

NEAT EVALUATION FOR PEOPLESOUT:

Next-Generation RPO

Market Segment: Overall

Introduction

This is a custom report for PeopleScout presenting the findings of the 2024 NelsonHall NEAT vendor evaluation for *Next-Generation RPO* in the *Overall* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of PeopleScout for RPO services, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering recruitment process outsourcing (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 focus on candidate experience, technology innovation, service innovation, multi-country delivery, and talent acquisition (TA) transformation.

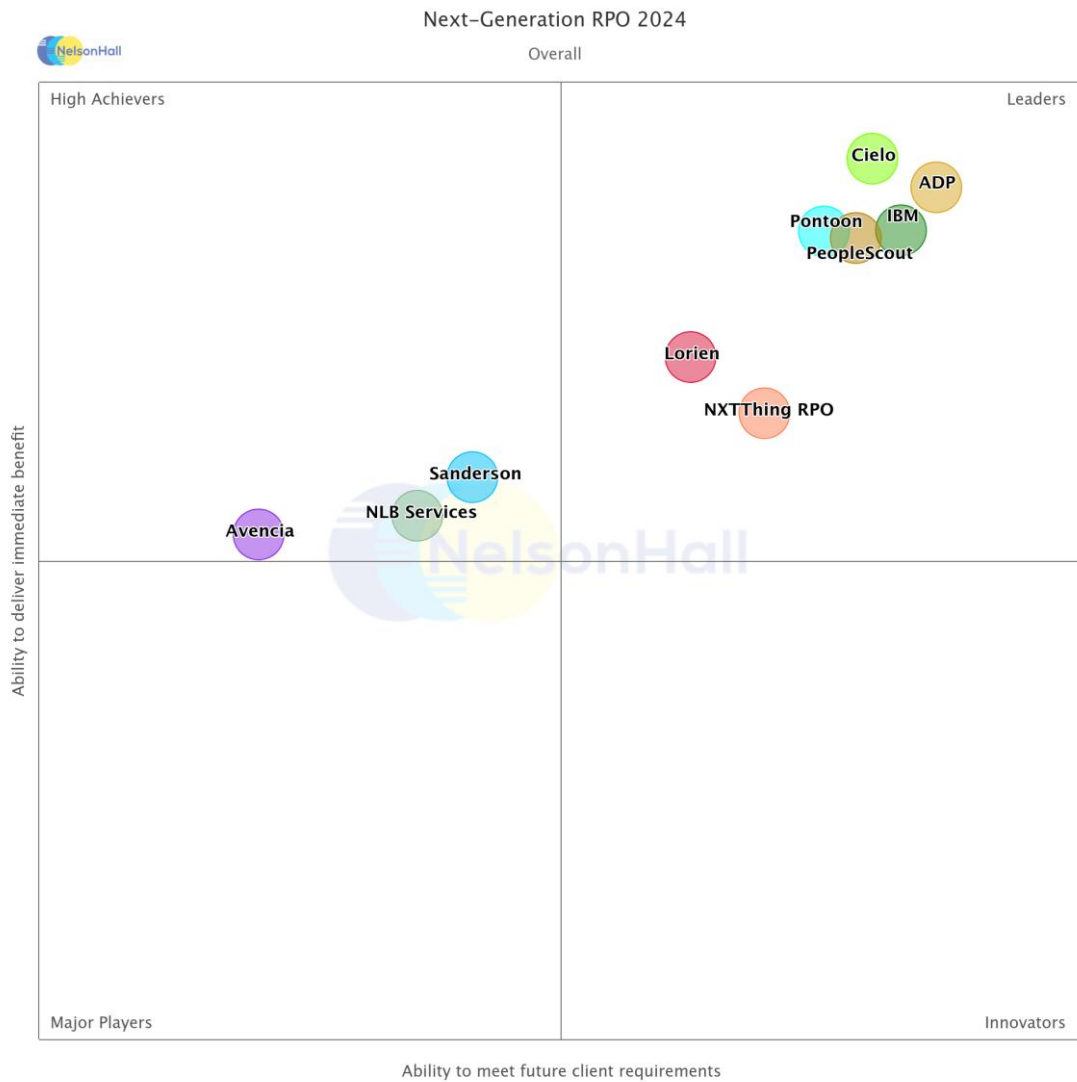
Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: ADP, Avencia, Cielo, IBM, Lorien, NLB Services, NXTThing RPO, PeopleScout, Pontoon, and Sanderson.

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



NEAT Evaluation: Next-Generation RPO (Overall)



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 *Next-Generation RPO* NEAT tool (*Overall*) [here](#).



Vendor Analysis Summary for PeopleScout

Overview

Founded in 1992, PeopleScout's services comprise permanent and contingent workforce solutions, including:

- RPO
- MSP solutions
- Talent advisory services
- Total workforce solutions.

PeopleScout's parent organization is TrueBlue, whose other brands and services include:

- PeopleReady, an on-demand temporary workforce provider supporting a wide range of industries
- Staff Management, a high-volume onsite contingent workforce staffing provider
- Centerline, a CDL truck driver staffing provider supporting the transportation and logistics industries in the U.S.
- Simos, a performance-based staffing partner providing contingent workforce solutions for warehousing and distribution, e-commerce, returns processing, and third-party logistics.

PeopleScout continues transforming its business, leveraging its historical core strengths, such as high-volume hiring and talent advisory services, and aligning its solutions with client needs in today's talent landscape. The agility of its technology, solutions, and multilingual delivery models support the company's vision to disrupt less-established sectors and markets.

The company has a proprietary technology platform, Affinix, which supports sourcing, screening, and delivering a permanent workforce, along with dedicated service delivery teams, working as an integrated partner with its clients. Affinix provides a cloud-based technology stack and delivers program analytics to inform strategic decisions.

Approximately 75% of PeopleScout's programs are ongoing RPO services with contract terms over one year. The remaining programs comprise RPO project engagements under one year in duration. Pricing typically consists of a fee for each hire and talent consulting fees.

Peoplescout's largest client sectors are government (21% of revenue), manufacturing (19%), professional services (15%), healthcare (10%) and retail (10%). Approximately 54% of PeopleScout's client base comprises large companies (with >15k employees), these being primarily U.K.- and U.S.-headquartered firms.

Recently, PeopleScout experienced reduced client hiring volumes due to uncertainty around workforce needs, growing cost pressures, and ongoing economic uncertainty. It anticipates hiring volumes will normalize in H2 2024 as the market continues recovering.

Financials

NelsonHall estimates PeopleScout's 2023 RPO revenue was ~\$232m.



Strengths

- TrueBlue and PeopleScout's business transformation strategy applies lessons learned from recent market behavior and client buying trends to near- and longer-term product and service offerings, such as its recently released Amplifiers and PeopleScout Accelerate solutions
- The broad range of RPO and talent solutions offered by PeopleScout and the complementary TrueBlue brands provide comprehensive solutions and synergistic business development opportunities
- Deep expertise in its Talent Advisory services, including employer branding, recruitment marketing, talent insights, DE&I consulting, candidate assessment services, and TA strategy consulting, focusing on RPO and MSP solutions
- PeopleScout's established proprietary technology platform, Affinix, and established third-party partnerships provide best-fit TA solutions
- Its pragmatic business development strategies target established markets and identify expansion opportunities in recession-resistant industries.

Challenges

- Cost oppression in response to global economic uncertainty and clients expecting premium service levels at lower, highly competitive price points. PeopleScout is addressing these challenges by offering its clients modular and targeted services
- The rapid introduction and evolution of advanced technology such as Gen AI is driving vendors to innovate and rapidly balance ethical risks against industry regulations associated with the responsible use and application of technology
- Delivering adaptable and easily scalable recruiting solutions in response to client hiring, budget uncertainty, and headcount management pressures; and continually assessing and introducing new service offerings in response to market and client requirements, e.g., ESG and workforce planning consulting services.

Strategic Direction

PeopleScout's resources and technology enable it to meet clients under any economic conditions and apply these learnings to its go-forward strategies. For example, the softer demand from clients over the past 18 months influenced PeopleScout's development of its Amplifiers suite, providing well-defined recruitment and staff augmentation solutions in response to lower deal sizes and shorter time commitments.

The company is exploring additional ways to support its clients, such as investing in developing its staff and leveraging the full suite of available services across the TrueBlue brands.

Over the next 12 to 24 months, PeopleScout's primary areas of focus and investment include:

- *Market expansion* – growing market share in the healthcare sector by developing specialized offerings to accelerate organic efforts; expanding into other high-growth verticals and high-value roles, targeting engineering, IT, and professional roles to increase margins, drive client value, and offset blue-collar disruptions



- *Technology* – delivering best-fit technology through industry-leading implementations that make it easy for clients of all sizes to benefit from RPO; enhancing its integration platform, data analytics capabilities, and solution sets to align with targeted industry needs
- *Partnerships* – continuing to pursue M&A opportunities to complement organic growth efforts, particularly in the technology and life sciences sectors, and establishing formal partnerships with search firms
- *Go-to-market with unique solutions* – listening for non-traditional problems and pain points in client interactions and developing innovative solutions to those challenges, e.g., Amplifiers modular recruitment solutions launched in September 2023, meeting the unique needs of organizations for which a full-cycle RPO engagement may not be the best fit. The customizable suite of Amplifiers allows employers to augment their recruiting teams when and where needed, providing flexibility and allowing organizations to scale quickly. Each solution can be added as a standalone service or combined with an existing RPO engagement, whether with PeopleScout or another provider
- *Implementation timelines* – PeopleScout implements TA technology ecosystems without full API integrations, providing clients with the agility needed to compete in today's market, e.g., PeopleScout Accelerate, a turnkey RPO solution launched in August 2023. Accelerate streamlines recruitment processes and delivers a modern, world-class candidate experience. With a two-week implementation timeline, Accelerate features pre-configured modules supporting candidate attraction, engagement, and hiring, including career site hosting, CRM, passive candidate sourcing, mobile-first quick apply, screening, interview self-scheduling, and analytics
- *Expansion into recession-resistant industries* – the company continues to expand into healthcare, life sciences, and IT, supporting roles less susceptible to technology disruptions.

Outlook

Through 2024, NelsonHall expects PeopleScout will:

- Broaden relationships across the TrueBlue brands to pursue and capture synergistic business development opportunities, leveraging leadership and expertise across the businesses to drive higher client value and develop end-to-end talent transformation solutions, e.g., PeopleReady client engagements leveraging the PeopleScout Affinix platform to drive HR analytics and data insights
- Collaborate with clients to develop immediate and longer-term strategies and solutions addressing significant talent and cultural challenges and delivering increased value, i.e., balancing internal HR teams, delivering more with fewer resources
- Continue the development and enrichment of its solution portfolio, including Amplifiers and consulting services to meet varying levels of buyer sophistication and organizational needs
- Assess and modify its RPO solutions and resources as the market continues to recover and recruiting volumes increase
- Analyze the outcomes from the 2023 TrueBlue transformation, identify new and existing areas for continued improvement and collaboration across the business and between brands
- Cross-train delivery teams to quickly flex and scale to meet unanticipated peaks in delivery volumes across programs without impacting service levels or quality



- Continue to focus and enrich its Affinix tech stack to increase value and further differentiate its brand
- Transform the Affinix Analytics capabilities, including predictive and prescriptive analytics aligned with critical organizational concerns and workforce performance, custom dashboard creation, aggregate benchmarking capabilities, and accessibility to real-time HR insights

NelsonHall anticipates PeopleScout will grow by ~15% in 2024, with momentum beginning in Q2 2024.



Next-Generation RPO Market Summary

Overview

The impacts of economic instability will likely prevail until H2 2024, when recruiting and hiring levels begin their slow rebound to normalization. Factors affecting recruiting performance include geopolitical conflicts, ongoing inflationary and recessionary concerns, and upcoming political elections. These influences continue generating business uncertainty, forcing vendors to rapidly pivot and adapt products and services to meet clients 'where they are at' in their outsourcing journey.

Program scope continues changing as organizations consider specific needs in terms of flex and scale in today's environment. Clients are rationalizing vendors to maximize in-house resources and infrastructure until conditions improve. There is also a trend toward shorter renewal terms – directly connected to many organizations not committing to more extended agreements across all contracts until the market stabilizes.

The infusion of technology within candidate sourcing and attraction continues to accelerate, with vendors increasingly applying GenAI, AI, and ML, boosting recruiting efficiency, strengthening candidate quality and engagement, and delivering critical data insights throughout the employee lifecycle. Intelligence around holistic talent using predictive and prescriptive analytics supports broad organizational strategies, including candidate recruiting and employee retention considerations such as compensation disparities, high probability of resignation populations, internal mobility opportunities, and the engagement of workforce returners to fill critical skill and knowledge gaps.

Buy-Side Dynamics

With buyers seeking scalable vendor solutions to provide immediate benefits to high-priority sourcing needs, the industry has experienced consistent demand for enterprise and on-demand RPO engagements, particularly staff augmentation, recruiter-on-demand, and quick-deploy services. Market conditions have led buyers to require flexible contracting options, enabling expanded program services as conditions have improved.

Buyers remain focused on several critical staffing priorities, including DEIB strategies, securing next-generation talent to replace baby boomer leavers, longer-term SWP in preparation for the initial wave of Gen X retirees, the skills agenda, and employee retention. Buyers seek support with core RPO services helping them navigate and mitigate talent and skills shortages and enabling hiring managers to find quality talent with the right cultural fit as quickly as possible. Throughout 2023, organizations increasingly engaged with vendors to augment internal recruiting staff. Buyers of staff augmentation services indicated extreme satisfaction, with these services receiving the highest customer satisfaction.

Buyers also emphasize the need for change management, and marketing consulting, e.g., employer branding, recruitment marketing, campaign management, and direct sourcing, targeted at specific audiences (e.g., underrepresented populations, early careers, career returners), and gaining insights through enhanced data and analytics to drive competitive advantage. Demand remains high for strategic HR consulting services supporting the development of talent mobility solutions as buyers seek career progression pathways aiding employee retention, internal mobility, and upskilling goals.

Growth in recruiting technology consulting and HR data analytics reporting continues as organizations focus on improving current systems before going to market for something new.



Technology consulting services comprise HR technology advisory and managed services, optimizing existing infrastructure and practices by designing and implementing sustainable strategies. These services also enable the design of advanced technology strategies, including the application of GenAI. The increased integration of GenAI throughout candidate attraction and onboarding processes supports increased candidate and hiring manager engagement, efficiency, and satisfaction. For example, GenAI-enabled ‘assistants’ streamline job description creation, interview scheduling, offer letter generation, and workflow approvals.

Buyers are increasingly engaging with vendors for HR analytics and insights from descriptive and predictive analytics relating to their talent programs. Data pipelines, warehousing, and visualization tools drive greater automation, enhance client decision-making, and support next-generation data science.

Market Size & Growth

The global RPO market was worth ~\$6.9bn in revenue in 2023 and will grow at an ~8.3% CAGR to reach ~\$10bn in 2028.

Tightened hiring budgets yielded significantly lower recruiting volumes in 2023, particularly in the technology and financial services sectors. Factors inhibiting the adoption or progression of RPO included budget availability, demand for low-cost solutions, and decentralized or siloed operating models. In response to these factors, RPO vendors redesigned pricing and service models to deliver cost-competitive solutions and to ‘meet clients where they are at’ within their outsourcing journey, including stand-alone service offerings and custom product and service bundles to provide rapid solution flexibility and scalability.

Although permanent hiring volumes will remain flat during the first half of 2024 due to ongoing economic uncertainty and geopolitical conflicts, increased demand and RPO market recovery are anticipated in late 2024.

The North American and LATAM markets will show the most substantial growth, followed by Europe, the Middle East & Africa, and APAC. The manufacturing, pharmaceuticals, financial services, and high-tech industries will be the most buoyant.

Challenges & Success Factors

Several challenges exist in the RPO market, primarily cost oppression in response to continued economic uncertainty. Clients expect premium service levels at lower price points. Vendors must increasingly demonstrate the value and return on investment their solutions deliver to their clients. In return, buyers must understand when and how to outsource services vs. maintaining an internal team of recruiters, balancing value-add vs. price/cost savings.

The rapid introduction and evolution of advanced technology such as GenAI drives vendors to innovate and rapidly balance ethical risks against industry regulations associated with the technology's responsible use and application. The expanded use of AI and GenAI also poses enhanced security risks and ethical considerations across industries. With any disruptive technology, vendors must safeguard systems and data to minimize threats, ensure the proper application of AI, and maintain client confidence in their solutions.

Vendors must continually assess, evolve, and introduce service offerings and flexible contracting options in response to client hiring, budget uncertainty, and headcount management pressures. Additionally, the shift from experience-based hiring to skills-based hiring requires vendors to educate buyers on the long-term benefits of an outsourced recruiting approach. Vendors must also provide consulting services to assist clients in designing strategies to implement a skills-based learning culture and technology infrastructure.



Outlook

The RPO market anticipates moderating recruiting volumes in H2 2024 as organizational budget constraints ease. Vendors will support clients' core RPO and broader strategic initiatives, meeting organizations where they are in their outsourcing journeys through scalable solutions providing immediate benefits to high-priority sourcing needs.

As the integration of advanced technologies within the RPO market continues, vendors will accelerate the infusion of GenAI across their RPO portfolios and in the design of client solutions, further enhancing the user experience and process efficiency. Vendors will enrich existing IP and introduce new technologies within HCM systems and tools while appropriately and ethically balancing the application of technology and human interaction. Vendor engagement on legislative trends, such as data security and privacy laws, and commitment to data and AI ethics will remain top priorities.

Vendors will focus on augmenting and optimizing their IP through internal projects and expanded third-party technology relationships. Collaborative AI projects between vendors focused on natural language queries, predictive analytics, GenAI co-pilots, and the ethical use of AI will accelerate solution research and internal resource development.

Vendors will invest in data and deep intelligence, enabling enriched insights and data-driven automation as a part of TA programs or as a stand-alone offering. They will provide clients with program and industry insights and analytics and use these data to deliver strategic talent insights and support long-term strategic workforce planning in anticipation of retirement horizons and evolving employee development needs.



NEAT Methodology for Next-Generation 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 future client 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 future client 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
Offering	<ul style="list-style-type: none"> Core RPO Models (Enterprise + Project) Specialty Models Range of TA Services Specialty or Topical Services Wider Services (MSP/CWS, Payroll, HCM tech, etc.) 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 Increased Agility and Flexibility Proactive Delivery Scalability Access to Specialist RPO Resources Leveraging Intelligent, AI-enabled Talent Platforms Data and Analytics-driven Insights Continuously Updated Expertise
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 Multi-Country Presence
Benefits Achieved	<ul style="list-style-type: none"> Reduced Cost of Recruitment Reduced Time to Hire Improved Quality of Hire Improved Stakeholder Satisfaction Improved Candidate Experience Improved Candidate Diversity



Exhibit 2

‘Ability to meet client future requirements’: Assessment criteria

Assessment Category	Assessment Criteria
Service Culture	Ability to Reimagine Service Offerings (Use of Design Thinking) Caliber of Personnel Ability to Meet Future Geographical Footprint
Roadmap Execution & Plans	Ability to Reimagine Service Offerings (Use of Design Thinking) Digitalization/Transformation Capability Range of RPO and Onboarding Services Deployment of Advanced Sourcing Strategies Predictive Analytics and Benchmarking Deployment of Intelligent Tech/Tools to Enhance TA GenAI Roadmap and Execution

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



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Sales Inquiries

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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