



WilsonHCG's Acquisition of Profile Search & Selection Strengthens Its Position as a Global RPO Provider

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Facts about this acquisition

On February 25, 2020, WilsonHCG, a global talent provider, acquired Profile Search & Selection, a Hong Kong-based human capital solutions provider. Profile Search & Selection provides search and selection services to financial services, commercial, and professional services clients in Asia, particularly in China, Singapore, and Hong Kong.

The acquisition is expected to help WilsonHCG in two significant ways:

- It will expand WilsonHCG's presence in the Asia Pacific region, not only to better serve its clients at a local level throughout Asia but also North America / global clients with Asia Pacific operations
- It will strengthen its executive search portfolio, complementing its suite of talent acquisition and advisory capabilities

This paper examines the potential impact this acquisition will have on WilsonHCG and implications for the broader RPO market.

Key drivers of this acquisition

Client growth and needs

This acquisition was driven by client growth and the need to provide services locally throughout Asia while leveraging regional expertise. The company made a host of acquisitions in the past with the aim of expanding its global presence and widening the scope of its offerings. A list of its acquisitions and the rationale behind those acquisitions is outlined in the table below.

Date	Acquisition	Rationale
April 2014	CPH	Expand into the UK market, including a stronger in-country/onsite presence
March 2015	Sumner Grace	Strengthen the talent consulting practice around talent strategy and design, technology assessment and vendor implementation, and HR transformation
April 2015	Head2Head	<ul style="list-style-type: none"> • Widen the North America footprint by increasing in-country presence in Canada • Strengthen contingent workforce management capabilities
February 2020	Profile Search & Selection	Expand and consolidate its positioning in the Asia Pacific market

Expand its Asia Pacific delivery footprint and local clientele in China

Profile Search & Selection has offices in Hong Kong, Singapore, Shanghai, and Beijing, with more than 100 consultants across these four locations. The acquisition adds to WilsonHCG’s delivery footprint and FTE count in the region, enabling it to cater to a larger client base, which is especially important as on-ground presence and a legal entity in-country is essential in China both to operate the China portion of global deals and to win China-only RPO deals. Having a legal entity will also benefit its clients as they will not need to sign separate RPO contracts for work in China. With the acquisition of Profile Search & Selection, WilsonHCG is a global player with clientele and delivery footprint in North America, EMEA, and the Asia Pacific region. This acquisition also provides businesses with access to a single provider with capabilities across the globe.

Exhibit 1 highlights WilsonHCG’s global delivery center presence following this acquisition.

EXHIBIT 1

WilsonHCG’s global delivery center presence

Source: Everest Group (2020)

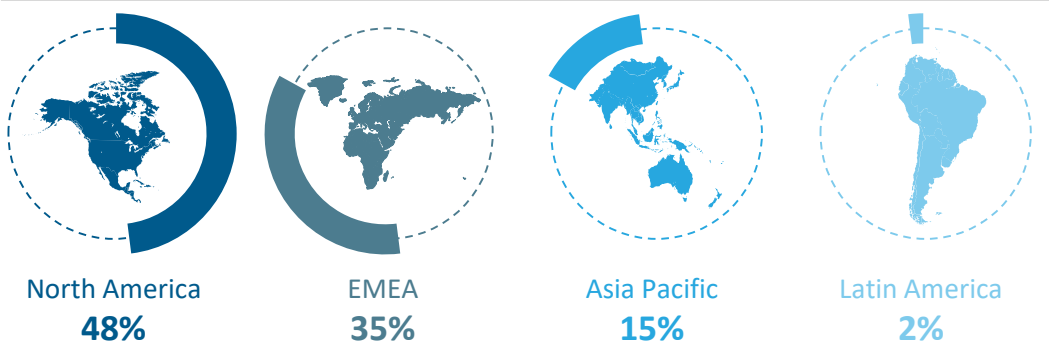


After the acquisition, WilsonHCG’s hires managed across regions will break down as indicated in Exhibit 2.

EXHIBIT 2

WilsonHCG’s hires managed across regions post acquisition

Source: Everest Group (2020)



Market demand for a service provider with broad capabilities

As emerging markets in the Asia Pacific region are warming up to the concept of RPO, demand from small and mid-market enterprises is rising. These enterprises are generally open to engaging with a single provider that can cater to all of their talent acquisition requirements. This market change provides an attractive opportunity for WilsonHCG to combine its existing capabilities in the talent acquisition space with Profile Search & Selection's experience and expertise to offer a holistic solution. In this regard, Profile Search & Selection's existing executive search capabilities will complement WilsonHCG's permanent hiring capabilities across the board, including talent advisory capabilities.

Synergies and complements to WilsonHCG's existing capabilities

The acquisition synergizes with and complements WilsonHCG's existing talent services, as the below table summarizes.

Capability	WilsonHCG	Profile Search & Selection
Geographic presence	Global, with a stronger presence in North America and EMEA	Asia Pacific
Industry presence	Strong presence across all major industries – both traditional and emerging/fast-growing industries	Strong presence in banking, financial services and insurance (BFSI), commercial and professional services
Asia Pacific delivery capability	Virtual and client site FTE presence across Asia Pacific with on-the-ground presence in Tokyo	On-the-ground presence in Hong Kong, Singapore, Shanghai, and Beijing
Value-added services	Strong expertise in talent consulting and analytics	Market research / intelligence capabilities in China
Value proposition	Premium provider, high-touch services with strong focus on high-skill roles	Executive search for high-skill roles in BFSI, commercial and professional service industries

In addition to the above, WilsonHCG may also be able to benefit from Profile Search & Selection's existing partnership network. In Australia, it has partnerships with HR recruitment specialist The Next Step and asset management search specialist The East Partnership, which can enable indirect access for WilsonHCG to Australia, the biggest RPO market in the Asia Pacific region.

Key implications of this acquisition

Competition heats up in the global multi-country RPO space

With organic and inorganic investments, RPO providers are continually expanding their capabilities. Global multi-nationals have much better options in single global RPO providers today, compared to five years ago. In 2015, only four service providers were capable of delivering RPO services globally; that number has grown to nine premier providers, including WilsonHCG.

The China frontier for RPO is now more achievable

In the past few years, global RPO providers have increased their focus on China, the world's largest economy. While previously global RPO providers focused predominantly on multi-country RPO deals covering the market through partnerships, it is now clear that the focus is moving toward establishing on-the-ground presence in China to capture the China-only opportunity. While several global RPOs have set up in-country delivery presence in China, their presence is still somewhat limited – WilsonHCG is now among only seven providers that have a local presence there. This expansion into China increases options for multi-national corporations to have one global or Asia Pacific RPO provider without the need to carve out a separate China-only RPO engagement.

Expansion with existing clients

While the acquisition expands WilsonHCG's capabilities in the Asia Pacific region and adds to its locally headquartered client portfolio, it also presents a significant geographical expansion opportunity for existing clients. Expansion with its North America and EMEA clients has always been a priority for WilsonHCG, and the added delivery footprint of this acquisition will further boost its organic growth aspirations to expand the scope of existing deals to convert them into large multi-country deals with Asia Pacific in scope. Expanded capabilities in Asia Pacific will also help it to target new multi-country deals either including or emerging from the Asia Pacific region.

Addition of new client base

This acquisition will open doors for WilsonHCG to China-headquartered businesses, a relatively untapped territory for global RPO providers. The potential for growth in the region is obvious, evident from the pace at which the RPO market is growing in the region. The addition of referenceable local clients and establishing an in-country delivery capability should position WilsonHCG strongly to capture this unexploited opportunity. Also, the acquisition will allow for more total talent partnerships as organizations increasingly seek single providers that can provide solutions for all their global talent needs.

What to watch for going forward

Integration

The success of this acquisition will depend on how well Profile Search & Selection will be able to integrate with WilsonHCG. Given, Profile Search & Selection's established brand name and presence in the broader Asia Pacific region, particularly in China, Singapore, and Hong Kong, it will be interesting to see if it will continue to operate as a separate brand or if it will be subsumed under the WilsonHCG brand.

In addition to the outward-facing aspects of branding and marketing, internal operational integration will be critical to realizing potential synergies. It will be interesting to see how WilsonHCG will ensure effective change management to shift Profile Search & Selection's executive search operational model to be able to deliver in an RPO construct.

Ability to cross-sell

The acquisition will provide WilsonHCG with a strong base for potential cross-selling in the future. WilsonHCG's ability to convert Profile Search & Selection's clients into strategic RPO clients – by cross-selling and expanding the engagements with these clients both in terms of deal duration and scope of engagements to include elements of a full-fledged end-to-end RPO solution – will be an interesting transition to watch. It will also be interesting to see the value proposition with which WilsonHCG will approach these clients. It is also to be seen how well this acquisition will position WilsonHCG to acquire new clients and mine existing ones to add more multi-country deals to its portfolio.

Potential continuing M&A activity

The RPO market continues to witness rapid M&A activity, and we expect the trend to continue. Service providers are taking the inorganic route to consolidate their positioning in the market and evolve their service and solution offerings. While RPO firms' previous focus was acquiring other RPO firms that complemented their offerings, in the past few years, service providers' horizons seem to have expanded well beyond that. While global expansion and increasing market share remain important drivers for RPOs to acquire other providers (e.g., PeopleScout's acquisition of TMP Holdings in 2018 to expand its UK presence, Orion Novotus' acquisition of Accolo in 2019 to consolidate its US presence, and Cielo's acquisition of AsiaNet China to expand its China and broader Asia Pacific presence), the focus is now equally on adding additional capabilities – both in terms of service and technology offerings. Some recent examples include: Motion Recruitment Partners' (Sevenstep's parent company) acquisition of MDI Group in 2019 for its contingent workforce management capabilities, and Alexander Mann Solutions' acquisition of Karen HR in 2019 to expand its cognitive & AI capabilities.

Impact of recent developments


The recent outbreak of COVID-19 has had a profound impact on the global economy and is causing serious concerns around the growth and sustainability of businesses. While China was one of the most impacted countries initially, it is also the furthest ahead in terms of recovery. WilsonHCG's acquisition of Profile Search & Selection comes at this crucial time, and it remains to be seen how these two companies can overcome the challenges posed by the current situation to complete a successful integration.

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