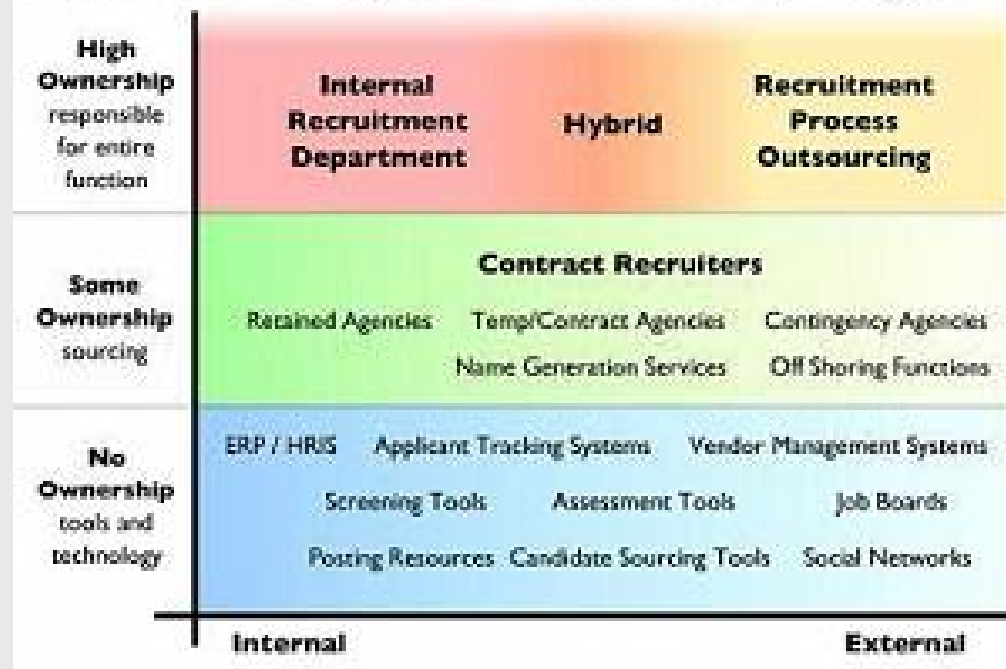


Recruitment Process Outsourcing (RPO) is a form of business process outsourcing (BPO) where an employer outsources or transfers all or part of its recruitment activities to an external service provider.

To quote the Recruitment Process Outsourcing Association, "Recruitment Process Outsourcing is when a provider acts as a company's internal recruitment function for a portion or all of its jobs. RPO providers manage the entire recruiting/hiring process from job profiling through the on-boarding of the new hire, including staff, technology, method and reporting. A properly managed RPO will improve a company's time to hire, increase the quality of the candidate pool, provide verifiable metrics, reduce cost and improve governmental compliance."

Recruitment Options Relationship Diagram



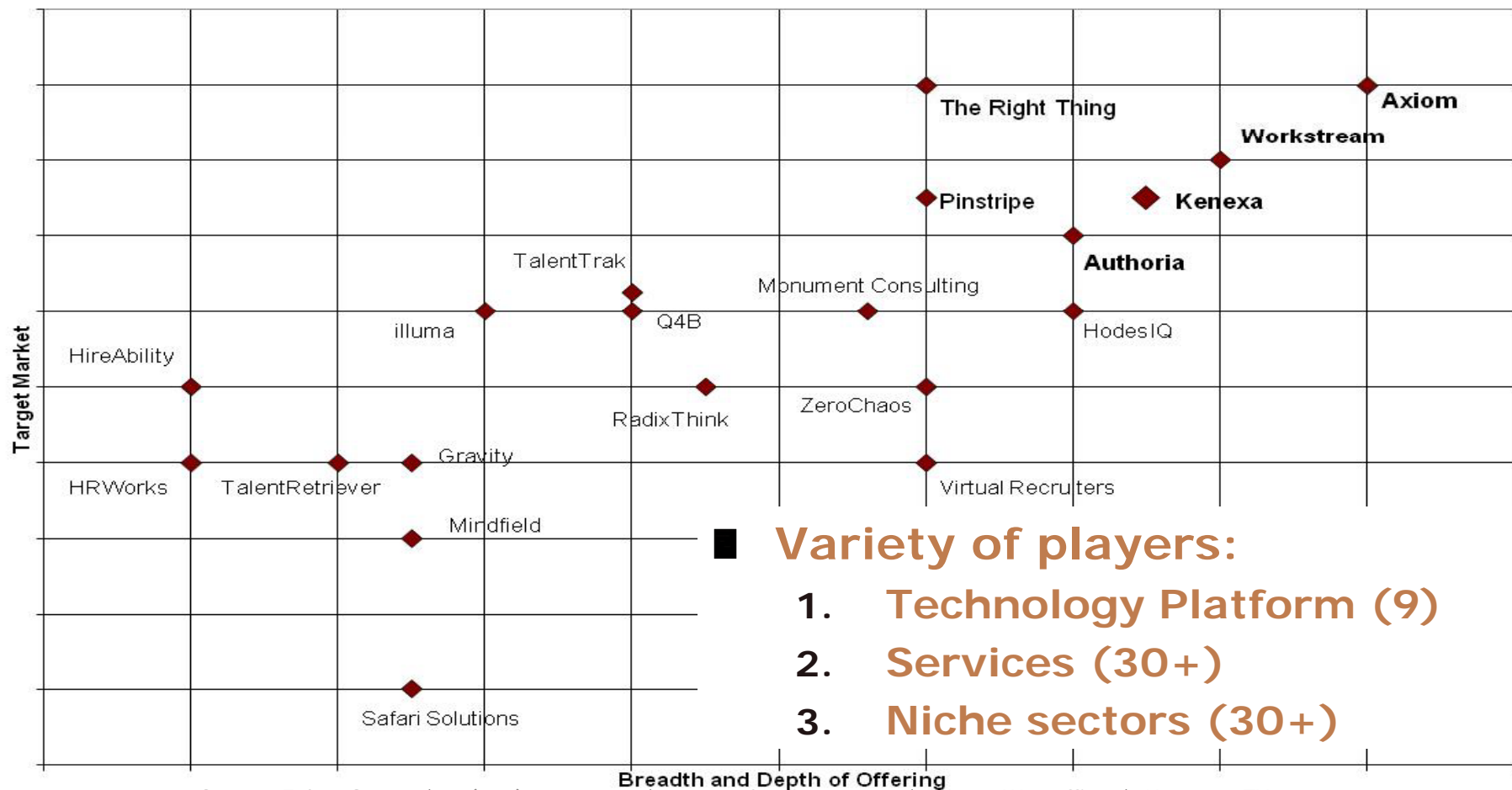
In RPO the service provider assumes ownership of the process, while in other types of staffing the service provider is part of a process controlled by the organization buying their services.

RPO Provider Success Factors

1. Niche, Raving Fan Customer Base;
2. Technology &/or Reporting Platform; and
3. Lifecycle Approach.

RPO Landscape

RPO Landscape: Illustrative Firms



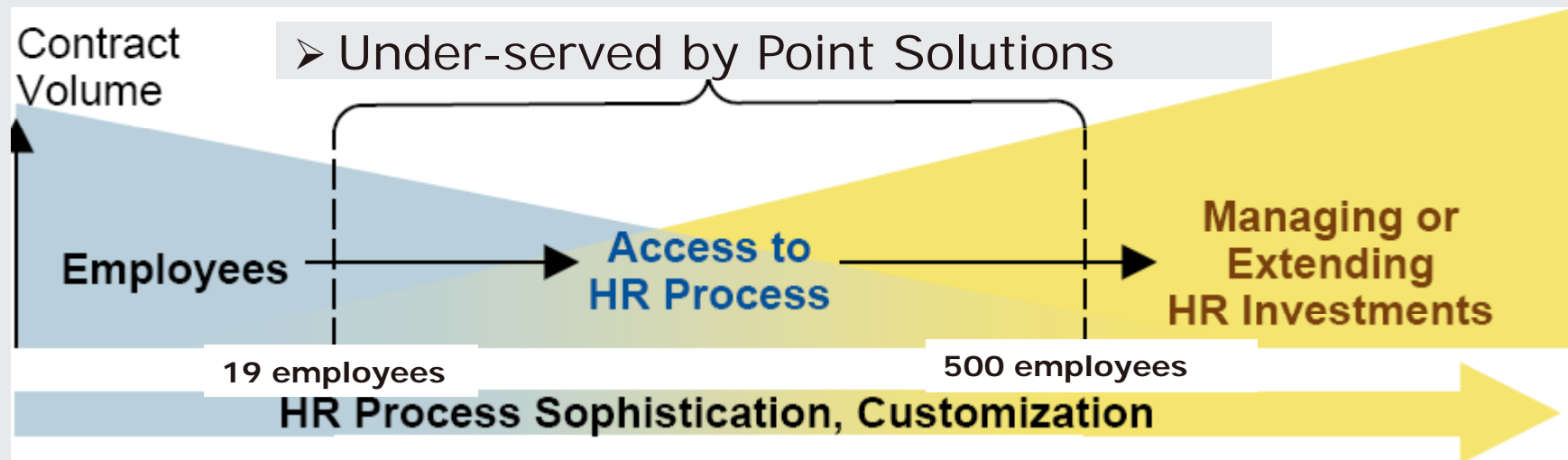
- **Variety of players:**
 1. **Technology Platform (9)**
 2. **Services (30+)**
 3. **Niche sectors (30+)**

Transactional Buys

- Single process
- Compliance headaches
- Low-sourcing acumen
- HR department purchase decisions

Relationship Buys

- Accountability
- Low-volume: High value-add
- Flexibility / customization of processes
- Greater BPO experience
- Executive level purchase decisions



Satisfaction depends on well-managed expectations

Talent Acquisition Value Chain

➤ Need Definition	➤ Candidate Generation	➤ Response Management	➤ Screening / Selection	➤ Hiring / Onboarding	➤ Tracking & Reporting
<ul style="list-style-type: none"> ▪ Executive search ▪ Permanent hire ▪ Temporary / Contract ▪ Outplacement ▪ Relocation ▪ Interim mgt. ▪ Vertical expertise ▪ Geographic variations 	<ul style="list-style-type: none"> ▪ Job boards ▪ Recruitment advertising ▪ Job fairs ▪ College recruiting ▪ Candidate sourcing 	<ul style="list-style-type: none"> ▪ Requisition mgt. ▪ Interview scheduling ▪ Resume processing ▪ Applicant tracking ▪ Document mgt. 	<ul style="list-style-type: none"> ▪ Skills testing ▪ Personality testing ▪ Reference services ▪ Interview services ▪ Background screening 	<ul style="list-style-type: none"> ▪ Cultural awareness ▪ Industry knowledge ▪ HR policies / procedures ▪ Benefit profiling ▪ Performance expectation setting 	<ul style="list-style-type: none"> ▪ Metrics and dashboards ▪ Recruitment productivity mgt. ▪ Quality-of-hire mgt. ▪ Performance mgt. Legal and compliance

➤ Recruiting Firms / Search Placement

➤ TMS / RPO Firms

➤ Traditional HR Department Recruiting

▶ **Definition: True End-to-End Talent Value Chain:** From simple recruiting beginning with opening the requisition and extends through initial on boarding, orientation, and training.

Ten (10) Trends Shaping the RPO Market

1. Supply to Labor Demand Imbalance

- Skilled worker demand versus supply by 2009 > 15%
- Creates increasing recruiting challenges & retention challenges
- “Velocity of the skilled worker” must be managed

2. The Value Proposition Demanded by Organizations is Expanding

- Far beyond cost savings
- Must achieve strategic, operational, technology, HR, & risk management benefits

3. New Breed of Suppliers Must Assist Customers in Winning the “War for Talent” on 2 Fronts!

1. Acquisition of talent
2. Retention of talent

4. The Price Equation Is Changing

- Buyers will aggressively move away from “Per Hire Fees”
- Non-transactional pricing models: BPO concepts with performance guarantees and earn out pricing will become prevalent

Ten (10) Trends Shaping the RPO Market *(Continued: 2 of 4)*

5. It's All About the Process

- Buyers want new technologies and change management tools
- Processes that become "Organizational DNA"
- Measurement and metrics driven: Monitor the outcomes of the processes
- Labor based supply chains will become prevalent

6. Offshoring Is "In the Cards" & Adding Value to RPO Providers

- Quality control mechanisms
- Technologies to support globalization
- Scalability of high volume: Low to medium value-added activities

7. Corporate Cultural Match is Driving Solutions

- Will be a "Success Measurement"
- Creates "Customer Glue"

Ten (10) Trends Shaping the RPO Market *(Continued: 3 of 4)*

8. Offerings Must Include Risk Reduction & Risk Management

- Better processes and controls = Risk mitigation
- Measurement and metrics reduce risk and predict outcomes

9. CRM Technologies Will Key Success Factors

- Candidates will NOT “Come Running” / Must be searched out and profiled
- RPO professionals must become “E-business” experts

10. The RPO Buyer is Becoming a Community / Committee

- Executives / HR leader / Influencers

Ten (10) Trends Shaping the RPO Market *(Continued: 4 of 4)*

In Conclusion:

“In 2010, Labor Supply Chain Management will be what MRP and material supply chain technologies were in the late 80s early 90s.” – Garry Meier

Thank You.

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