

Innovation in IT Staffing: Impact of Offshore Recruiting

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Global 1000 CEO Survey

Booz Allen and IBM asked Global 1000 CEOs,
“What will be the most important factor influencing
your organization's achievement of its' strategic
objectives?”

Booz Allen Hamilton, *Mastering the Innovation Challenge*, 2006 , IBM, *Expanding the Innovation Horizon*, 2006, IBM, *Expanding the Innovation Horizon*, 2006

Global 1000 CEO Survey

The overwhelming response:

Innovation

89% of respondents view innovation as 'important' or 'very important' to strategic objectives

Booz Allen Hamilton, *Mastering the Innovation Challenge*, 2006, IBM, *Expanding the Innovation Horizon*, 2006, IBM, *Expanding the Innovation Horizon*, 2006

Innovation Amongst Global 1000

“The nature of innovation...has changed...It’s no longer individuals...coming up with some great invention. It’s multi disciplinary. It’s global. It’s collaborative.”

-Sam Palmisano, Chairman, President and CEO, IBM

“Constant reinvention is the central necessity at GE... We’re all just a moment away from commodity hell.”

-Jeffery Immelt, Chairman and CEO, GE

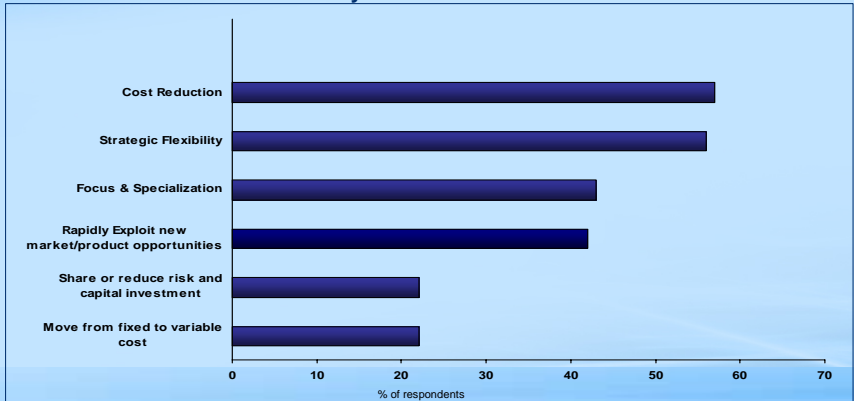
Types of Innovation

- Product/Service
 - Permanent Placement
 - Workforce Management
 - Recruitment Process Outsourcing
- Markets
 - Finance and Accounting
 - Engineering
 - Legal
- Business Model

Business Model Innovation

- Global CEO's stated that business model innovation will have a greater impact on operating margin growth, than product or service innovation.

Benefits Cited by Business Model Innovators:



Business Model Innovation

Unique challenges

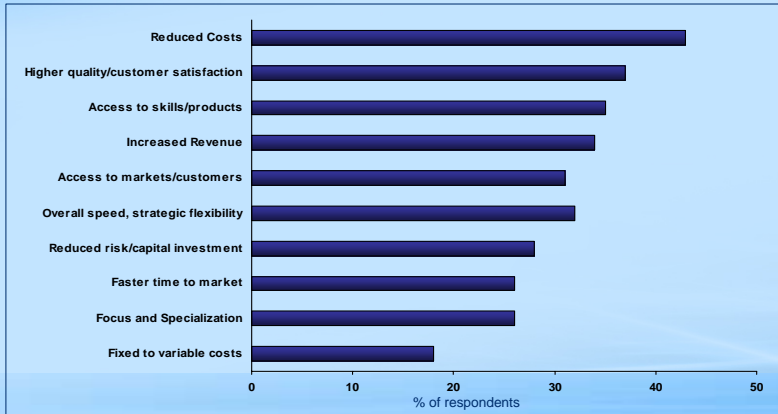
- Execution is more difficult
- Organizational resistance must be converted into acceptance
- Executive leadership is critical
- Collaboration: Internal and External



Benefits of Collaboration

- Extensive collaborators outperformed the competition in both revenue growth and operating margin.

Collaboration Benefits cited by CEOs



Innovation in the IT Staffing Industry

Innovators are leaders...

...they recognize a limited window of opportunity and act!



Innovation in IT Staffing

Innovation has come slowly...there are exceptions

- Advent of Applicant Tracking Systems (ATS)
 - Improved efficiency of searching and managing internal records
- Introduction & growth of online job boards
 - Finding candidates faster, but “proprietary ATS” reduced
- Proliferation of VMS and MSP
 - Improved corporate control
 - Increased buyer efficiency



I.T. Staffing Industry Challenges

Overcome current challenges through offshore recruiting:

- Dwindling pool of qualified candidates
 - 45% of employers report difficulty filling positions*
 - 38% of employers report paying higher wages*
 - Available to all competitors on job boards
 - Multiple offers – gaining commitment harder
- VMS/MSP model
 - Client relationships impacted: recruiting overshadows sales
 - Accelerated turnaround time, increased accountability
 - Reduced gross margins
- Attracting and retaining experienced recruiters
 - Limited number available
 - Costs on the rise

*Oct. 2006 Survey by Manpower Inc.

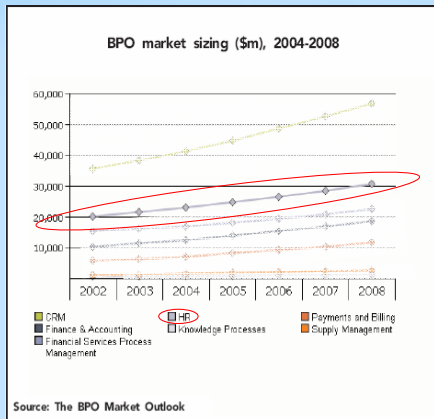


Offshore Recruiting

...the next innovation in IT Staffing

The Offshore Landscape: BPO/HRO/RPO

- BPO Spending expected to grow from \$112.1 billion in 2005 to \$144 billion in 2008
- HRO/RPO predicted to grow from \$23 billion in 2004 to over \$30 billion in 2008:
 - Offshore is expected to comprise 10%-15% of HRO/RPO market
- India: Largest provider of offshore BPO services:
 - Nearly ½ the global offshore BPO market



Benefits: Offshore Sourcing and Recruiting

Optimize Candidate Sourcing, Screening, and Recruiting:

- Increase candidate volume
- Better qualify candidates
- Accelerate time-to-fill
- Lower the cost per hire

Outperform Your Competition

Elements & Keys to Offshore Sourcing

Candidate Identification

- Online job board search
- Boolean search expertise
- Skill/Match review
- Day and night shift available

Elements

- Proactive pool-building
- Review & refine search criteria
- Metric tracking
(# screened, submitted, placed)
- Client eMail address

Keys

Elements & Keys to Offshore Screening

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- Phone and eMail contact
- Candidate availability
- Travel/relo restrictions
- Salary requirements
- Candidate networking
- Additional client-defined criteria

- Align Sourcers with Recruiters
- Daily contact with recruiters (phone, email, IM)
- Proper proactive & reactive mix
- Strong communications skills
- Pre-defined eMail and phone scripts

Elements

Keys

Elements & Keys to Offshore Recruiting

Candidate Hiring

- Candidate assessment
- Positioning (“selling the job”)
- Salary negotiation
- Reference & background checking
- Interview scheduling & prep
- Secure final commitment
- Pre-employment candidate management

Elements

- Treated like your internal recruiters
- Defined responsibilities and expectations
- Client knowledge transfer (process/differentiators)
- Ongoing training
- ATS access
- Engagement Management

Keys

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- Client-defined criteria
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- Daily contact (phone, email, IM)
- Proactive & Reactive mix
- Strong communications skills
- Client designed eMail and phone scripts
- Customer & cultural knowledge

Candidate Identification

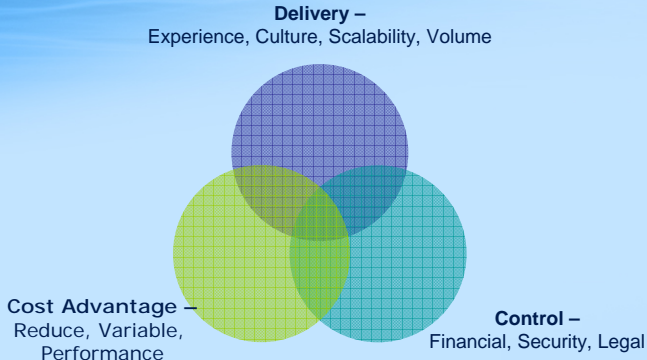
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Where Can Offshore Be Applied?

Effective across all job types, industries, and geographies

- High-value “relationship” accounts
 - Optimize your most valuable recruiters with offshore sourcing
- Vendor Management accounts
 - Better address the VMS challenge - “new revenue” and better focus
- Business expansion
 - Cost effectively build out new geographies by leveraging offshore
 - Agility - adapt quickly to new market opportunities

Keys to Finding The Right Offshore Partner

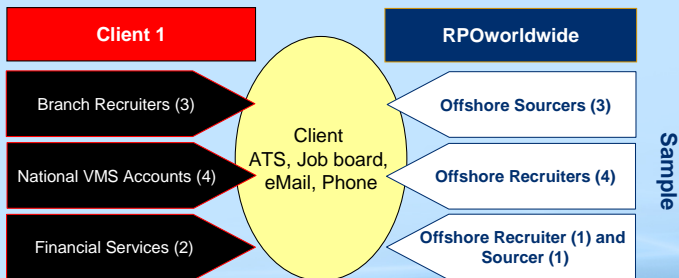


Select a partner that best addresses all three components

Getting Started with a Pilot

Parameters for a successful pilot include:

- Executive sponsorship
- Assigned Tactical Lead (client side)
- Sufficient size (10-15 team members)
- Duration (3 to 6 months)
- Applied across multiple business segments (geographic, industry, client type)



Engagement Process



Following these core processes will help mitigate your risk and maximize your return...



Return on Investment: Offshore Sourcing

- Provides enhanced Recruiter productivity & broader market coverage
 - Average U.S. recruiter produces 3 placements per month
 - Sourcers can increase Recruiter productivity 20-25%
 - 9 additional placements per year

\$125,000 increased gross profit

*average GM \$ per placement of \$15K



Avg. annual cost per Sourcer: \$20,000

6:1 ROI

Return on Investment: Offshore Recruiting

- Provides significant cost savings and expanded hiring capacity
 - Average U.S. Recruiter cost per year: \$80,000 to \$100,000 (salary, commission, benefits, overhead)
 - Average offshore Recruiter cost per year: \$30,000 to \$45,000 (inclusive)

50+% cost savings!

Conclusion

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