

NEAT EVALUATION FOR PEOPLESCOUT:

# Recruitment Process Outsourcing

Market Segment: Overall

## Introduction

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This is a custom report for PeopleScout presenting the findings of the NelsonHall NEAT vendor evaluation for *Recruitment Process Outsourcing (RPO)* in the *Overall* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of PeopleScout for RPO, and the latest market analysis summary for RPO.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering RPO services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall, and with a specific focus on sourcing candidates, candidate experience, technology innovation, geographic footprint & scalability, and services delivery innovation.

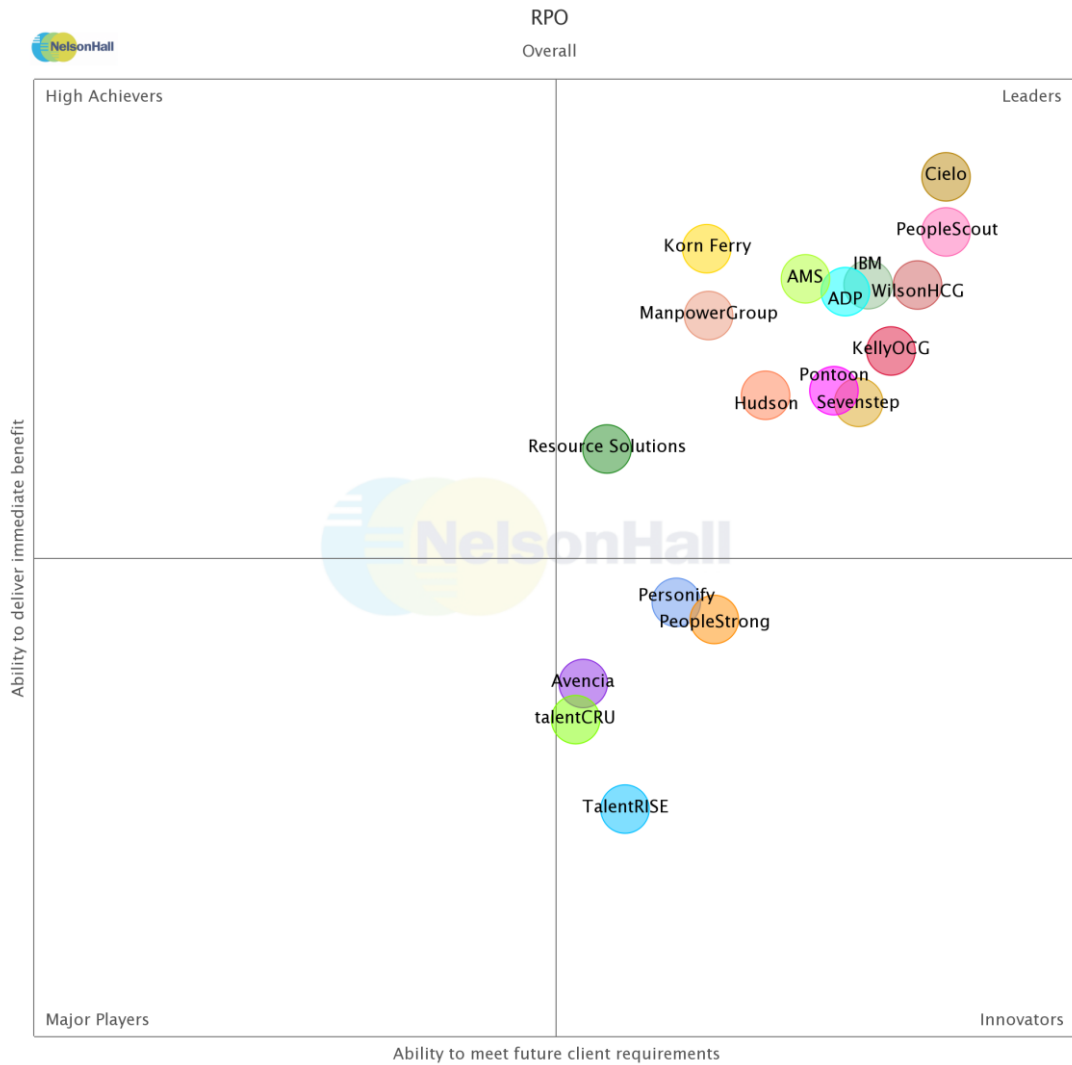
Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: ADP, Alexander Mann Solutions, Avencia, Cielo, Hudson, IBM, KellyOCG, Korn Ferry, ManpowerGroup Solutions, PeopleScout, PeopleStrong, Personify, Pontoon, Resource Solutions, Sevenstep, talentCRU, TalentRISE, and WilsonHCG.

Further explanation of the NEAT methodology is included at the end of the report.



## NEAT Evaluation: RPO (Overall)



Source: NelsonHall 2019

NelsonHall has identified PeopleScout as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects PeopleScout’s overall ability to meet future client requirements as well as delivering immediate benefits to RPO clients.

Leaders are vendors that exhibit both a high ability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet client future requirements.

*Buy-side organizations can access the RPO NEAT tool (Overall) [here](#).*



## Vendor Analysis Summary for PeopleScout

### Overview

PeopleScout is an RPO provider managing talent solutions that span the globe, with end-to-end MSP capabilities supporting total workforce needs. PeopleScout is one of three distinct segments within its parent organization TrueBlue. The other two segments are PeopleReady and PeopleManagement (both staffing organizations).

The company's global footprint has expanded by the acquisition of TMP Holdings LTD, with its Yocto RPO brand, in June 2018, giving PeopleScout a presence in the U.K. and Continental Europe. Before this, in January 2016, TrueBlue acquired Aon Hewitt's RPO division, growing PeopleScout's presence in North America, Poland, and India. In February 2014, the acquisition of HRX based in Sydney established PeopleScout's presence in APAC. Both acquisitions have enabled PeopleScout to offer new or enhanced services as part of its talent solutions provision.

PeopleScout offers end-to-end RPO, project RPO, sourcing and screening, hybrid RPO, and blended RPO (with MSP as a total talent solution). It also offers talent advisory services.

PeopleScout manages 216 RPO clients, with established RPOs in hospitality, travel/transportation, BFSI, pharmaceutical/healthcare, and retail/e-commerce.

### Financials

PeopleScout's 2018 revenue was \$248.9m, representing ~10% of TrueBlue's 2018 total revenue of \$2,499.2m.

### Strengths

- Expertise in hospitality and transportation/travel, banking/financial services, retail, pharmaceuticals/healthcare, and professional services
- Capability in delivering high volume recruiting
- Global footprint (through the 2018 acquisition of TMP Holdings LTD) and previous acquisitions (North America, EMEA, and APAC)
- Talent Advisory services (notably employer branding, assessment, and recruitment marketing)
- Ability to leverage TrueBlue's other brands and expertise to offer breadth and depth of services to its RPO clients (total talent clients)
- Established proprietary technology platforms: Affinix, Springboard, and Veteran Talent Exchange
- Technology innovation: continually developing its patented technology (whether new technology or enhancements to existing technology), including Affinix, and introducing new third-party tools and technology to enhance client programs (e.g. use of RPA, IA, NLP, etc.)
- PeopleScout's (and TrueBlue's) repositioning as a total workforce solutions organization, establishing a unified approach to operational delivery and technology platforms.



## Challenges

- Continuing to build the PeopleScout brand in the U.K. (which was relatively unknown in the U.K. market in 2018 compared to TMP Holdings LTD)
- Ensuring PeopleScout maintains its balance in managing clients following opposing growth trajectories in high-volume large organizations (dominated by high-paced quantitative hiring) and in medium-sized organizations (where a qualitative, tailored approach is required for more niche hiring: professional/technical roles).

## Strategic Direction

PeopleScout has the following strategic priorities for 2019:

- Ongoing investment in the Affinix platform: providing a seamless candidate experience while giving competitive advantage in hiring candidates for its clients
- Global Growth: both organic and via acquisition, focusing on the most significant, fastest growing geographies while meeting the needs of its clients/potential clients
- Expanding its Talent Advisory capability to support clients in the attraction, engagement, assessment, and retention of talent. In times of economic downturn, positioning itself to get through challenges that might emerge (such as adapting existing/ adopting new services to better service client/wider market needs)
- Enhancing the sourcing capabilities of PeopleScout's specialist employees working in industry verticals: such as healthcare, I.T., and engineering (helping them source difficult/scarce roles), while growing the number of employees to meet client demand  
Driving the concept of a total talent workforce, looking holistically at all types of talent (permanent and contingent) to meet clients' hiring needs.

## Outlook

NelsonHall expects that, in 2019, PeopleScout will:

- Continue to expand globally (through organic or acquisitional growth): with particular interest from U.K.- and U.S.-headquartered clients wishing to expand internationally
- Expand its Talent Advisory capability (employer branding, assessment, and recruitment marketing) notably in the U.S., as PeopleScout's clients' leverage this service addition (from the recent TMP Holdings LTD acquisition)
- See more clients initiating their relationship with PeopleScout through other projects (Talent Advisory, project RPO, etc.) as opposed to engaging in a full end-to-end RPO service
- Continue to invest in the Affinix platform: particularly in data/analytics, automation, AI/ML, voice, and virtual reality
- Continue to add third-party technology/tools to its ecosystem that make the TA process more efficient/effective
- Develop the sourcing capabilities of PeopleScout's specialist employees working in industry verticals: such as healthcare, I.T., and engineering (helping them source difficult/scarce roles), while growing the number of employees to meet client demand



- Drive towards becoming a total talent workforce provider for its clients (to match their holistic talent needs) rather than working in RPO and MSP silos.



## RPO Market Summary

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### Overview

NelsonHall forecasts ~12.0% growth in RPO activity in 2019 (a mix of new RPO wins, expansions of existing RPO contracts, and an increasing proportion of flexible RPO solutions).

Key PESTLE factors impacting the RPO space in 2019 include political (Brexit in the U.K. affecting the European market); economic (worsening global skills shortage, fluctuating economic conditions in some regions, and reduced budgetary spend, etc.), social (candidate is king, migration, etc.), technological (increasing choice and pace of technological change, mobilized/personalized tech, automation, and AI, etc.), legal (compliance) and environmental (greener energy/technology for example). Other factors impacting RPO include the different market maturities, blurring of talent models, and the shift towards total talent.

In a bid to better compete for talent in a tight market, vendors have built their expertise to such a level that offering a broad range of services, often packaged under a “consultancy” umbrella (and sometimes sold as separate revenue-generating services) is the new norm. Employer branding, recruitment marketing, as well as sourcing are highly sought after, as talent acquisition (TA) goes much further than just finding candidates. Demand for advice on tech and tools is another growing area of consultancy. With new vendors emerging in the RPO market, filling gaps in provision, there is/will continue to be more differentiation, as vendors choose to focus on geographies, industries, skillsets, size of client organization, high-volume or niche hiring, fully-automated tech or tech with touch, RPO or broader TA model types, and so on.

With data/analytics and technology/tools being the enablers of RPO/TA services, vendors continue to invest significantly in growing their tech capability (in team size and knowledge). Multifunctional or unified platforms continue to evolve, with better integration, more automation and more use of AI.

In a bid to save some internal operational costs/client organizational spend on RPO services, vendors continue to evolve their service delivery. 2019 will see limited expansion of delivery infrastructure, more consolidation of shared service centers, a change of strategy around onshoring/nearshoring, and offshoring, an increase in blended delivery, and more tailored delivery to meet client needs. Some vendors will offer automated recruitment platforms as a cost-effective alternative to their high-touch service delivery strategy.

### Buy-Side Dynamics

The top drivers of RPO are:

- Agility (flexibility/scalability in TA)
- Buying vendor expertise in sourcing talent
- Buying vendor expertise in/having access to the latest technology and tools
- The need for efficiency, centralization, and standardization of the recruitment process
- Cost savings.



The chief inhibitors for organizations considering RPO programs are:

- Organization mindset
- Economic reasons (e.g. tight budgets)
- Other business priorities (such as tech transformation)
- Business upheaval
- Fear of making the wrong decision.

## Market Size & Growth

The global RPO market reached \$6.2bn in 2018 and is forecast to grow at 11.9% per annum, to reach \$11.0bn in 2023. North America is the largest RPO market, with 43.2% revenue share, followed by the U.K (22.1% revenue share), Asia Pacific (21.0%), CEMEA (10.8%) and Latin America (2.9%). RPO vendors expect, on average, 12-18% overall growth for 2019.

The largest purchaser of RPO is the financial services sector (29.9% share), followed by manufacturing/engineering (16.0%), healthcare and pharmaceuticals (15.5%), manufacturing/engineering (14.8%) and technology sectors (9.0%).

Small organizations represent an increasing proportion of those engaging with an RPO provider (up 8% in 2018 y/y) as they seek the expertise of RPO vendors. Large organizations have decreased their relative proportion by 9%.

## Success Factors

The critical success factors for RPO include:

- Having an established employer branding/recruitment marketing team (in-house or outsourced to a third-party provider) who has the demonstrable capability in delivering such services, through access to referenceable clients
- Offering sourcing expertise/insights into the talent market by industry, skill sector, etc., being able to successfully transfer sourcing capability between traditional sectors and newly-emerging sectors through demonstrable case studies. At the same time being able to bring a range of practical solutions (talent clouds, tech/tools, delivery models, etc.) to enable speedier sourcing
- Having up-to-date all-round knowledge of the latest tech/tools available and knowing what is suitable/appropriate for its clients. Being able to formulate a tech transformation roadmap for client organizations, taking out/adding new tech/tools to the ecosystem ensuring best-in-class tech/tools are always available.



## Outlook

Over the next few years:

- Drivers for RPO will become tiered, as more drivers emerge aligned to the complexity in the maturity of the RPO/TA market and the unique impact of PESTLE factors and other market forces on client organizations
- There will be a further blurring of the lines between RPO and other TA model types, with a rethink of appropriate terminology (losing the siloed tags of RPO and MSP, for example)
- As the global talent shortage worsens, employer branding and recruitment marketing activities will focus not just on TA, but also on long-term employee development (through upskilling or reskilling)
- 24/7 follow-the-sun service delivery (driving efficiencies) will be the norm, dominated by hybrid delivery. For clients who want it, there will be segregated options between high-touch delivery and high-tech delivery (more platform-based delivery).





## NEAT Methodology for RPO

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NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet client future requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet client future requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders:** vendors that exhibit both a high ability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet client future requirements
- **High Achievers:** vendors that exhibit a high ability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet client future requirements
- **Innovators:** vendors that exhibit a high capability relative to their peers to meet client future requirements but have scope to enhance their ability to deliver immediate benefit
- **Major Players:** other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.



*Exhibit 1*

**'Ability to deliver immediate benefit': Assessment criteria**

Assessment Category	Assessment Criteria
Offerings	End-to-end RPO
	Range of managed service models
	Range of delivery options
	Portfolio of talent services
	Candidate experience
	Employer branding & recruitment marketing
	Sourcing talent
	Talent journey
	Talent insights
	Other RPO services
Delivery	Delivery capability by geography
	N. America
	U.K.
	Continental Europe
	Middle East
	APAC
	LATAM
	Scale and flex
	Proactive engagement
	Platforms & formats
	New tech used
	Analytics
	Touch v tech service
Innovation	
Customer Presence	Large
	Medium
	Small
	N. America
	U.K.
	Continental Europe
	Middle East
	APAC
LATAM	

*Continued...*



Benefits Achieved	<ul style="list-style-type: none"> <li>Reduced cost of recruitment</li> <li>Reduced time to hire</li> <li>Improved hiring manager satisfaction</li> <li>Improved candidate satisfaction</li> <li>Improved supplier &amp; direct management</li> <li>Improved quality hire &amp; retention</li> <li>Improved diversity mix</li> <li>Value for money</li> <li>Overall performance in delivery benefits</li> </ul>
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*Exhibit 2*

**‘Ability to meet client future requirements’: Assessment criteria**

Assessment Category	Assessment Criteria
Overall RPO Service	<ul style="list-style-type: none"> <li>Reimagined service</li> <li>Strength in partnership</li> <li>Service culture &amp; personnel calibre</li> <li>Flexibility of approach</li> <li>Ability to innovate in technology</li> <li>Continuous improvement</li> <li>Understanding of talent needs &amp; knowledge</li> <li>Digital capability &amp; creativity</li> <li>Client recommendation to deliver business benefit</li> <li>Overall performance</li> </ul>
Future Operational Requirements	<ul style="list-style-type: none"> <li>Future RPO model adaptation (segmentation, blending, tailored, total, etc.)</li> <li>Future candidate experience</li> <li>Future employer branding &amp; recruitment marketing</li> <li>Future talent services</li> <li>Future market intelligence</li> <li>Future delivery needs</li> <li>Innovation commitment</li> <li>Future client journey</li> <li>Market momentum</li> </ul>



For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.



[research.nelson-hall.com](https://research.nelson-hall.com)

#### Sales Enquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:

Simon Rodd at [simon.rodd@nelson-hall.com](mailto:simon.rodd@nelson-hall.com)

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