

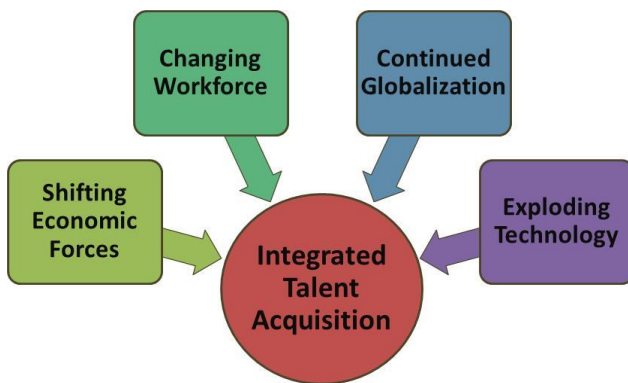
Combining employee and non-employee search solutions into a more powerful integrated talent acquisition solution? It's not a new idea. Solution providers have been interested for years and confirm that interested buyers have explored it. Some have even embraced it; but thus far, not enough to be interpreted as a major market shift in how companies find and engage talent. Meanwhile managed service provider (MSP) and recruitment process outsourcing (RPO) activity is well charted, each utilizing their respective technologies and distinct service delivery philosophies. Despite a multitude of reasons for a shift, including global demands and increasing C-suite focus on continued critical skills shortage, we have yet to see a mad dash signaling this as *the Next Best Thing* ... at least not yet!

## Behind the Blend

Market suppliers and early adopters are providing great anecdotal evidence of shifts and changes occurring with respect to recruiting practices and several themes are emerging.

Shifting economic forces are driving exploration into new ways to ensure access to required talent. The great recession affected the entire world economy. **While business may be good, business leaders are cautious.** Even as we recover from the recession there is still concern about another slow down ... or boom ... just around the next corner.

Since the recession, more workers are willing to take contingent workforce jobs. Correspondingly many companies have become **more likely to utilize contingent work forms** because of economic uncertainty. For many non-employee workers are becoming a larger percentage of the total workforce than in the past. As a result, these companies are taking a **more strategic approach to workforce planning** to better manage this evolving "blended view" of their overall human capital.



**The available talent is a mixed bag.** Too many available workers lack the specific, hard-to-find skills needed. While demand is up, supply is down. Global expansion and subsequent competition for the best talent is creating extreme need for greater geographical **reach and speed**. Multiple **recruiting channels**, readily **accessible** and **flexible** to changing needs, are required to achieve a competitive edge. Job boards changed recruiting "from a pole fishing operation to a net approach" in the 90s; now the Internet and mobile technology has enabled a **"global interactive supply web"** required to build **robust talent pools**

aligned to changing needs. The entire process is dependent on skilled professional recruiters enabled by **innovative technology**.

Capitalizing on mobile device advances, **rapid global communications and networking are shaping today's society**. Meanwhile the workforce continues to change. **Candidates are well educated, more sophisticated, and technology savvy.** They don't care much about a life time job and **many are comfortable moving back and forth between employment and contingent work**. Not only are more companies operating globally, but it is also easier to tap into **robust borderless talent pools** to take advantage of available talent across multiple geographies.

**Infrastructure technology** (VMS/RMS/ATS) connects all parties to the process providing **global capability** and now **mobile access**. There is increased demand for **robust hire processes**, i.e., assessments, on/off boarding, employee versus non-employee decision assistance, background checks, etc. integrated with those systems. **Big Data** – recruiters must have it! This includes a **common view, analytics and business intelligence across all talent pools (permanent and contingent) and databases**.

"The Blended Workforce Model – formally integrating both your RPO and CWS talent acquisition and management programs into a single seamless solution - is not new in practise to many organizations. We've found this to be particularly true for clients within both EMEA and APAC. More often than not, a client will be looking to; leverage their talent inventory, move from a reactive to proactive strategy to attract, engage and retain talent, create more insightful management information, or just reduce their overall vendor management overhead and leverage better pricing."

- Matthew Rodger, UK, Managing Director, Alexander Mann Solutions

**MSP solutions** are now highly developed as a way to *drive cost efficiencies and manage contingent engagement risks*, particularly in the US, similarly in the UK, and to some extent continental Europe and other regions of the world. **RPO continues to gain acceptance and penetration as a tool for more effective recruitment.** As the effectiveness of these two solutions is recognized, other talent driven models, i.e., SOW/IC, HRO, BPO, talent consulting, etc. have gained acceptance. While cost is still a factor, *the ability to find quality talent is becoming a competitive imperative.*

## Integration Issues

In truth, there is one significant reason why talent acquisition integration has taken time to gain acceptance: specifically the two underlying solutions were built and evolved very separately over a long period of time. Multiple foundational components such as who buys/manages, service delivery philosophies, technology and pricing are handled very differently for each and must be accommodated to fully realize all the benefits available. However as we learned from early adopters, it is possible to move forward and work through the differences over time.

Following is an overview of the structural differences between these two primary talent acquisition solutions.

### Structural Dimensions of MSP and RPO

Component	MSP/Contingent	RPO/Direct Hire
Solution	Deliver qualified <i>contingent labor</i>	Deliver qualified <i>employee labor</i>
Value Proposition	<i>Cost management, compliance/risk management, consistent &amp; fair rates, reporting, centralized 3<sup>rd</sup> party process and vendor management</i>	<i>Expanded recruiting channels, access to scarce skills, reduced agency usage, variable expense, refined recruiting process, compliance, centralized 3<sup>rd</sup> party recruiting management</i>
Purchase Approach	<i>Procurement</i> and/or HR buys and manages contracts	<i>HR</i> buys and manages contracts, procurement assists
Infrastructure Technology	Vendor Management System ( <i>VMS</i> )	Applicant Tracking + Requisition Management System ( <i>ATS/RMS</i> )
Pricing	<i>Priced to market</i> % of spend deducted from partner fees	<i>Priced based on cost to deliver</i> Fixed management fee and/or per hire variable fee

## Value Proposition

The primary *value proposition for MSP is generally cost reduction and risk management* through improved structure and controls. The *RPO value proposition is better and faster sourcing of qualified candidates* with the additional promise to reduce costs through less agency usage. Both solutions require improved recruiting by the provider and/or a stable of expert, sub-suppliers. Operationally, migration to an integrated approach to leverage recruiter knowledge, sourcing costs, brand and more complete candidate pools seems logical, but that is not always the case.

## Organizational Silos

The split of responsibility for MSP and RPO within organizations is a significant obstacle to integration, i.e., *procurement primarily takes the lead on MSP/VMS and human resources for RPO/ATS.* Staffing suppliers also have their biases. Operationally *blended solutions sometimes result in an integrated team, but sometimes different service delivery methodologies prevent that.* However generally there is encouragement for cross training and communication, a potential interim step to full operational integration managed externally or internally.

## Technology Variations

*RPO technology (ATS/RMS) provides a fairly straight forward database system* that drives workflows to manage all requisitions for talent and the candidates recruited to fill them. In some cases the client owns the ATS/RMS contract

and in others the provider does. System fees are paid directly to the system provider; and in the event the RPO provider owns the contract, technology fees are included in the RPO per hire pricing. **MSP technology (VMS) is much more complex**, driving those same processes, as well as the collection and approval of hours worked by the contractors. VMS fees are charged as a percentage of spend through the system and in most cases deducted from staffing supplier payments for contingent work services rendered.

Focused on recruiting, **RPO technology systems and tools provide more robust features for finding, assessing and on boarding requirements**. Once these features have been used to deliver permanent hires, clients like them and show interest in consistent use of those same features across all talent acquisition activity.

Currently most integrated solutions work with two separate systems and use business intelligence (BI) tools to integrate the candidate databases for reporting and analytics.

*Note: Peoplefluent began developing TalentUnity™ in 2012 based on the UK market's repeated urging to address this integration issue. To date it is the only robust, commercial product developed to support an integrated talent acquisition solution. It was released in late 2013.*

If the TalentUnity™ and other emerging technology systems become effective to support the integrated solution, technology would be positioned as a true enabler for broader adoption.

#### Peoplefluent TalentUnity™

##### Total or incremental integration

- Single sign-on with ability to move back and forth between permanent and contingent systems
- Open and work a requisition in either or both systems simultaneously
- Open requisition in VMS, then add to RMS specifically for:
  - Conversion to permanent status in RMS
  - Posting on client career site
  - Accessing assessment or on boarding features
- Open "evergreen" requisitions in either or both systems to collect pipeline candidates
- Reporting and analytics across both systems

## Pricing

Traditional **MSP pricing is market driven** and based on a percentage applied to contingent worker total wages. **RPO pricing is based on estimated delivery costs** for "in scope" skill sets and billed based on client preference for a fixed management fee, a variable per hire fee or a combination of both. Integrated solutions tend to bill each part of the solution in accordance with the traditional pricing models described.

During our research we learned of one integrated solution for which both permanent hires and contingent engagements are billed using the RPO model approach. Once selected, contingent workers are billed at a payrolled rate and later conversions made are at no charge. This type of creative solution potentially enables greater adoption.

## A Tale of Two Geographical Regions

We have learned that UK companies have been more likely to buy this solution for some time, generally seeking to leverage success with an MSP engagement by adding RPO to the mix, or vice versa. The UK market is less fettered by employment law than its European neighbors and integrated solutions may be aided by the recent AWR legislation which forced companies to align titles, job descriptions and compensation for contingent and permanent positions in order to maintain compliance. Additionally MSP is not as embedded as a cost savings play in the UK, in so much as it is considered a talent acquisition service; therefore expanding a current recruiting solution creatively isn't a great leap. This has driven a more open minded and creative approach to dealing with the shortage of skilled labor.

"We find our European clients tend to be more apt to deploy integrated solutions when dealing with the talent mismatch and the skilled labor shortage because of the many legal and cultural factors that exist throughout the region. Yes, there are constraints, but there is more interest now in finding and deploying the skills needed, even when that requires a different way of looking at the overall workforce."

- Sarah Peiker, UK, RPO Practice Lead EMEA, ManpowerGroup Solutions



## Case Study

**Aviva Plc**, UK insurance provider, “blended workforce solution” by Hyphen – This engagement began with MSP in 2008. Desiring the same process and quality recruiting improvements for permanent placement, **Aviva** added RPO in 2011. This program delivers 1,000-1,500 permanent hires and 375-650 contingent workers under management annually. Hyphen (now part of the Adecco Group) utilizes an integrated team to deliver both services but maintains separate technologies. All recruiting efforts are supported by Avature, and automated selection and assessment tools. The blended solution renewed in 2014 and Hyphen expects global employer brand development, service expansion, and a more strategic workforce planning approach during the new term.

“We needed our partner to expand the search for talent, to ensure a view of all talent both active and passive. The sourcing process is evolving nicely with layered expertise within each team. They are building new networks and pipelines using Avature. The metrics and information now available is something we never had access to before.”

- Shelley Cushway, UK Recruitment Lead, Aviva Plc



## Case Study

**Standard Chartered Bank (SCB)**, global bank, “one strategic partner for all talent acquisition activities” by Allegis Global Solutions – Since 2009 Allegis Global Solutions has provided an integrated solution that spans multiple countries and supports all recruitment needs: permanent and temporary, front and back office functions, up to Board level, under one blended RPO/MSP model. Today’ program supports many key client priorities including: in depth knowledge of local Pan European market, consultative/advisory market support, and full management of cross border talent transfer within the SCB network. Deploying one strategic partner for all talent acquisition activities across multiple locations has ensured a fully integrated internally and externally focused talent solution providing **SCB** with a responsive, scalable and flexible service.

In the U.S. staffing companies have been pitching integrated solutions for some time now and are achieving some, but more limited success. Smaller manufacturing and oil & gas firms requiring high volume placements are likely targets. Fortune 1000 companies, however, are talking ... but not buying. The reasons are not entirely clear, but some feel it is due to the entrenchment of high volume MSP solutions and the belief that these two processes are too different to combine for high volume hiring. There are also concerns around meeting requirements for government contractors to track EEOC and diversity activity for employee hires.



## Case Study

**Cegedim**, US healthcare IT company, “total talent solution” by Allegis Global Solutions - Profiled in this publication in 2010, Cegedim engaged an MSP solution in 2006 and added RPO to create a total talent solution in 2009. They sought a platform that enabled both scalability and optimal use of talent with one strategic partner at the helm. The program provides 1-200 permanent hires and 8-900 contingent workers under management annually. Allegis maintains separate, but cross-trained teams each utilizing different systems. **Cegedim**, happy with the higher quality of talent through the optimized channel, renewed the integrated program in 2014. Future expansion may include Central and South America.

These two early adopter examples share some similarities. Based on these engagements and conversations with solutions providers, success in both regions seems to be primarily with small to medium engagements. Providers noted two main reasons for this. First, smaller firms are less likely to have a strong market brand that drives workers to them and frequently they pay less; therefore they must be more creative and nimble in order to compete for talent they need.

“In the U.S. the vast majority of traditional variable labor cost management techniques have been leveraged and client cost structures have been optimized. Future savings will be driven by an integrated approach to resource fulfillment which addresses contingent labor, SOW and BPO. In the future, global labor arbitrage will focus both on cost and on expanding talent pools in each geography.”

- Dave McGonegal, US  
Vice President, Strategic Client Solutions, ManpowerGroup Solutions

In addition, smaller spend carries less concern about “putting all their eggs in one basket”, something commonly avoided by professional procurement in larger organizations. Perhaps as these successes are better publicized and technologists step up to provide integrated enabling solutions, inertia may begin to crumble.

Moving Forward

Given the acceleration of change in talent requirements, worker attitudes and technology development, the next five years promise to require solutions different from those available today. The trends toward talent acquisition investments, process integration and innovative systems are clearly picking up momentum. Strategic customers will likely consider leveraging established partnerships into an expanded program that allows them to better manage different types of talent engagements. Working with an existing partner reduces change impact and allows a head start in delivering expected value quickly ... and the potential value is significant.

Some market analysts predict potential integrated solution savings of 15-35% over savings derived from MSP and RPO installed on a standalone basis. In addition to savings the integrated solution will drive other important strategic, financial and operational benefits as well.



From an operational standpoint the landscape is already changing. Organizations are seeking assistance with incremental programs. For example, assistance to examine and reconsider “silver medalists” who didn’t get hired in the initial recruitment process; another example, development and deployment of borderless talent pools.

The impact from leveraging knowledge, reach, tools and structure across the entire workforce spectrum is common sense and the potential benefits limitless. It’s only a matter of time until customers, trusted staffing partners and technology experts pull it all together into a more holistic, integrated talent acquisition management programs designed to deliver the varied workforce required today. Given this myriad of forces and constant change impacting workforce challenges, **integrated talent acquisition is on many market leaders’ minds.**



For those interested in following the trends and speculating on how quickly this trend may catch fire, there is a new collection of jargon representing the drivers behind the next generation recruiting solution. Watch closely for these indicators as demand for integrated solutions increase.

Billions of dollars, spent and saved, have driven the success of MSP for over 20 years because those dollars captured the attention of executive management. Now the critical skilled talent shortage is getting more leadership attention and must be solved. For any organization with talent squarely on the table as a key strategic issue, ***the time is now right for an integrated total talent acquisition solution.***

For many, ***talent is considered the new currency driving the global economy*** and that currency comes in various forms. To ensure their organizations get that currency, corporate attitudes are moving away from the “one-size-fits all” employee only approach.

Whatever we call it ... blended, integrated, total talent ... this great migrant to integrated RPO and MSP may very well be the Next Best Thing ... ***and coming soon!***

“Delivery success will be highly dependent on the maturity of the supplier’s operational structure, specifically globally integrated MSP and RPO delivery teams, combined with more strategic leadership and change management capability.”

- Darren Simons, US  
Global Managing Director, Allegis Global Solutions

“Providers must be prepared to blend their service delivery philosophies ... this is critical for a total workforce solution to succeed.”

- Tracey Friend, US  
Vice President, Direct Workforce Solutions, Agile 1



***Kay Colson*** is president of Resource Business Services and a senior associate with Brightfield Strategies. She specializes in workforce planning and talent acquisition consulting services. She can be reached at [kaycolson@SolutionsAtRBS.com](mailto:kaycolson@SolutionsAtRBS.com) or +1 972.849.9732.

## ***Acknowledgements***

Extracts from this article were first published in the June 2014 issue *Staffing Industry Review* magazine. Click here for that article <http://www.staffingindustry.com/Research-Publications/Publications/Staffing-Industry-Review/June-2014/The-Great-Convergence-MSP-and-RPO-models-coming-together>.

I would like to thank the following staffing professionals who shared their experience, insight and opinions.

*Roger Clements, Executive Director, Hyphen Workforce Solutions*

*Shelley Cushway, UK Recruitment Lead, Aviva UK&I*

*Tracey M. Friend, VP, Solutions Architecture, Agile•1*

*Mike Marschke, Account Executive and Channel Manager, Peoplefluent*

*Dave McGonegal, Vice President, Strategic Client Solutions, ManpowerGroup Solutions*

*Sarah Peiker, Vice President, RPO Practice Lead, EMEA, ManpowerGroup Solutions*

*Matthew Rodger, Managing Director, Alexander Mann Solutions*

*Darren Simons, Global Managing Director, Allegis Global Solutions*

*Gil Smith, Head of Strategic Operational Excellence and Continuous Improvement, Allegis Global Solutions*