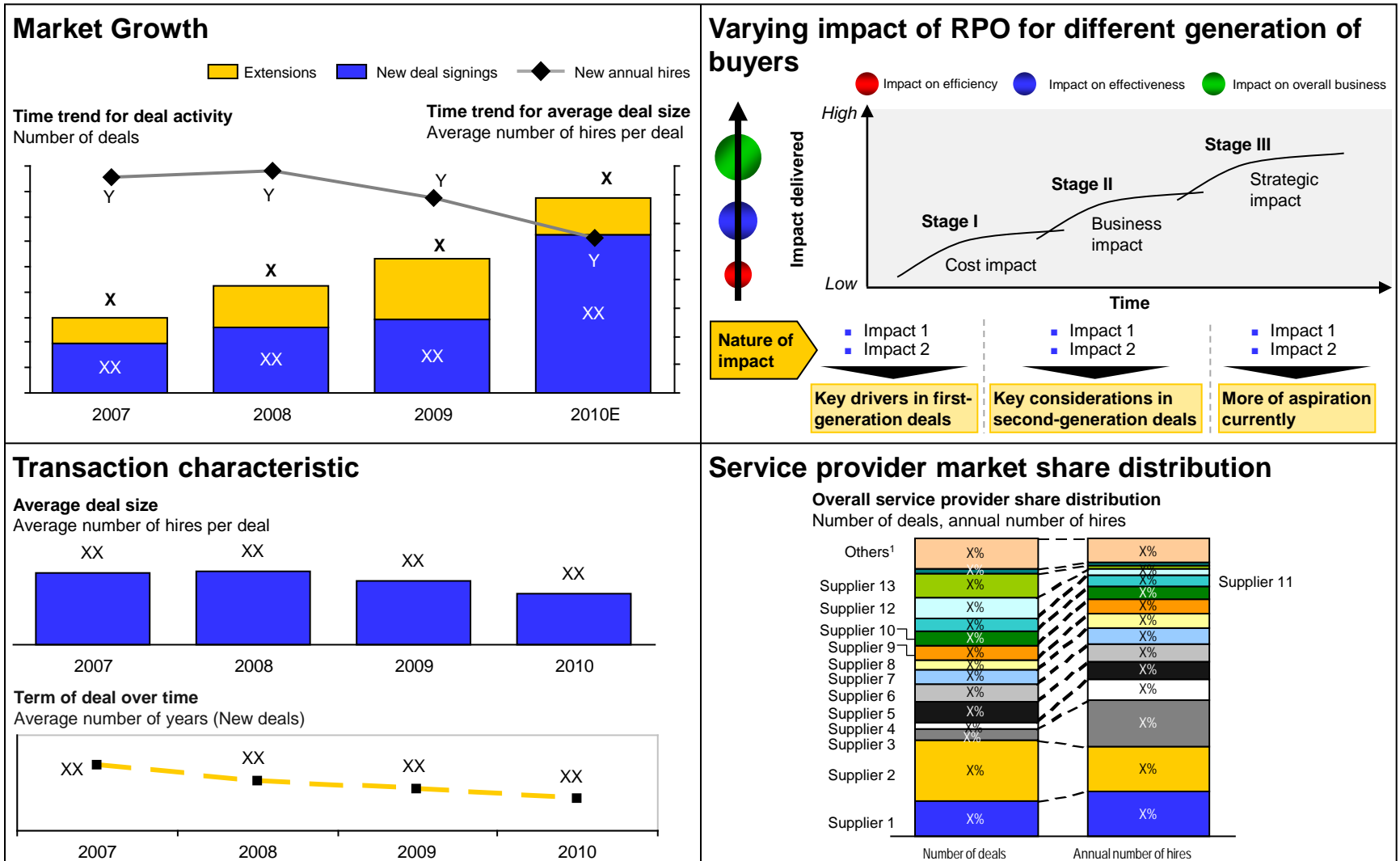
Transaction characteristics

- There has been a steady reduction in the average deal length and deal size of stand-alone RPO deal over the last few years reflecting a selective approach
- Adoption of global sourcing saw a gradual increase in 2010, though it still lags behind significantly compared to more mature HR outsourcing processes

Service provider landscape

- There is intense competition amongst the various RPO players in the market place coming from different backgrounds
- Key developments within the service provider landscape in 2010 that will continue to impact the RPO market in 2011 and beyond include greater focus on RPO by MPHRO service providers, global RPO capability development, technology leveraged standardized solution, and offshore capability enhancement

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



Source: Everest Research Institute (2010)

Additional RPO research recommendations



The recommended documents either provide additional details on the topic or complementary content which may be of interest

1. **Mapping onto the Workforce of Tomorrow: How RPO Can Play a Role** (ERI-2010-3-W-0459); 2010. This whitepaper highlights the role that RPO can play in creating the workforce of tomorrow. It looks at the current value proposition of RPO, suggests ways of advancing the value proposition, and highlights the business and strategic impact that RPO can create
2. **RPO Supplier Landscape and Capability Assessment** (ERI-2010-3-R-0380); 2010. This research assesses service provider delivery capability across scale, scope, technology, and delivery footprint, and provides detailed analyses across different areas of differentiation for RPO service providers
3. **Recruitment Process Outsourcing (RPO) – Supplier Profile Compendium** (ERI-2010-3-R-0378); 2010. The compendium provides an accurate, comprehensive, fact-based snapshots of 15 service providers in the recruitment process outsourcing market. Further, it provides key findings of the research on the RPO market and identifies key implications for stakeholders
4. **HRO Annual Report 2010 – “A year of multi-process HRO market reinvention and evolution”** (ERI-2010-3-R-0403a); 2010. In the backdrop of a tough economic environment, the multi-process HRO (MPHRO) market witnessed some fundamental shifts in 2009. While the new deal signings were relatively low, the market grew marginally to reach US\$2.9 billion in annual contract value (ACV), influenced by several end-of-term decisions. The transaction characteristics were influenced by the changing preferences of the buyers and the maturing delivery models of suppliers. MPHRO supplier landscape witnessed significant shifts that included withdrawal of suppliers from the market, improving profitability of suppliers, and strategic acquisitions. Combined with improving economy and emergence of sustainable HRO models, 2010 promises to be a stronger year for MPHRO

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