

NEAT EVALUATION FOR PEOPLESOUT:

RPO

Market Segment: Overall

Introduction

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 specific capability in technology/tools innovation, services innovation, candidate experience, geographic footprint & scalability, and taking clients on a TA transformation journey.

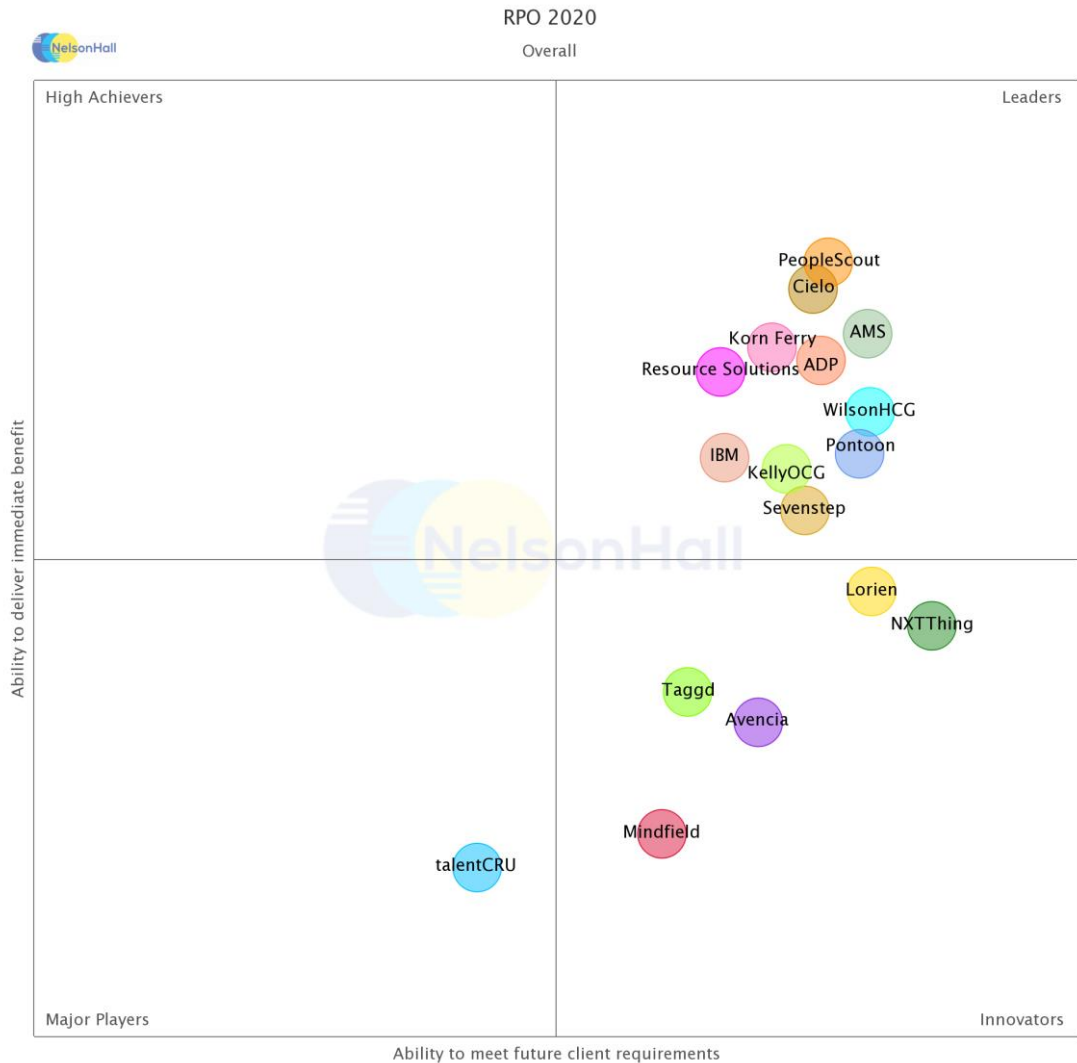
Evaluating vendors on both their ‘ability to deliver immediate benefit’ and their ‘ability to meet client future requirements’, vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: ADP, Alexander Mann Solutions, Avencia, Cielo, IBM, KellyOCG, Korn Ferry, Lorien, Mindfield Group, NXTThing RPO, PeopleScout, Pontoon, Resource Solutions, Sevenstep, Taggd, talentCRU, and WilsonHCG.

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



NEAT Evaluation: RPO (Overall)



Source: NelsonHall 2020

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 its RPO clients.

Leaders are vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client 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's global footprint further expanded in 2018 with the acquisition of TMP Holdings LTD, with its Yocto RPO brand giving PeopleScout a presence in the U.K. and Continental Europe.

PeopleScout's scalable RPO models include Full Cycle and Enterprise RPO, Partial Cycle RPO, Project RPO, Recruiter On-Demand (ROD), Staff Augmentation, Sourcing and screening, Hybrid RPO, and Blended RPO (with MSP) – a total talent workforce solution (TWS). TWS focuses on holistic talent solutions and further integrates its client delivery organization. In 2019, PeopleScout launched the Beyond the Expected™ Managed Service Provider (MSP) service approach. Beyond the Expected blends cutting-edge technology with faster, more specialized support.

PeopleScout offers a broad range of Talent Advisory Services (with notable strengths in Employer Branding, Assessments, Recruitment Marketing, Diversity, and Inclusion). Expanded services during 2019/2020 focus on the future of work.

In 2019, PeopleScout established its Affinix Client Success Team, with the mission to develop, execute, and deliver a successful plan to ensure all users achieve the maximum value from Affinix.

2019 also saw advancements in its proprietary technology, with its NEXT generation of Affinix being released. Enhancements included automation (including chatbots), comprehensive technology and candidate experience diagnostic assessments, the evolution of PeopleScout's proprietary "high tech to high touch" methodology, talent matching functionality (Affinix Talent Matching 2.0) and enhanced predictive analytics (Affinix Analytics 2.0).

PeopleScout has a plethora of third-party technology and tools as part of its tech/tools ecosystem. PeopleScout's Innovation Center team ensures that its tech stack remains fit-for-purpose for its clients.

PeopleScout likes to serve clients who want to add value to their TA processes: being able to scale efficiently, nimble program delivery, using technology smartly, and wanting to progress to TWS and to cross-pollinate worker types.

Most of PeopleScout's recent contract wins have been in healthcare.

Financials

PeopleScout's 2019 revenue was \$252.5m, representing 10.7% of TrueBlue's 2019 total revenue of \$2,368.8m.



Strengths

- Global footprint through the 2018 acquisition of TMP Holdings LTD and previous acquisitions (North America, EMEA, and APAC)
- The broad range of RPO (and more widespread talent) solutions, including those established for working in a COVID-19 world
- Talent Advisory services, notably employer branding, assessment, recruitment marketing, and the future of work consulting
- Commitment to Diversity and Inclusion, notably minimizing bias in assessments and selection methods, plus its established Veteran Talent Exchange platform
- Established proprietary technology platforms: Affinix and Veteran Talent Exchange
- Technology innovation, notably its comprehensive set of Affinix enhancements in 2019/2020
- 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. (to make it stronger than the former U.K. brand of TMP Holdings LTD.)
- Ensuring that PeopleScout maintains a robust roadmap for Affinix, to keep ahead of its competitors who are heavily investing in proprietary tech advancement.

Strategic Direction

PeopleScout has the following strategic priorities:

- Ongoing investment in its Affinix technology to provide a best-in-breed user experience, improved outcomes for recruiters and candidates, and competitive advantage for clients (notably increased efficiency)
- To consider organic and acquisition growth strategy (subject to market conditions/opportunities)
- Having an expanded global talent advisory practice to position clients more effectively to attract, engage, assess, and retain top talent
- Developing enhanced sourcing expertise in specialized talent:
 - To meet the increased demand for talent in key verticals like healthcare
 - Focusing on veteran talent (for veterans and spouses)
- Promoting end-to-end total workforce solutions (TWS).



Outlook

NelsonHall expects that PeopleScout will:

- Continue to evolve its proprietary Affinix platform
- See traction in its newer program offerings (those established in response to the COVID-19 pandemic)
- Grow its Talent Advisory Services, notably in the areas of TWS and the future of work
- Potentially see growth (organic or through acquisition) in fast-growth markets with demand for TWS
- Chase growth with organizations that want to leverage best-in-class technology and evolve their TA journey towards total talent.



RPO Market Summary

Overview

The impact of COVID-19 will endure into 2021. However, for 2020, the market will shrink by 8.3% overall. Longer-term, the global RPO market will grow at 4.0% per annum, to reach ~\$7.4bn in 2024.

Key PESTLE factors impacting the RPO space in 2020, and for the foreseeable future, include economic (worsening global skills shortage and declining revenues/reduced budgetary spend due to COVID-19). Also, social (a digitally native workforce, remote workers), technological (the rapid pivot to embrace technology for remote working, ongoing personalization/consumerization of tech), and environmental (the health pandemic, reduction in environmental pollution).

RPO solutions are modular in structure, giving organizations the flexibility to blend models, services, technology, and delivery, to meet their changing needs. 2020 saw further flexibility introduced as vendors pivoted to meet the work-life changes brought about by COVID-19: adapting existing services and introducing new services to support their clients.

There is continued focus on delivering a great candidate experience (with RPO vendors being more joined-up on the relationship between services, technology, and delivery). Technologies/tools (with time-saving/volume-handling automation) offering something unique to enhance the candidate experience have appeared in 2020, with robust roadmaps continuing for 2021. An influx of job-seekers to the market (due to the COVID-19 lockdown) accentuates the importance of delivering a good candidate experience using technology (speed of the process, candidate communications). It should not be used as an excuse for organizations to provide a poor TA service (as bad reputations for service linger long, thanks to social media).

Tech and tools focus on high-volume mobile platforms, with increased automation requiring minimal human touch and improving speed-to-hire. Also, AI algorithms for CV parsing and candidate matching, the user experience, appification, more data points, and predictive analytics. Voice-activated search and apply is potentially game-changing for TA.

The emerging RPO patterns seen before 2020 were likely to take ten years to embed themselves. COVID-19 changed the situation, with RPO deals likely to see the most change in 2021-2022. Vendors will have to establish their comfort zones in this new era, but the outlook offers RPO vendors much opportunity to expand their offerings.

Buy-Side Dynamics

First-generation buyers are looking to save cost, introduce TA process efficiencies, and seek expertise for sourcing hard-to-find talent (professional and blue-collar alike). These buyers also seek advice on the most suitable tech/tools to support their TA process. This group recognizes the need to focus on the candidate experience, the need for compliance, and to be able to scale. The COVID-19 pandemic has highlighted organizations' TA shortcomings to these first-time buyers, and the need to approach TA differently in the future.

Subsequent generations of RPO buyers seek a more digitally re-engineered and holistic approach to TA, essentially bringing the next level of sophistication to TA. Driving process efficiencies focuses on using automation, AI, and ML on specific process steps. There is an appetite for a holistic approach to talent, adopting the best mix of permanent and contingent



talent. Such buyers also want to be culturally aligned with their vendors and have proactive partnerships.

Mature RPO buyers' needs focus on the longer-term changing landscape of RPO. It is about TA transformation and being future-fit. For example, TA transformation focuses on being competitive in the marketplace, being attractive to the digital native workforce (who will make up the workforce of the future) and needing analytics on more data points to target TA initiatives and better hiring outcomes.

Market Size & Growth

The global RPO market will grow at 4.0% per annum, to reach ~\$7.4bn in 2024. However, for 2020, the market will shrink by 8.3% overall. The U.K. will fare worse (-10.0%) and APAC the least (-3.5%). In the period 2019-2024, the most buoyant sectors will be healthcare, high-tech, and pharmaceuticals. Industries seeing the least growth over the same period include government, retail, and telecoms/media. For 2020, retail and transportation will see the worst decline (-25.9% and -23.3%, respectively). Healthcare, high tech, and pharmaceuticals are least impacted over the 2020 period.

Over 2020-2024, RPO deals will be impacted by ongoing concerns about the global economy. The annual decline in hiring volume is 8.9%. For several years, client organizations have increasingly favored piecemeal, organic (country-by-country) growth, such that single country or single regional deals represent the bulk (74%) of RPO deals. There is an increase in specialty RPOs (niche, high-volume, projects, industry sector, or skillset specific) as vendors seek to broaden their portfolios to offset the declines in hiring volume/reduced budgetary spending. The impact of COVID-19 during 2020, and its likely ongoing impact into 2021, adds to these hiring/economic woes. Some sectors do not expect to return to pre-COVID-19 levels until 2025. With much uncertainty looming, permanent hiring is faring at least 5%-10% worse than temporary/contingent hiring (as organizations prefer to plug gaps with non-permanent employees to avoid the commitment of long-term labor costs).

Short-term contracts for RPO services will become more prevalent, as organizations will not want to commit to three-year (or longer) RPO contracts. Concise duration contracts (<= one year) may become the norm if the economy remains depressed. Organizations are likely to continue using contingent labor to fill roles (widening the permanent-contingent gap), with vendors offering both permanent and contingent benefiting during this period, compared to pure-play RPO vendors. As organizations accept that remote workers will be an inevitable part of the future workforce, there will be more willingness to source the required skillsets from across the globe (such that all RPO programs could be global in nature).

Challenges & Success Factors

There are several challenges that RPO vendors face amid social and economic uncertainties. One is maintaining RPO service delivery scalability. Successful vendors use robust hiring data to scenario-plan. With today's sophistication in data (and associated analytics), data from Q2+ 2020 will be insightful to plan for similar causal dips in hiring activity. Vendors also have flexible resources (such as part-time remote workers or dedicated ramp-up teams) ready to scale within 24 hours. Success is demonstrated when those resources can respond at a moment's notice (as organizations operate in reactive mode to situations during the pandemic). The greatest success shown is where vendors carefully balance headcount reduction (maybe focusing on reducing their temporary resources) to preserve permanent roles (enough headcount to cope with an uptick) while finding opex savings elsewhere. Vendors must not spread themselves too thin.



Another challenge is maintaining greater flexibility/agility in RPO services and solutions. Success comes from proactive vendors keeping in touch with clients to understand their ongoing services/solutions needs and accommodate them by adapting services/solutions accordingly. 2019/2020 saw a wider choice of RPO models (such as project, plug-in) and consultancy services. In 2020, successful vendors adapted employer branding/recruitment marketing to focus on EVP building (showcasing values demonstrated through the pandemic), to support clients preparing for future hiring. Others expedited services to meet short-term needs during the pandemic, extending their original purpose (career transition schemes to help candidates retrain in new skills as automation replaces jobs helped clients temporarily redeploy workers to other roles). A likely ongoing occurrence, successful vendors will multi-skill their employees to move to different teams, as circumstances dictate. Vendors talked with clients in Q2 2020, prepared for any re-negotiations of terms, and an ongoing economic downturn could see a spike in clients seeking to re-negotiate them. Being ready in advance with different pricing structures/contract types is a must for the future.

New ways of working for a geographically dispersed workforce on an unprecedented scale is also a challenge. Successful vendors can support clients in rethinking work that can be undertaken remotely and consider broader talent pools (and HCs) with more geographically dispersed candidates to find best-fit talent (as distance becomes irrelevant). Also, vendors can support clients in determining essential work requiring onsite presence, what can be done remotely, potentially re-allocating work to suit worker needs (without legal breach). Also, vendors can support clients' employees with talent management initiatives to aid employee engagement: internal mobility, upskilling, reskilling (to avoid unnecessary loneliness and turnover).

Outlook

The outlook for RPO vendors is strong, as they can support a growing number of organizations seeking expertise to navigate change brought about by COVID-19, the resulting economic downturn, and the new future of work. Vendors can build on their strengths and either expand or specialize their offerings. Opportunities abound in traditional TA areas and broader talent, HR, and business segments.

Technology will underpin RPO solutions and the future of work, requiring organizations to adapt. The scramble to embrace tech to enable remote work during the COVID-19 pandemic should drive organizations forward with their digital TA transformation journeys, as the benefits have proved their worth (such as automation to handle overfilled talent funnels of laid-off employees). Tech/tools roadmaps will focus on AI algorithms for matching candidates (beyond skills), user experience (redesigns of the platform interface layers/control centers/dashboards), and platforms' appification. There will be a growing focus on data, using more data points around skills ontology, giving clients the flexibility to choose data, with some vendors offering data as a service. Developments will continue in advanced analytics, notably predictive algorithms and forecasting. Voice-activated search and apply is potentially game-changing to TA.

The modular structure will continue, albeit with more choice around specialty RPO, additional services (around the future of work and broader talent/HR areas), and total talent (using a permanent and contingent mix of workers to manage labor costs stringently). With budgetary constraints and a drive for shorter RPO contracts focused on specific TA outcomes, the market is likely to see RPO vendors working side-by-side in organizations. Each vendor will focus on a different area of TA, complementing each other.

Skills shortages (notably, digital skills) will worsen, requiring organizations to focus on getting "tasks" done. Organizations are likely to leverage broader-reaching talent pools (containing perm and temp talent) globally, as remote working becomes acceptable, to find skill sets,



making the war for talent more intense. The added economic pressures will continue to see contingent talent being used.

In the immediate future, vendors will continue to support clients juggling talent shortages on the one hand with brimming talent funnels on the other (due to layoffs). There are likely to be ongoing cutbacks to early talent programs, apprenticeships, and similar programs until the economy recovers. Demand for upskilling and reskilling as a plug-and-play service offering will continue (as organizations realize they need new skills or to retrain employees to undertake different roles). Organizations will need to work harder to retain talent: offering upskilling and reskilling opportunities to keep employees motivated. Job-hunting candidates, undertaking online personal development to upskill, will expect some reciprocity around development from a new employer.

A hybrid delivery approach will continue, but the remote work proportions will increase (the new way of working). Driving service excellence will continue, with enhancements to internal structures becoming prevalent (as vendors rethink delivery to meet the future working landscape), and further upskilling of vendors' employees (such as specialist/broader talent/HR skills). Technologies/tools will be the mainstay of vendors' delivery and clients' RPO solutions.



NEAT Methodology for RPO

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 capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements
- **High Achievers:** vendors that exhibit a high capability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet future client requirements
- **Innovators:** vendors that exhibit a high capability relative to their peers to meet future client 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.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.



Exhibit 1

‘Ability to deliver immediate benefit’: Assessment criteria

Assessment Category	Assessment Criteria
Offerings	<ul style="list-style-type: none"> Core Models (Enterprise + Project) Specialty Models Combined RPO, MSP/CWS, and Total Talent Models Range of Standard Services Specialty or Niche Services Wider range of services (Payroll, HCM tech, etc.) Services focused on TTA or TTM Services to "Build" Talent Sourcing Strategies Talent Insights Candidate Experience
Delivery	<ul style="list-style-type: none"> Global North America U.K. Continental Europe Middle East/Africa APAC LATAM Scalability and Flexibility Mix of Delivery Proactive Delivery Service or Operational Excellence Tech Enabled Service Excellence Intelligent TA Tech Used Unified Total Talent Tech Used (Advanced) Analytics Platform Informed Application of Automation, RPA, AI, etc. Tech Integration Capability Next Gen Services Innovation Next Gen Tech Innovation
Client Presence	<ul style="list-style-type: none"> Size Mix Large Organizations Mid-size Organizations Small Organizations North America U.K. Continental Europe Middle East/Africa APAC



	LATAM	
	Single Country	
	Multi-country (One Region)	
	Multi-region	
	Global	
	<hr/>	
Benefits Achieved	Reduced Cost of Recruitment	
	Reduced Time to Hire	
	Improved Quality of Hire	
	Improved Stakeholder Satisfaction	
	Increased Direct Sourcing	
	Improved Employee Retention	
	Improved Business Outcomes	
	Increased Diversity Mix	
	Perceived Value for Money	
	Improved Overall Performance	



Exhibit 2

‘Ability to meet client future requirements’: Assessment criteria

Assessment Category	Assessment Criteria
Ability to Meet Future RPO Needs	<ul style="list-style-type: none"> Ability to Reimagine Service Offerings (aligned to market/global trends) Vendor Knowledge and Expertise Best Caliber Personnel (includes proactiveness) Strength of Partnership Flexibility of Approach Ability to Scale/Pivot at Speed (Agility) Digitalization/Transformation Capability Continuous Improvement Mindset Recommendation
Ongoing Development of RPO Services	<ul style="list-style-type: none"> RPO (+ Blended) Models or Programs to Meet Future TA Needs Range of Standard Services to Meet Future TA Needs Range of Advanced Services to Meet Future Maturing/Complex TA needs Range of Services to Meet Future Total Talent Needs (TTA/TTM) Range of Specialist/Broader Services to Support Building Talent Deployment of Advanced Sourcing Strategies Use of Data/Analytics for Informed Insights Deployment of Intelligent Tech/Tools to Enhance TA Deployment of Intelligent Tech/Tools to Enhance broader talent needs (TTA/TTM/Building Talent) Mechanisms in Place to Drive Innovation in Services Mechanisms in Place to Drive Innovation in Tech/Tools Mechanisms in Place to Drive Personalized Candidate Experiences Mechanisms in Place to Support on the Future of Work Mechanisms in Place to Drive Service Delivery/ Operational Excellence Mechanisms in Place to Drive the Journey to Future TA transformation Mechanisms/Roadmap in Place to Evolve Appropriate Tech/Tools Strategy Future Holistic Talent Journey (Buy, Borrow, Build, Bot)
Financial Rating	RPO Financial Rating
Momentum	RPO Momentum



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



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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:

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