

RPO Contracts Discussion

November 2007



Fun Facts - 15 Recent Multi-Year RPO Contracts

- Average Deal Size: 2,900 Annual Hires
- 33% Enterprise-Wide Engagements
- Average Duration: 3.2 Years
- SLAs Included:

87 %	Time to Fill / Fill ratio	53 %	Candidate Satisfaction
<u>87 %</u>	Hiring Mgr. Satisfaction	<u>53 %</u>	Diversity Slate
<u>53 %</u>	Candidate Quality	<u>47 %</u>	Data / Process Integrity
- Pricing Structure:

<u>53 %</u>	Price Per Hire (Predominantly)
<u>40 %</u>	Combination (e.g. Req Fee, Management fee, Hire Fee)
<u>7 %</u>	Management Fee (Predominantly)
- 100% “Exclusivity” Provisions

Fun Facts (continued)

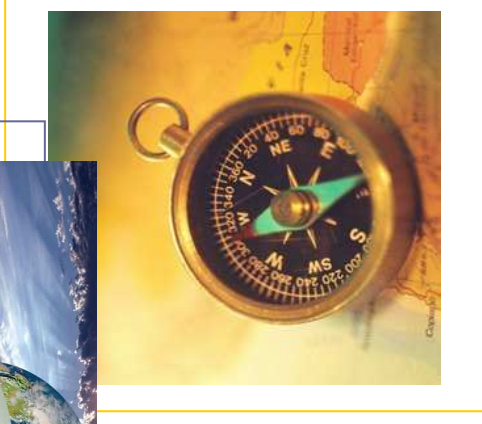
15 Recent RPO Contracts

- Average Number of Pages: 59
- Most Pages: 151
- Least Pages: 14

Time to Negotiate:

10 Weeks	7000+ Hires
<u>8 Weeks</u>	<u>6200+ Hires</u>
<u>4 Weeks</u>	<u>5500+ Hires</u>
<u>2 Weeks</u>	<u>3000+ Hires</u>
<u>2 Weeks</u>	<u>1000+ Hires</u>
<u>5 Weeks</u>	<u>600+ Hires</u>

- 33% Involve a new ATS Installation



Typical Elements of an RPO Contract

- Key Terms & Conditions
- Services/Service Delivery Model
- SLAs/KPIs
- Pricing/Charges
- Transition Plan
- Technology/Reporting
- Early Termination
- Governance
- Change Order Process
- Disaster Recovery

Common Mistakes to Avoid....

Mistake #1: One Sided Deal Terms

Buyer Consequences:

- Delivery problems
- “Nickel and Dime” Approach

Provider Consequences:

- Unprofitable
- Reputation Damage



Mistake #2: Setting SLAs without Solid Baselines/Benchmarks

Buyer/Provider Consequences:

- Targets Unreachable or Too Easily Attained
- Potential Financial Rewards/Penalties
- Various Aspects of Business Case Not Achieved

Common Mistakes to Avoid (continued)....

Mistake #3: Lack of Contract Flexibility

Buyer/Provider Consequences:

- “Continuous” Contract Negotiations
- Inflexible Partnership/Strain in Relationship

Mistake #4: Unclear Roles/Responsibilities/Business Rules

Buyer Consequences:

- Suboptimal Hiring Manager Behavior
- Poor “Candidate Experience”

Provider Consequences:

- SLAs Not Achieved (e.g. Time-to-Fill)
- Negative Financial Impact

Mistake #5: Pricing Mismatched w/Delivery (e.g. Price Per Employee)

Buyer/Provider Consequences:

- Potential Wild Fluctuating In Value Delivered vs. Fees Paid



RPO Contract Trends...

- More Advisory Firm Involvement
- More Sophisticated Buyers, Particularly related to SLAs
- More “Mega” Deals
- More Interest in Global Deals, But Still Few Multi-Continent Deals Executed