

# European Contingent Staffing Trends

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Staffing Industry Analysts

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## European and North American Staffing Markets



Size of staffing market  
2010 = €91 Billion

Forecast Growth 2011  
= 11%

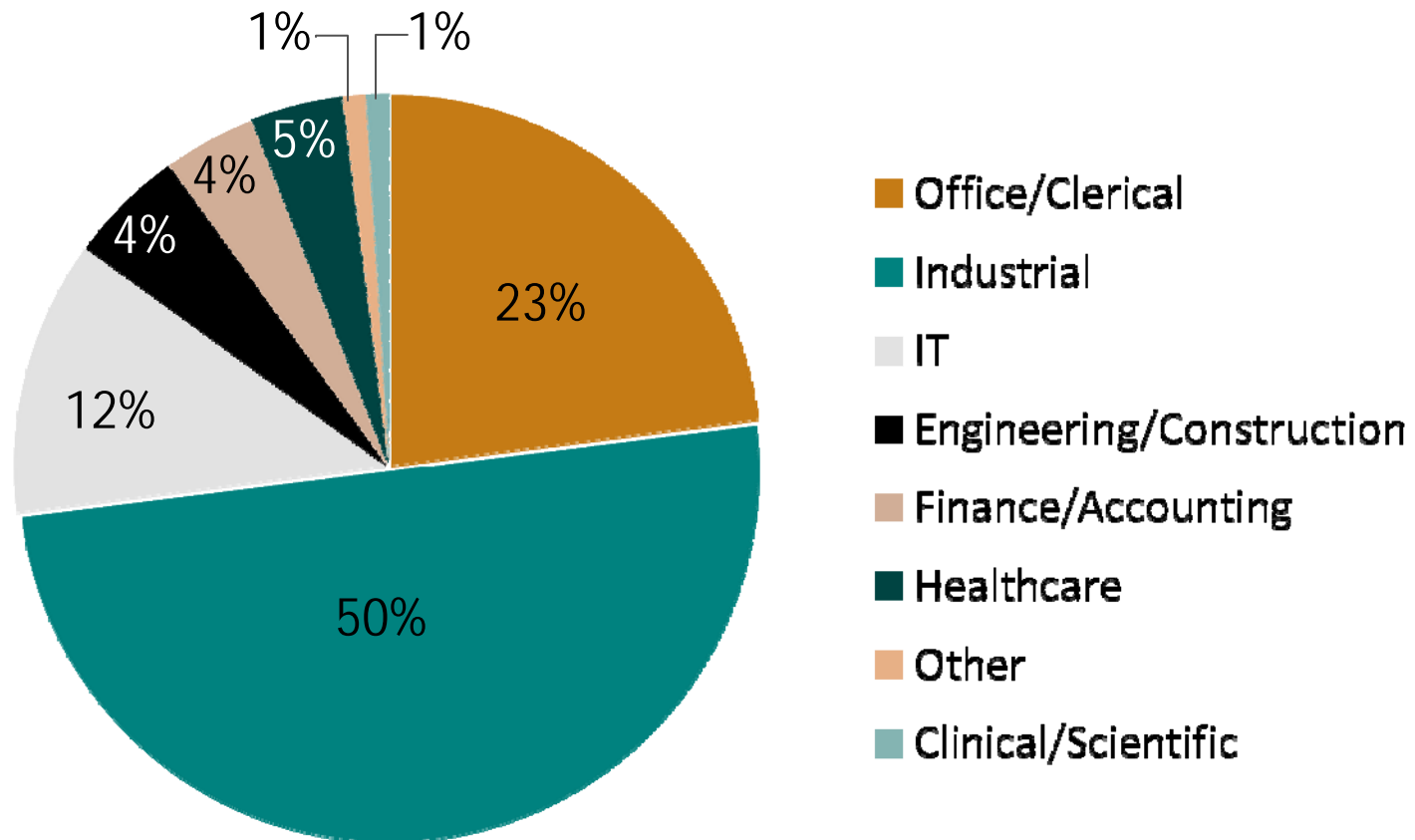


Size of staffing market  
2010 = €60 Billion

Forecast Growth 2011  
= 12%

Source: Staffing Industry Analysts

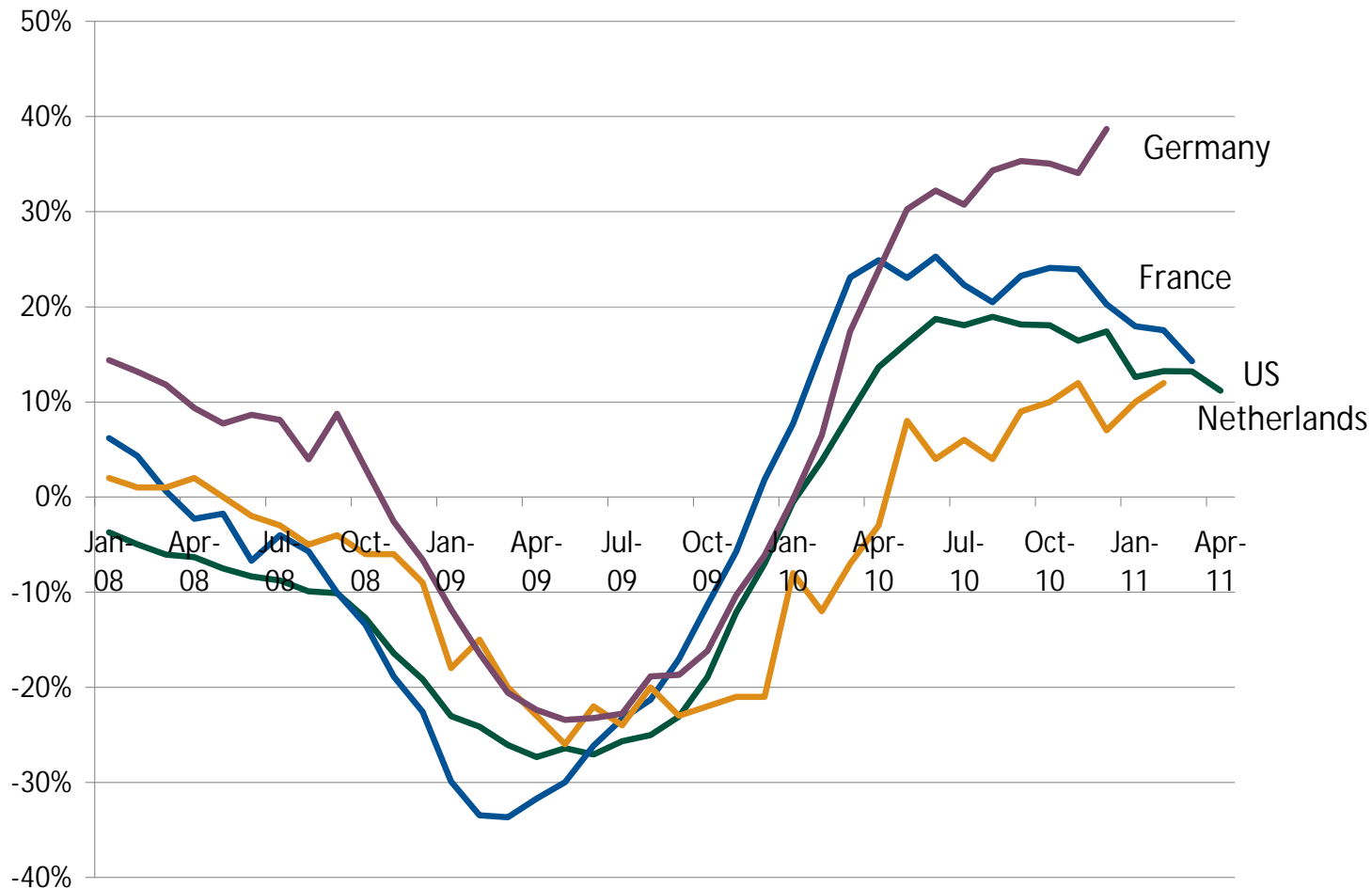
## European Staffing Market by Sector



Source: Staffing Industry Analysts

# Agency Temp Employment Has Returned to Growth

Year-Over-Year Change in Temp Employment for Select Countries



Source: Staffing Industry Analysts and US Bureau of Labor Statistics. ABU Netherlands, Pole Emploi France, BAP Germany - Note: Based on change in employment or hours worked as available

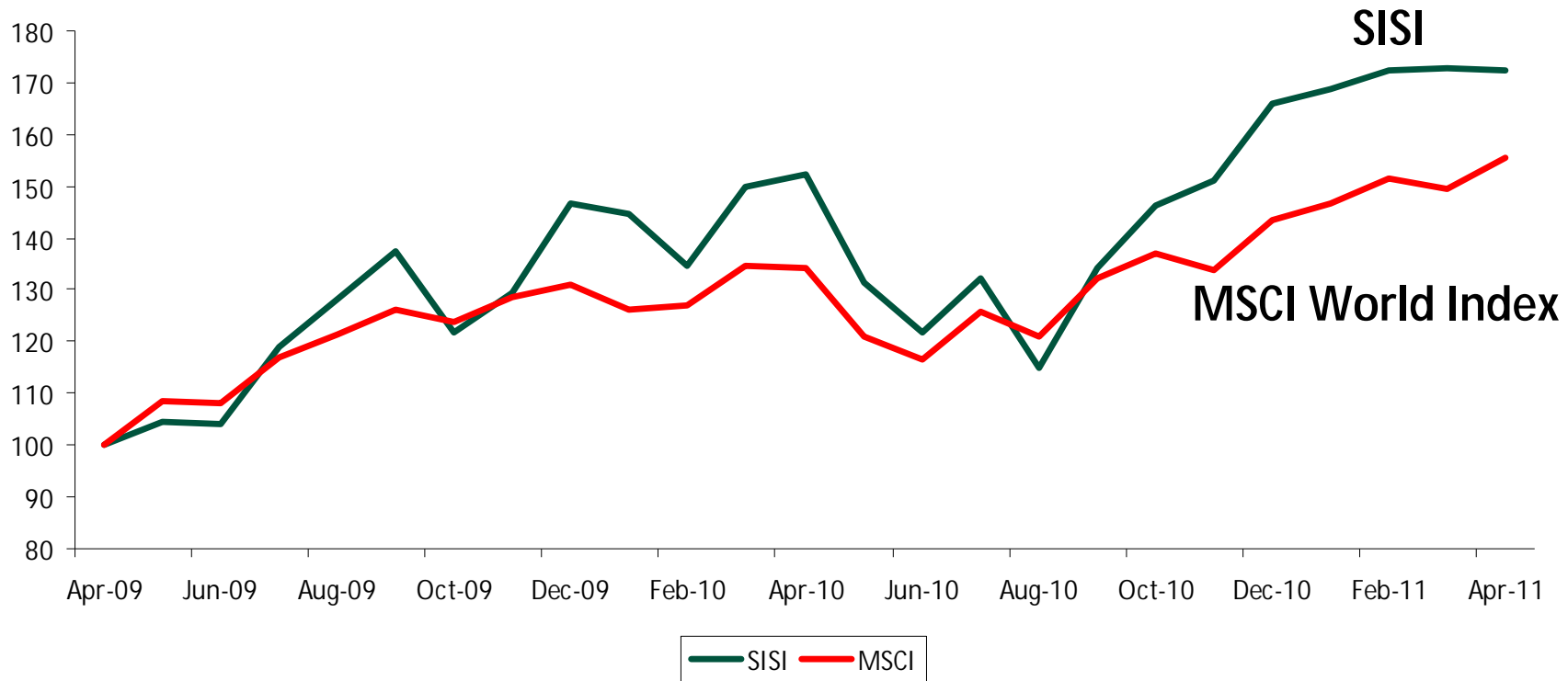
## Top 10 European Staffing Companies

Rank	Company	Latest Annual Sales (€m)	Change over prior year
1	Adecco	12,126	+24%
2	Randstad	11,343	+10%
3	ManpowerGroup	9,281	+17%
4	USG People	3,099	+3%
5	Hays	1,792	+10%
6	Synergie	1,207	+30%
7	Groupe CRIT	1,094	+16%
8	Trenkwalder	1,000	+27%
9	Impellam	983	+13%
10	Kelly Services	763	+2%

Source: Company Financials and Staffing Industry Analysts

# The Stock Market is Bullish on Staffing

Staffing Industry Stock Index (SISI) Performance 2009 to 2011



Source: Yahoo Finance and Staffing Industry Analysts



















Note: SISI is market capitalization weighted and includes a selection of global staffing stocks. Adecco, Randstad, ManpowerGroup and Robert Half make up approximately  $\frac{3}{4}$  of the index value based on market cap.

## Temporary Staffing Growth Forecasts

Country	Structural	Legislative	Economic	GDP 2011	Growth Rate
Sweden	☹️	😊	😊	4.2%	21%
Germany	☹️	☹️	😊	2.6%	20%
Italy	😊	😊	☹️	1.0%	20%
Austria	☹️	☹️	😊	2.4%	15%
Norway	☹️	😊	😊	2.7%	15% ↑
Denmark	☹️	☹️	😊	1.7%	14%

Source: Staffing Industry Analysts' Forecast










## Temporary Staffing Growth Forecasts

Country	Structural	Legislative	Economic	GDP 2011	Growth Rate
France				1.8%	12%
Finland				3.7%	12% ↑
Belgium				2.4%	12%
Switzerland				1.9%	9%
Netherlands				1.9%	8%
Spain				0.8%	7% ↓

Source: Staffing Industry Analysts' Forecast



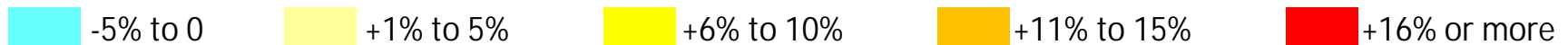
# Temporary Staffing Growth Forecasts

Country	Structural	Legislative	Economic	GDP 2011	Growth Rate
Ireland				0.9%	4%
UK				1.7%	3% ↓
Portugal				-2.2%	0%

Source: Staffing Industry Analysts' Forecast

## Heat Map: Staffing Sector Growth 2010/2011

Sectors	UK	FR	DE	NL	IT	BE	ES
Office/Clerical	Light Yellow	Orange	Red	Light Yellow	Red	Orange	Light Yellow
Industrial	Light Yellow	Orange	Red	Light Yellow	Red	Orange	Light Yellow
IT	Orange	Red	Red	Light Yellow	Red	Red	Orange
Engineering/Construction	Light Yellow	Red	Red	Light Yellow	Orange	Orange	Orange
Finance/Accounting	Light Yellow	Orange	Orange	Light Yellow	Orange	Orange	Light Yellow
Healthcare	Cyan	Light Yellow	Orange	Light Yellow	Orange	Orange	Light Yellow
Legal	Light Yellow	Orange	Orange	Light Yellow	Orange	Orange	Light Yellow
Clinical/Scientific	Orange	Red	Red	Red	Red	Red	Orange
Education	Light Yellow						



Source: Staffing Industry Analysts' Forecast

# EU Agency Workers Directive

- Effective Date: 5 December 2011
- Two main features
  - Equal treatment for basic working and employment conditions
    - Main impact in UK and Ireland
      - Agency Workers Regulations
    - No impact in Germany and Sweden
  - Review of existing staffing legislation
    - Remove or justify

## Restrictions Still in Place

Country	Assignment Duration Restricted	Limitation % agency workers	Assignment contract	Agency staffing provisions	Sector Prohibition	Assignment Justification
Austria		X			X	
Belgium	X		X		X	X
France	X		X			X
Germany	X	X				
Ireland		X				
Italy	X					X
Netherlands					X	
Spain	X	X		X	X	X
Sweden	X	X			X	

## Staffing Company Gross Margin Trends

Average	Latest Period	Year on Year Comparison	Change
All Companies	24.33%	23.39%	+0.94
Very Large Companies*	24.62%	23.80%	+0.82
Large Companies*	29.00%	27.29%	+1.71
Medium Companies*	18.54%	18.81%	-0.27
Small Companies*	33.58%	30.40%	+3.18
Highest	55.04%	43.13%	+11.91
Lowest	7.60%	7.96%	-0.36

\* Determined by Annual Revenue: Very Large = over €500m, Large= €50m-€500m, Medium = €5m-€50m, Small = less than €5m

Source: Staffing Industry Analysts

## European Staffing Company M&A

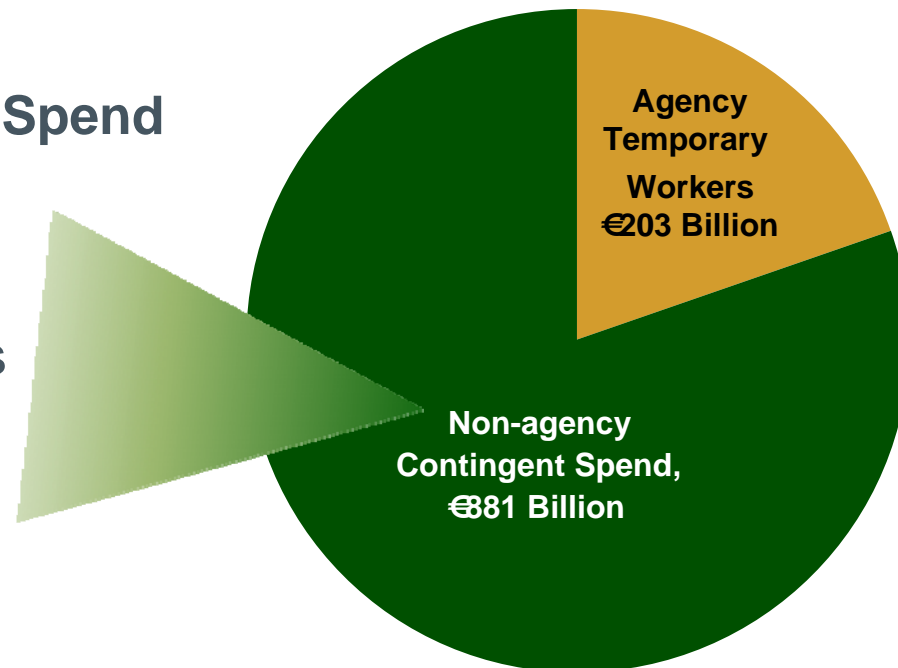
- 100 staffing company deals in Europe during 2010
  - ~ Healthcare by far the most active sector (18% of all deals)
  - ~ Recent significant deals
    - o Adecco: *Spring & MPS*
    - o Manpower: *Comsys*
    - o Blackstone Private Equity: *ICS Nursing and Pulse*
    - o Allegis: *Aston Carter (IT)*
    - o Trenkwalder: *Droege Capital GmbH*
- US acquirers are establishing themselves in countries where their key US clients need help

# Estimated €1.1 Trillion in Contingent Workforce Spend Globally

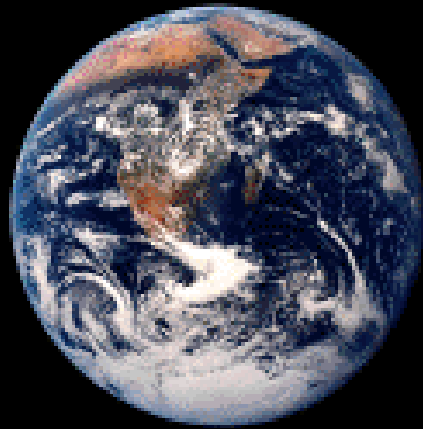
## Non-Agency Contingent Spend

- Independent Contractors
- Freelancers
- Independent Consultants
- Internal Temp Pools
- Fixed Term Contracts

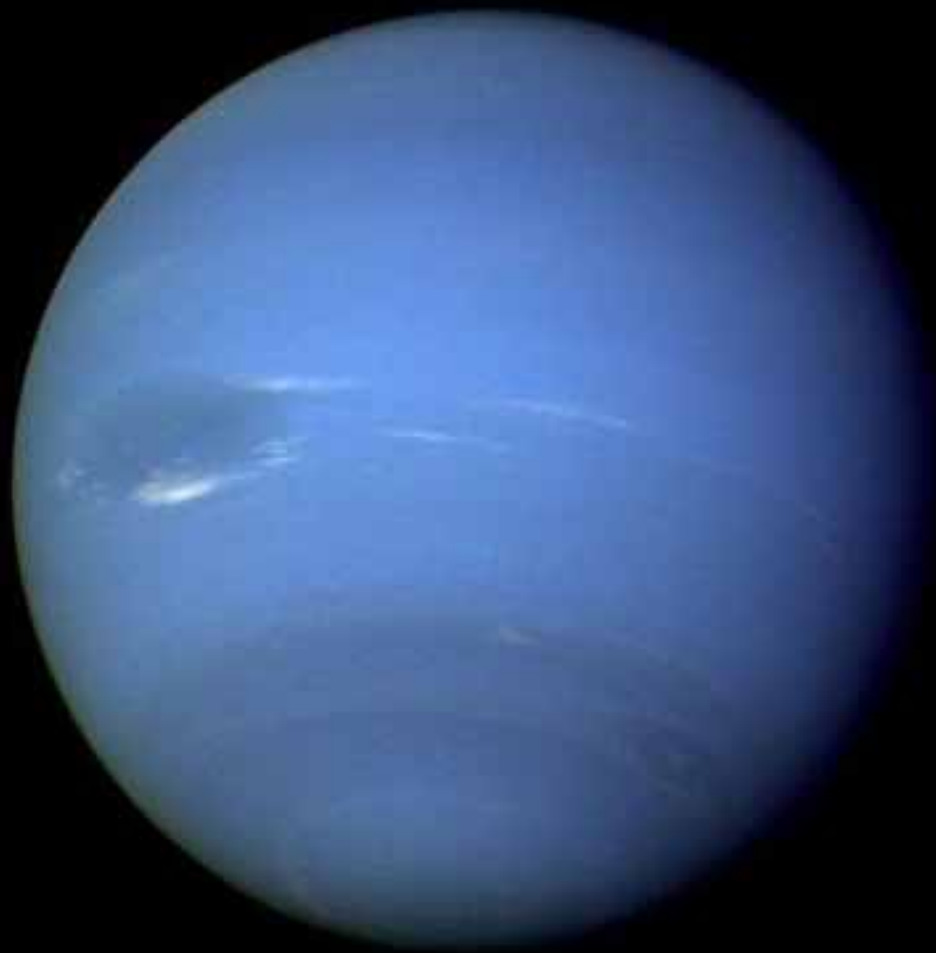
2009 Estimated  
Global Spending



Source: Staffing Industry Analysts Contingent Workforce Estimate – December 2010



**Agency  
Temps**

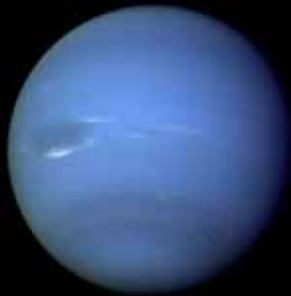


**Non-Agency Contingent Workers**

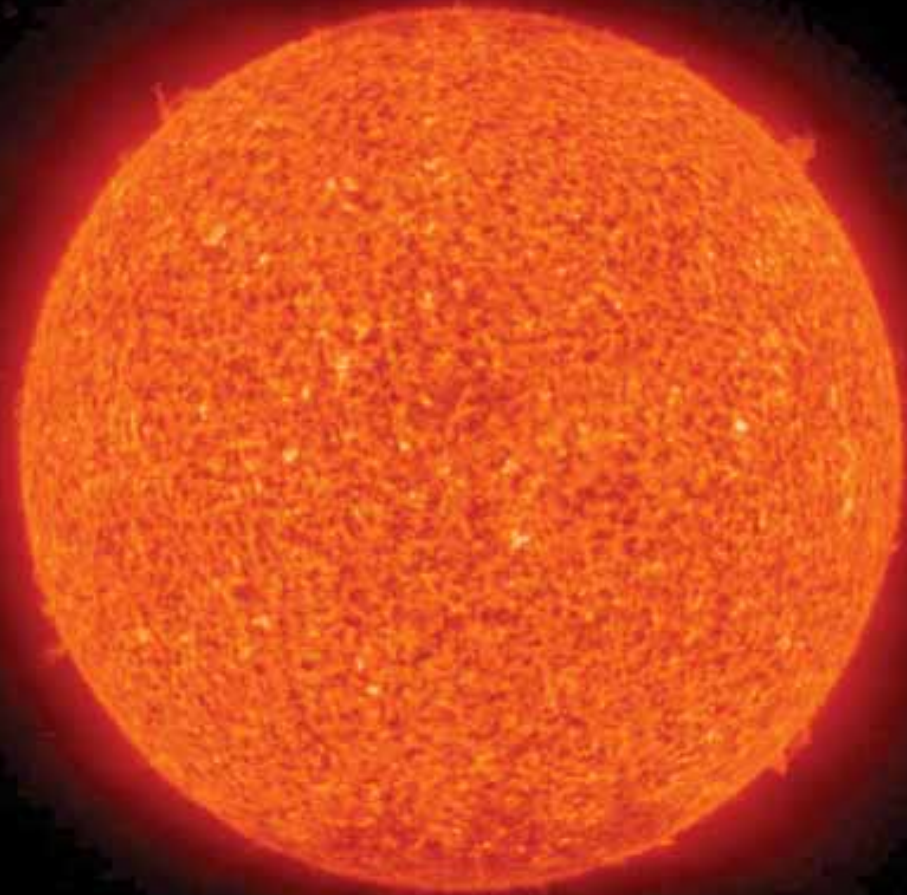




**Agency  
Temps**



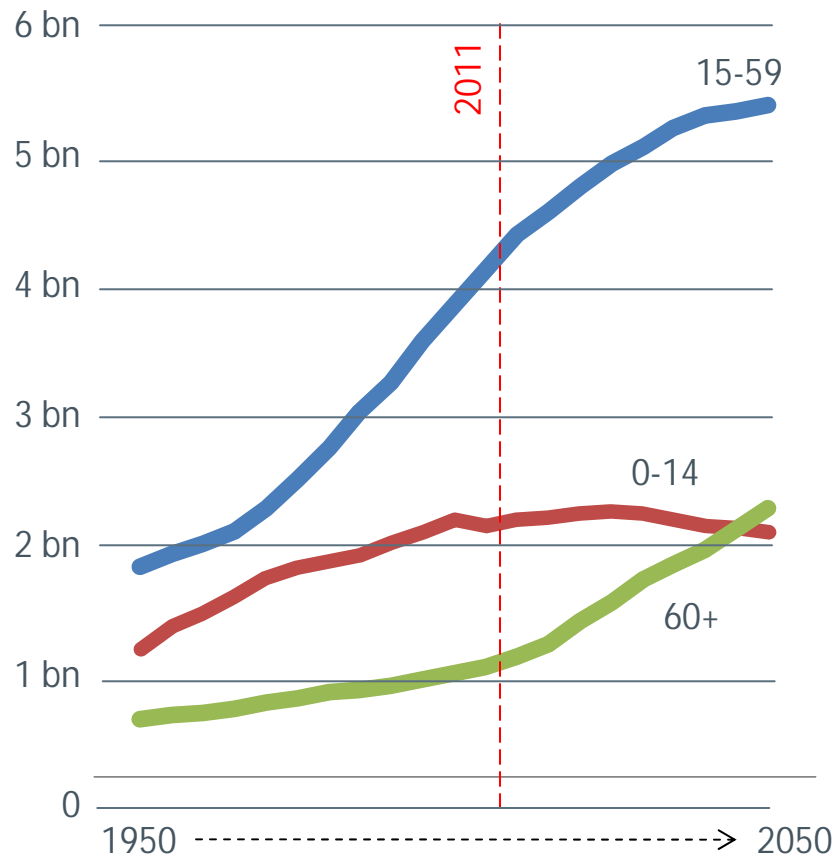
**Non-Agency  
Contingent  
Workers**



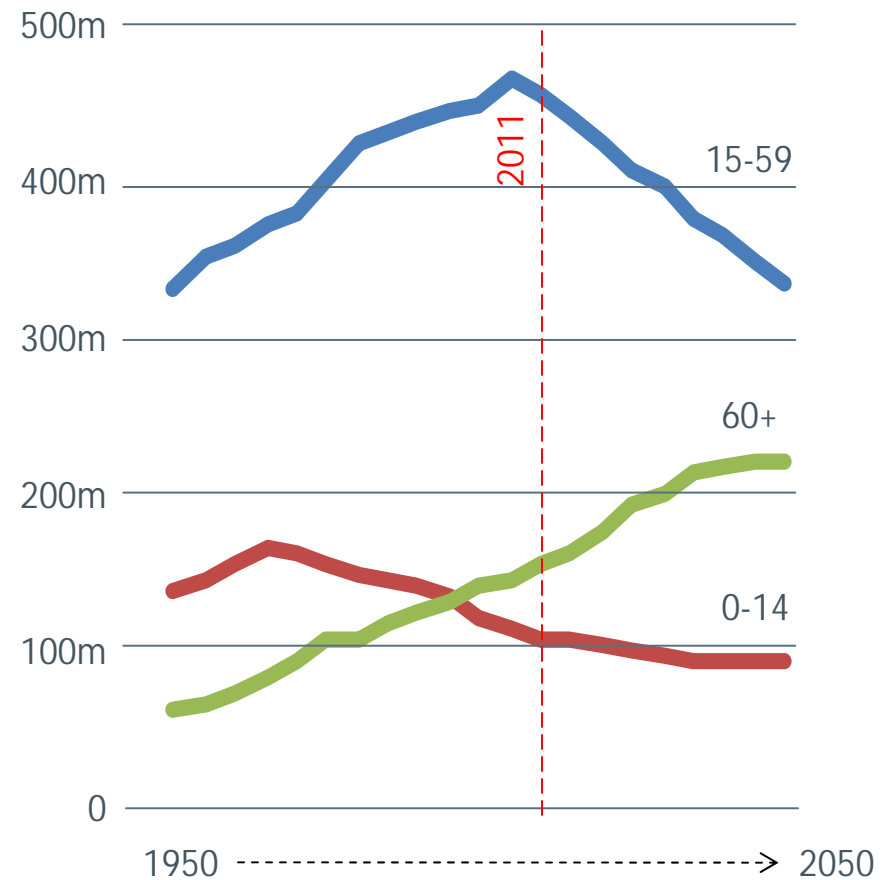
**Traditional Workers**

# The Demographic Crisis: It's Back!

World Population by Age Group



Europe Population by Age Group

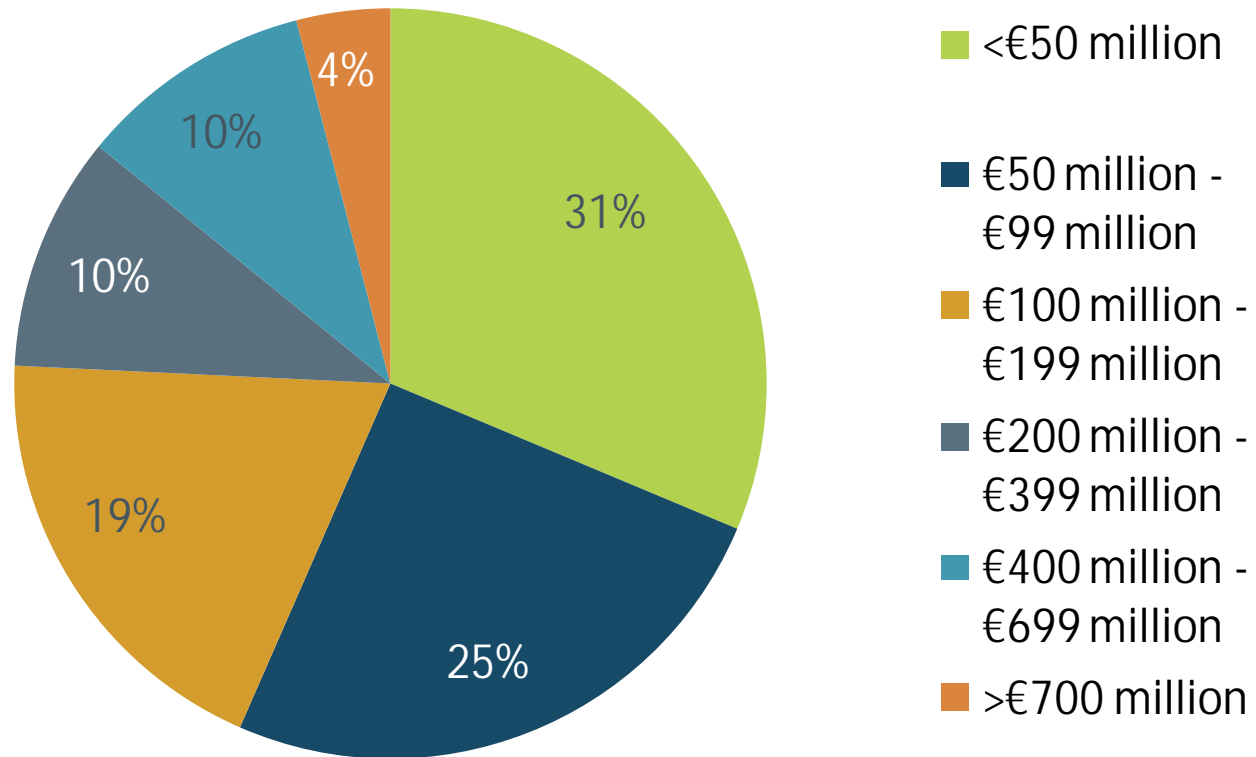


Source: UN Department of Economic & Social Affairs

# Contingent Workforce Buyer Survey 2011

# Contingent Workforce Buyer Survey

Survey Composition Europe: Estimated Annual Spend on Contingent Work



Source: 2011 Contingent Workforce Buyer Survey

## Question:

What do you think is the “right” or “healthy” proportion of contingent workers for your organisation today?

16%

Source: 2011 Contingent Workforce Buyer Survey

## Question:

What do you think is the “right” or “healthy” proportion of contingent workers for your organisation ideally?

17%

Source: 2011 Contingent Workforce Buyer Survey



## Question:

What is your best estimate as to how much your Organisation's expense budget would change if you had no contingent workers?

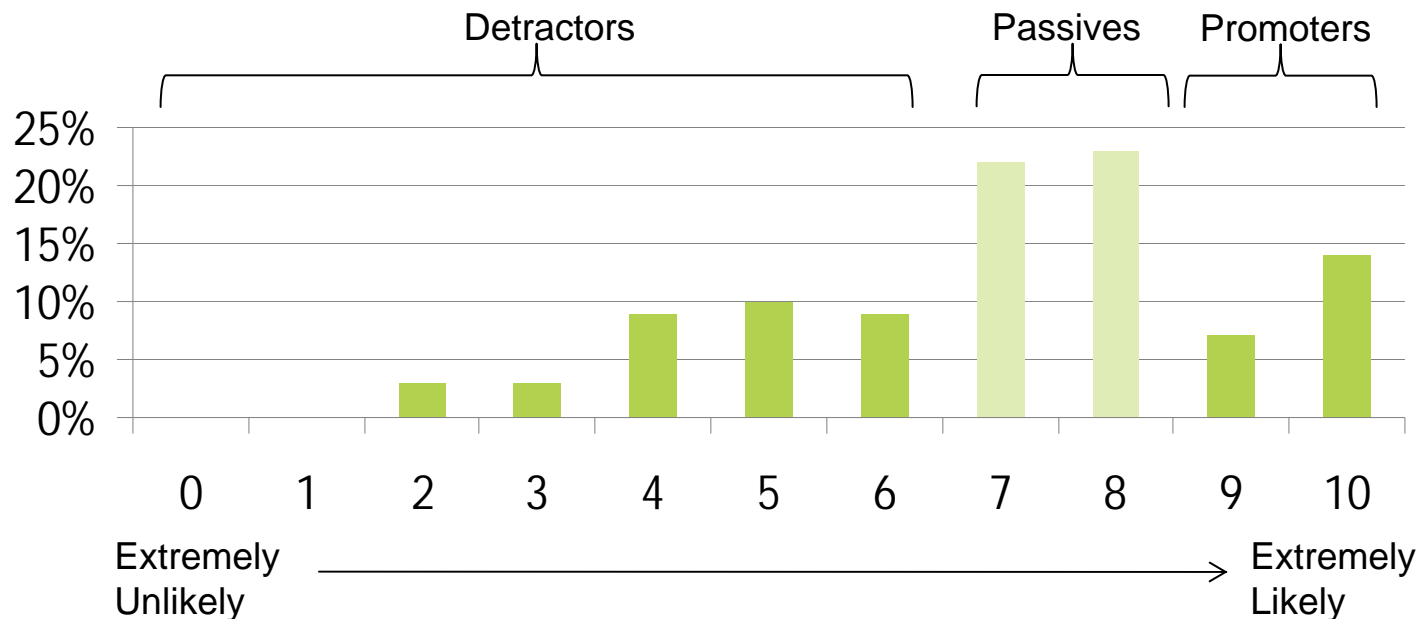
**+ 10%**

Source: 2011 Contingent Workforce Buyer Survey

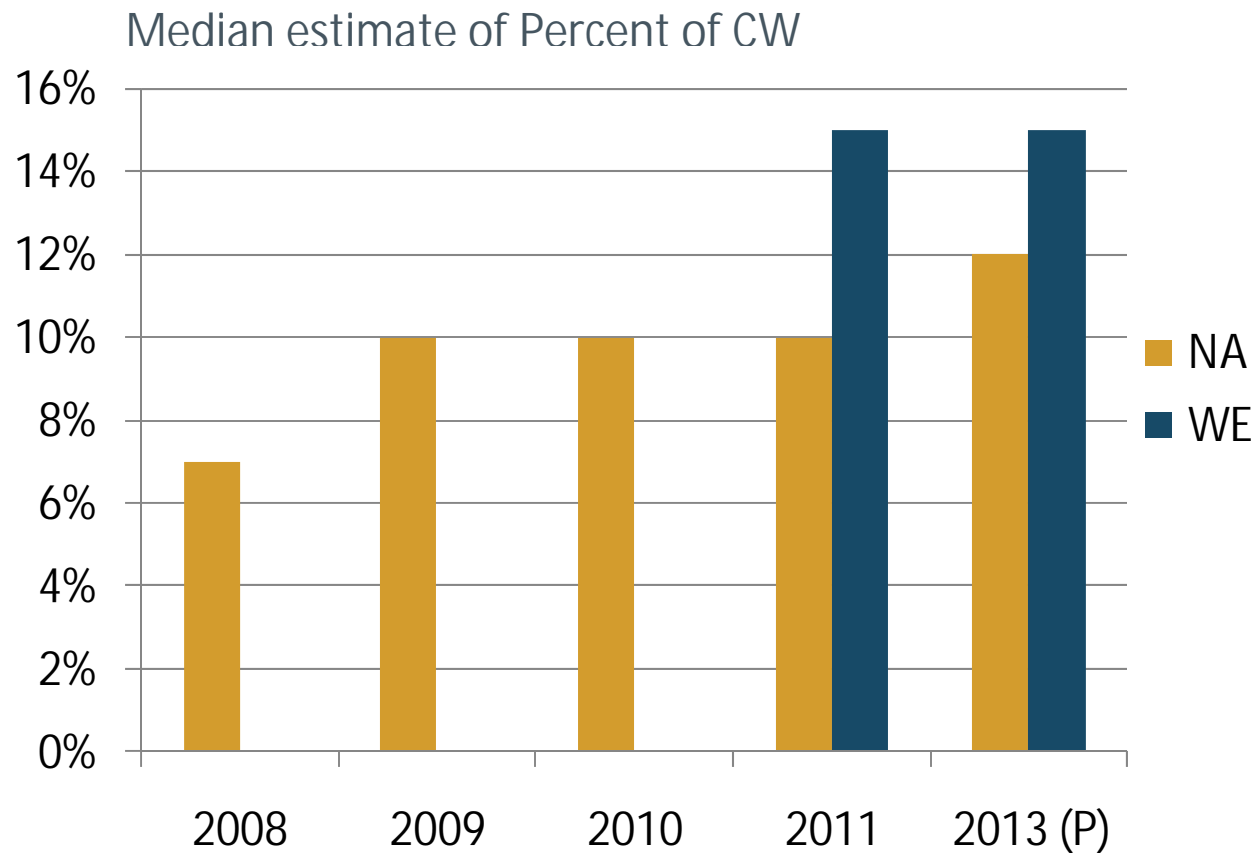
# Supplier Report Card

- How would you rate the overall performance of your primary staffing supplier?
- How likely are you to recommend them to a friend?
  - Net promoter score: Europe = -8, North America = +26

**B**



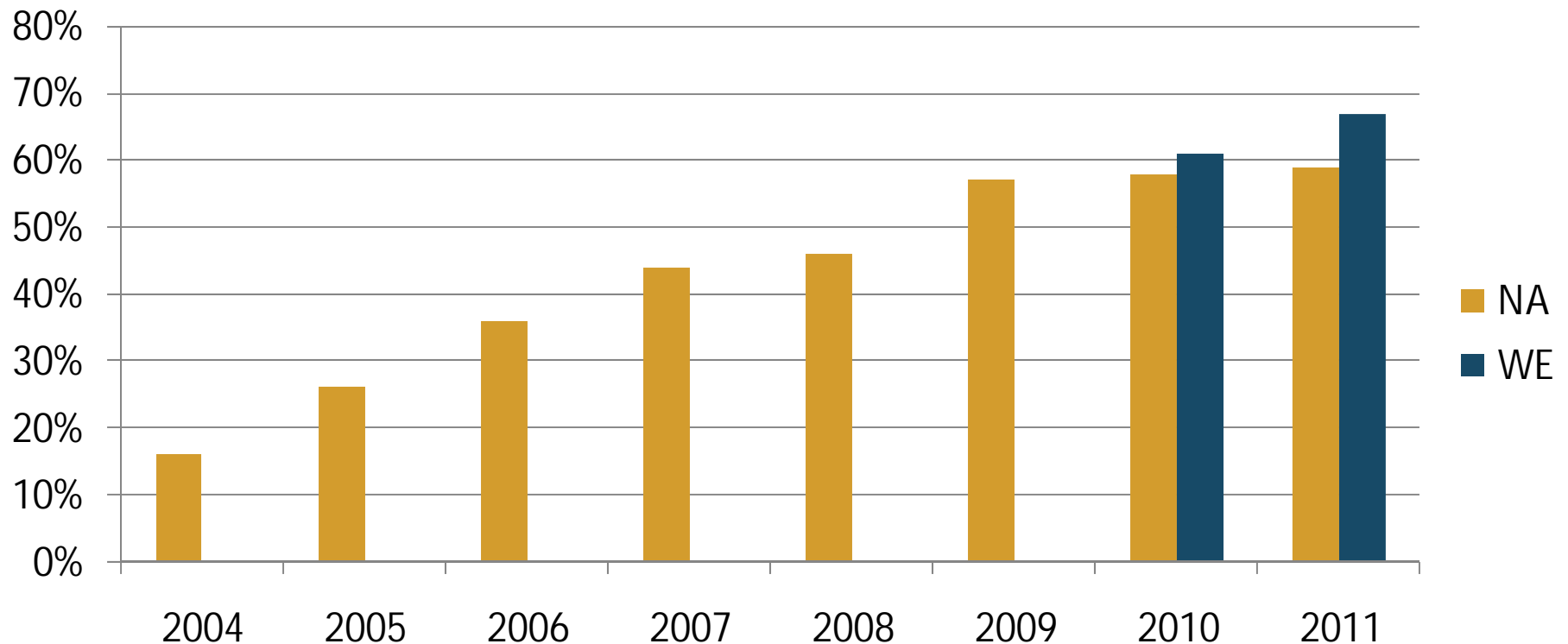
# Buyers Plan Increased Use of Contingent Work



Source: 2008-2011 Contingent Workforce Buyer Survey

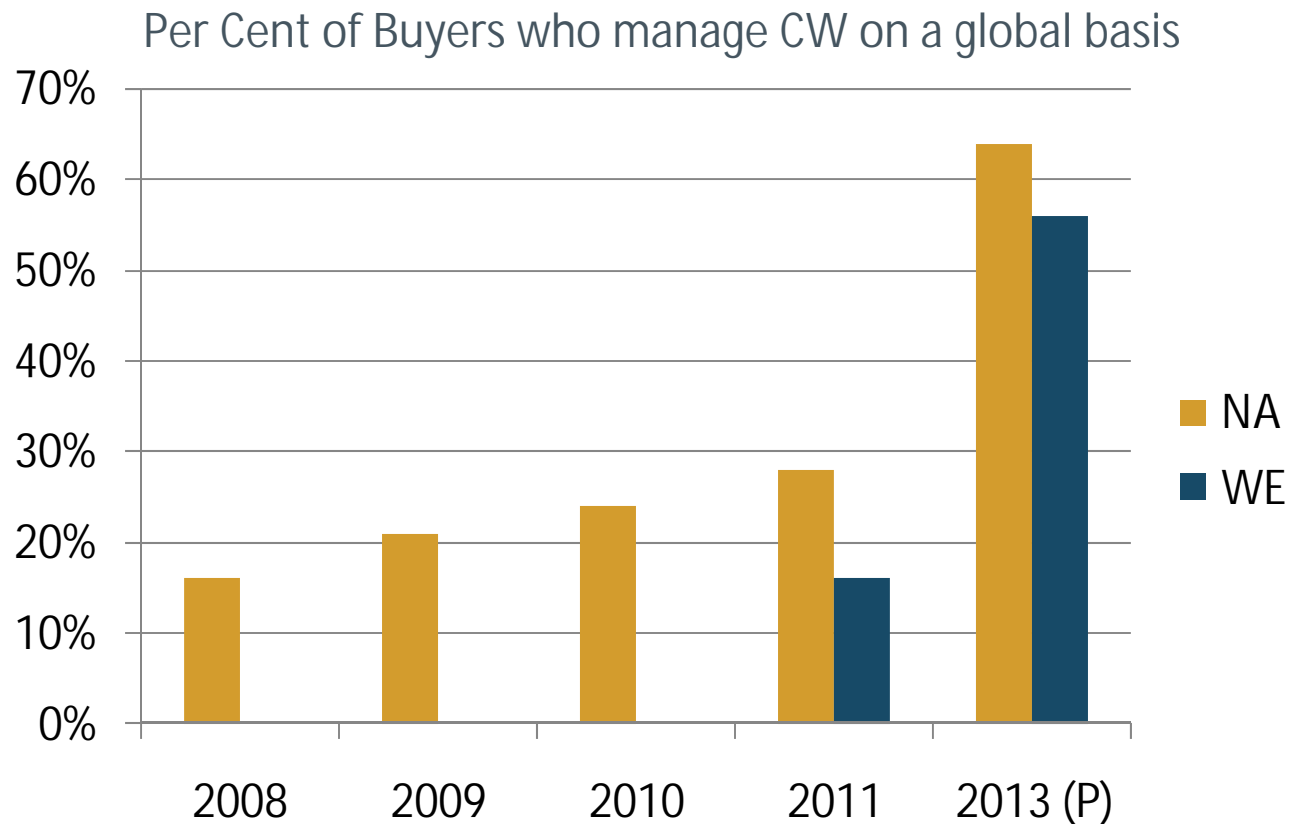
# Buyers More Focused on Contingent Work

Per Cent of Buyers who spent more than 50% of time on CW Issues



Source: 2004-2011 Contingent Workforce Buyer Survey

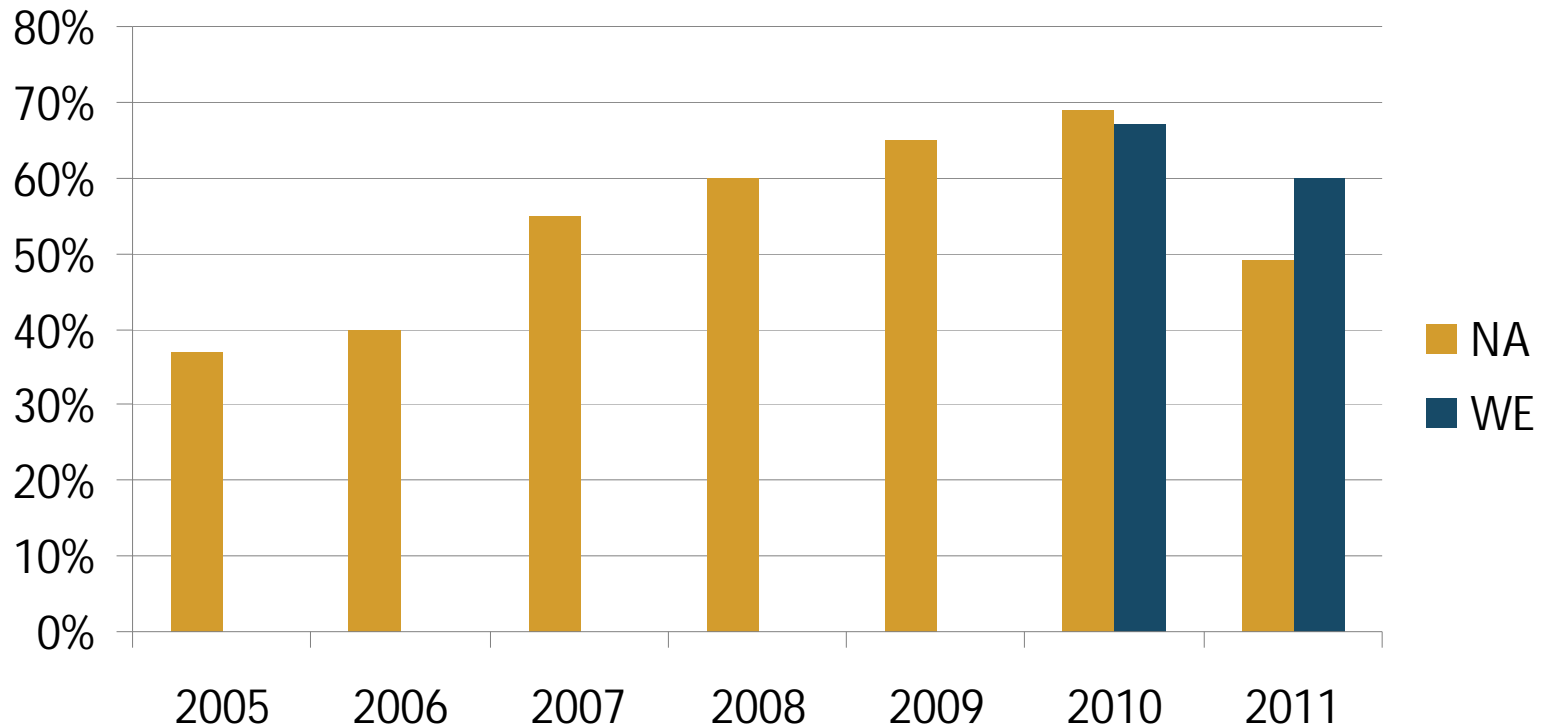
# Growing Interest in Global Contingent Workforce Programme Management



Source: 2008-2011 Contingent Workforce Buyer Survey

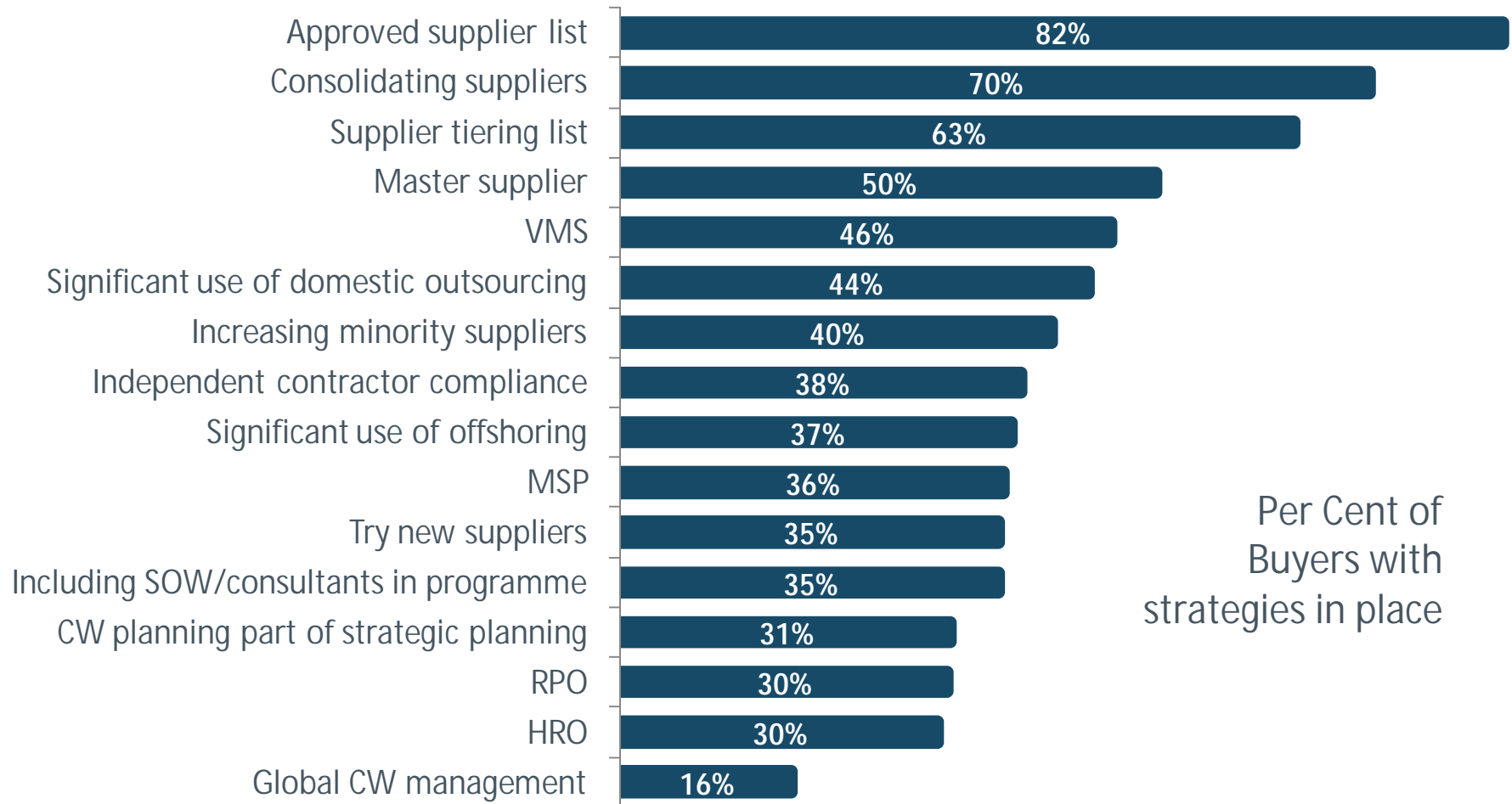
# Procurement in Lead

Per Cent of Buyers with Procurement taking lead in Staffing Supplier selection



Source: 2005-2011 Contingent Workforce Buyer Survey

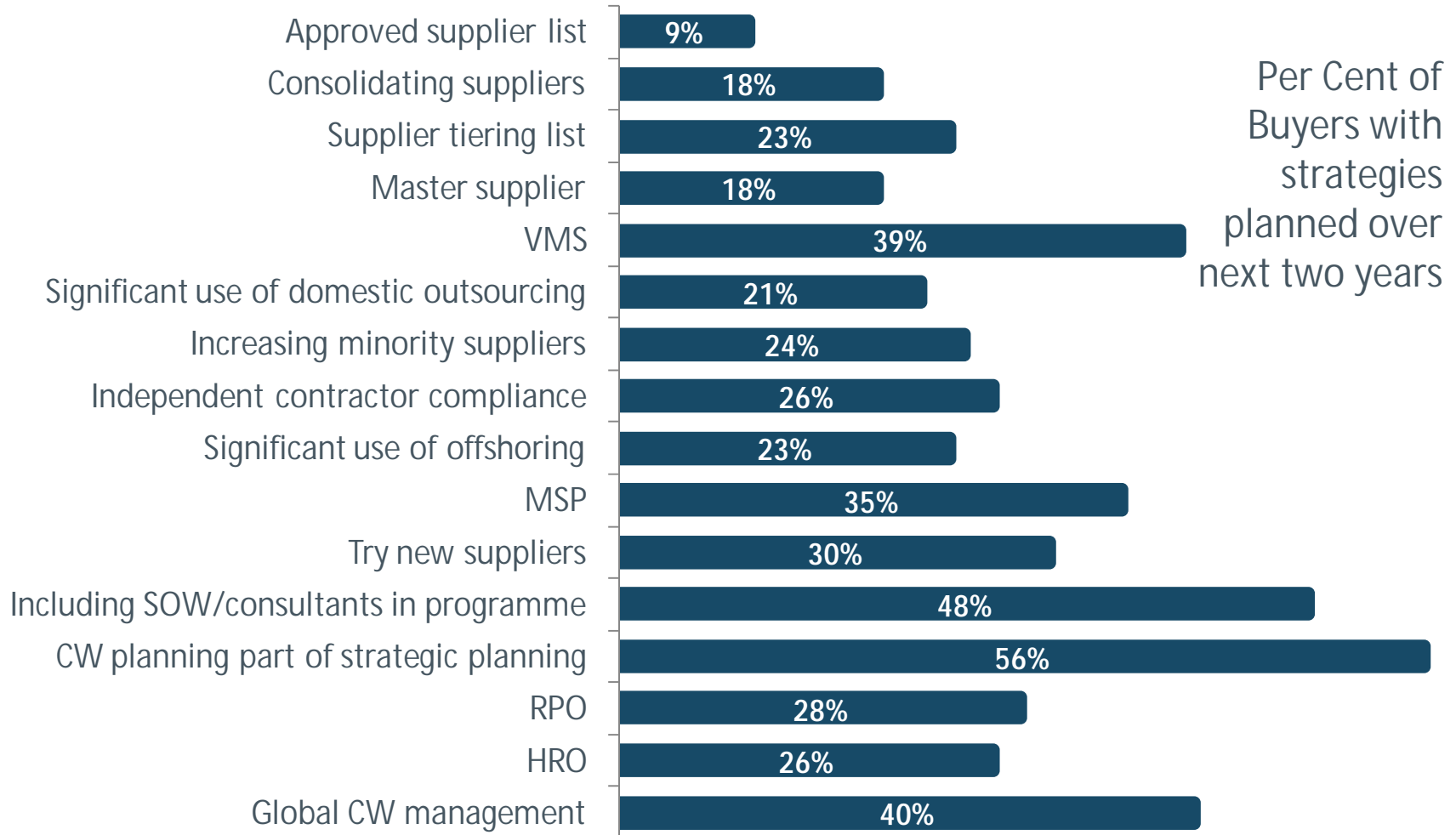
# Supplier Management Strategies in Place



Source: 2011 Contingent Workforce Buyer Survey



# Supplier Management Strategies Planned



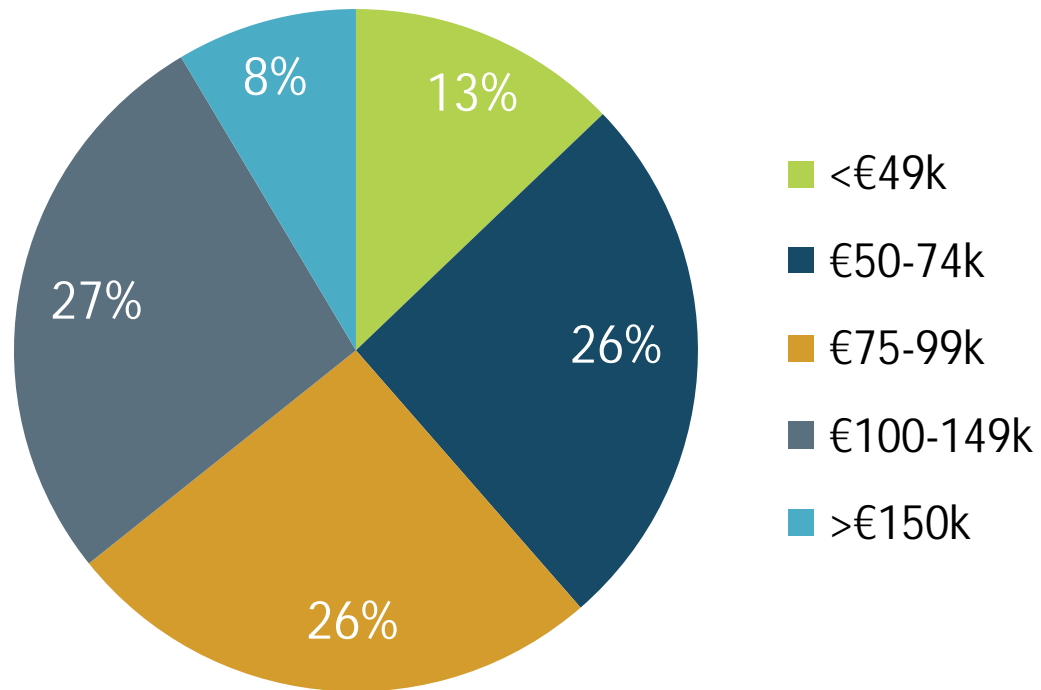
Source: 2011 Contingent Workforce Buyer Survey

# Contingent Workforce Buyer Compensation

Annual Base Salary 2010

Average Annual  
Base Salary 2010 =  
€88,200

Average Annual  
Increase  
2009/2010 = 3.7%



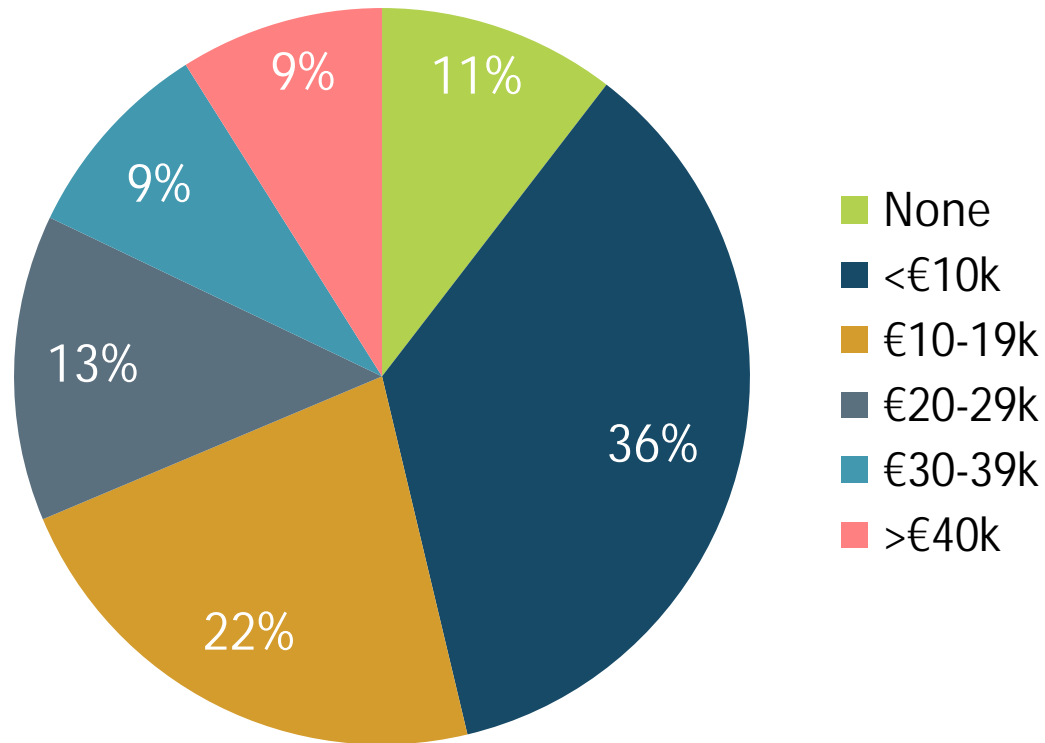
Source: 2011 Contingent Workforce Buyer Survey

# Contingent Workforce Buyer Compensation

Annual Bonus (or other compensation ) 2010

Average Annual Bonus 2010 = €15,279

Median 2010 = €10,000



Source: 2011 Contingent Workforce Buyer Survey



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## Networking Lunch and Exhibit Time

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