

NEAT EVALUATION FOR GLOBALIZATION PARTNERS:

# Global Employer of Record Services

Market Segment: Overall

## Introduction

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This is a custom report for Globalization Partners presenting the findings of the NelsonHall NEAT vendor evaluation for *Global Employer of Record (EoR) Services* in the *Overall* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of Globalization Partners for global EoR services, and the latest market analysis summary for global EoR services.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering global EoR services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall.

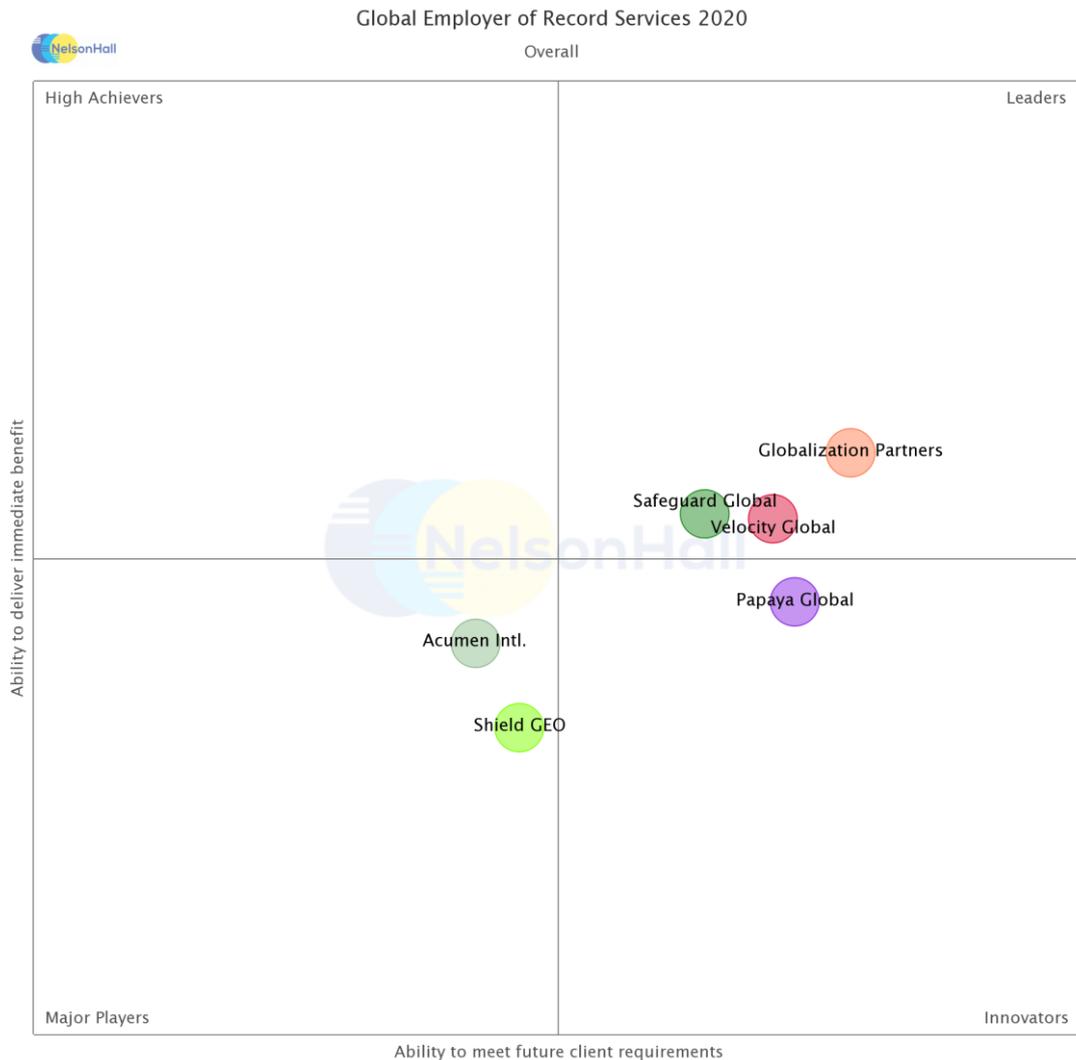
Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Acumen International, Globalization Partners, Papaya Global, Safeguard Global, Shield GEO, and Velocity Global.

Further explanation of the NEAT methodology is included at the end of the report.



## NEAT Evaluation: Global Employer of Record Services (Overall)



NelsonHall has identified Globalization Partners as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects Globalization Partners’ overall ability to meet future client requirements as well as delivering immediate benefits to its global EoR services clients.

Leaders are vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements.

Buy-side organizations can access the *Global Employer of Record Services* NEAT tool (*Overall*) [here](#).



## Vendor Analysis Summary for Globalization Partners

### Overview

Globalization Partners, headquartered in Boston, Massachusetts, was founded by current CEO Nicole Sahin in 2012 after identifying an opportunity in the market for supporting firms navigating the complex nature of compliant global expansion activities. It established its first legal entity and engaged its first client in 2013, quickly reaching five legal entities and 100 clients by early 2015.

To support its global employer of record offering and continued growth, in 2016, it launched its proprietary enabling technology platform, which it continues to leverage and develop through ongoing annual investments and roadmap initiatives. In 2018, the firm surpassed 400 clients and 26 incorporated entities globally. In early 2020, Globalization Partners announced it had closed on a \$150m minority equity investment by a small group of investment firms to fuel its continued growth.

Globalization Partners positions its global employer of record services as a technology solution underpinned by a global legal infrastructure in support of firms seeking compliant global expansion.

Globalization Partners leverages its proprietary software to enable its global employer of record offering. The platform is a SaaS product that takes a modern, modular, and user-centric approach to deliver an end-to-end client experience, complemented by local HR team members in each jurisdiction.

Globalization Partners targets its global employer of record offering to growing multinational corporations of all sizes seeking global expansion support for small populations of employees and operations in new geographies.

Today, Globalization Partners' global employer of record platform supports ~1k clients and ~1.8k workers through its 52 incorporated entities globally.

### Financials

Globalization Partners is a privately-held organization and so does not report its revenues publicly.

NelsonHall estimates that Globalization Partners' revenues attributable to its global employer of record services (not including worker salaries) for the calendar year 2019 was ~\$50m, and derived primarily from U.S.-based multinational firms.

### Strengths

- An early provider (established 2012) of global employer of record services with ~8 years' experience in the space, underpinned by strong organic growth (>93% CAAGR) and recent \$150m private equity investment
- Able to offer multinational firms a "turnkey" compliant global expansion solution including a rapidly deployable, tech-enabled, HR and payroll delivery model in support of >187 countries with 95% of new client demand managed through its own legal entities



- Offers a single proprietary platform technology in support of its global employer of record services, including a highly automated, modern, simplified UX, mobile-enabled ESS/MSS and client tools for managing co-employed workers
- Deep global HR and payroll compliance expertise supported by established legal entities and resources across 52 locations/countries globally
- Globalization Partners' solution has a low reliance on 3<sup>rd</sup> parties and is primarily enabled in-house, giving it a differentiated level of control over the end-to-end delivery model including compliance, data, and security
- Strong emphasis and investments in the client/worker experience as a differentiator, maintaining ~96% client satisfaction and 97% worker satisfaction.

## Challenges

- Despite operating in the global employer of record space for ~8 years, the service model, in general, is often overlooked or never considered, as the concept of global employer of record /co-employment is still relatively unknown amongst buyers in the marketplace
- Much like its peers in the space, Globalization Partners' brand is still relatively new and not widely known. However, it has steadily invested in expanding its marketing efforts through various channels, including increased thought leadership activities and a refreshed branding
- Global EoR services are commonly adopted for a short term and for small populations in an "exploratory" manner for emerging locations, making long-term client and worker retention and "stickiness" inherently challenging. However, Globalization Partners has recently expanded its targeting to EMEA and APAC, adding strategic partnerships and marketplace integrations, as well as creating a more modular and flexible offering, which should support its increased new client adoption through expanded opportunities.

## Strategic Direction

To grow its global employer of record offering adoption, Globalization Partners will continue targeting emerging multinational firms of all sizes and sectors seeking support for compliant international expansion efforts.

While its targeting has been historically limited to U.S.-based organizations, its recent hiring of new sales leadership and staff in Europe will expand its presence and targeting of EMEA moving ahead, initially with English speaking countries, with others expected longer-term. It also plans to take the same approach in the Asia Pacific region to support the increasing demand for global expansion by APAC-headquartered firms. It expects to support its planned growth with additional headcount in these regions, with roles focused on revenue generation and product development.

With its technology a key element of its offering, it will continue investing in advancing its offering to support and enhance the client and user experience, including deeper mobile capability, and with workflow automation and simplification a key theme, seeking to automate its end-to-end process by the end of 2020.

Lastly, Globalization Partners is focused on expanding its relationships and integrations (APIs) with key third parties to expand its channel partners, to offer clients more integrated options to address their unique needs, and support an eventual marketplace-style offering. To this



end, it is also seeking to create a more modular offering to enable buyers more flexibility in supporting their unique needs through standalone solutions.

## Outlook

Since its inception in 2012, Globalization Partners has experienced rapid growth, achieving >93% CAAGR to date.

Despite multinational firms slowing down buying decisions due to COVID-19, Globalization Partners continues to see demand for its global employer of record solution increasing as organizations seek to minimize risk and access a more agile, compliant model for international expansion and growth.

It should maintain this momentum through continued investments in its technology, seeking to further digitalize and automate its end-to-end process and provide buyers with more flexibility in adopting best-fit solutions through a modular offering approach. Further, its expanded strategic integrated solutions and partnerships should provide increased opportunities to access new client prospects, while also providing its clients with more options for meeting their own unique requirements.

While its growth in 2020 will be driven primarily from U.S.-headquartered firms, its investments and targeting of EMEA and APAC will quickly boost its non-U.S. revenues, as both are key growth regions for next-generation human capital management solutions.

NelsonHall does not expect Globalization Partners will make an acquisition in 2020 and will instead remain focused on organic growth. NelsonHall further expects Globalization Partners will achieve revenue growth for its global employer of record solution offering of >30% for the calendar year 2020.



## Global Employer of Record Services Market Summary

### Overview

With organizations of all sizes increasingly finding their brands expanding internationally, the need for compliant global HR and payroll operating models is steadily increasing. While co-employment services have historically been U.S.-centric, global co-employment offerings have emerged, providing multi-national firms an agile, turnkey support model for rapid, compliant international expansion.

### Buy-Side Dynamics

Organizations of all sizes are more commonly expanding operations to new international locations and require modern solutions that can enable and support growth in targeted geographies. Despite the recent global economic impacts of the COVID-19 pandemic, buyers of global EoR services show no signs of stopping their expansion efforts, with EMEA and APAC key targets, with >80% indicating plans to undertake further international expansion in the next two years.

Top drivers of global EoR service adoption include:

- The continued globalization trend across sectors, pulling emerging firms into new geographies of operation
- Access to highly skilled talent outside of the home country of operation
- Reducing or eliminating the cost, effort, and risks in navigating the complex process of establishing business entities and operations in foreign countries
- Navigating and maintaining compliance with rapidly intensifying statutory HR and payroll regulations globally, particularly for countries where the firm lacks a presence and expertise
- The need to enable HR with greater agility through adoption of modern technology and solutions that can support strategic initiatives and business growth plans.

The top four vendor selection criteria sought by buyers of global EoR services are:

- Strong international HR and payroll domain expertise and process competency
- Personnel with relevant qualifications, certifications, and deep country-specific expertise
- Coverage and support for targeted countries
- Innovative pricing and commercial terms.

### Market Size & Growth

The global EoR services market is estimated to be worth ~\$306m in 2019, and is estimated to grow at 28.4% CAAGR, reaching ~\$1.1bn by 2024, with APAC expected to outpace other geographies.

The current Global EoR services market is heavily dominated by North American-headquartered firms (~49% global share) seeking to support expanded footprints globally, most commonly for entrance to countries across Europe, and Asia.



While North America dominates the adoption of Global EoR services, EMEA and APAC hold ~80% off the workers supported by the service offering globally, with both geographies expected to be top expansion targets for growing MNCs.

## Success Factors

Key success factors for global EoR service providers include:

- Proven experience (referenceable clients) and demonstrable leadership in HR and payroll execution and delivery in support of global employer of record services
- Capability to support most major countries of operation through vendor-owned legal entities, supplemented through a curated network of in-country partners in long-tail locations
- Enabling a ‘best in class’ client/user experience, inclusive of omnichannel support, dedicated account managers, and underpinned by a proactive client engagement model focused on client satisfaction, value creation, partnership, and retention
- Providing a platform-based, technology-enabled solution that offers a modern, intuitive, and engaging client/user experience
- Offering a ‘one-stop shop’ of global expansion enabling solutions, through a curated marketplace of integrated (API) partner services and technology to fill offering white spaces and extend client value
- Establishing and curating a deep pool of partners for integrated services and technology, as well as expanded sales channels for continued growth
- Ongoing investments in roadmap initiatives that drive innovation and digitalization of global EoR services.

## Challenges

Key challenges faced by global EoR service providers include:

- Addressing the lack of awareness of the global EoR service model and vendor brand
- Differentiating service offerings in a growing marketplace
- Easing buyer “sticker shock” with the higher average PEPMs associated with a global EoR service model
- Retaining ARR (Annual Recurring Revenue) in a short term/exploratory service offering with high client/worker turnover.

## Outlook

Over the next five years, NelsonHall expects:

- The global EoR services market to grow at ~28.4% CAAGR, reaching ~\$1.1bn by 2024
- North American-headquartered firms will remain the predominant target and adopter of global EoR services, while EMEA and APAC will provide strong pipelines for new client/new worker growth, as firms externally and within these growth regions expand their targeting of key countries there



- Global expansion initiatives by emerging small and mid-sized firms operating in high-growth sectors will continue to escalate over the next five years, driven by the continued trend in globalization, a desire to access evolving market opportunities in new geographies, and the need to access top talent globally, particularly as WFA ('Work from Anywhere') continues breaking down talent access barriers
- While global EoR service pricing will remain higher compared to other managed services, pricing will ease somewhat as the service becomes more widely adopted, technology platforms are matured, and vendors enable deeper process automation and digital enablers
- Long-term success in the global EoR services space will require offering a technology enabled 'one-stop shop' of global expansion enabling solutions, through a curated marketplace of integrated partner services and technology to fill offering white spaces and extend client value.



## NEAT Methodology for Global Employer of Record Services

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NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet client future requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet client future requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders:** vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements
- **High Achievers:** vendors that exhibit a high capability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet future client requirements
- **Innovators:** vendors that exhibit a high capability relative to their peers to meet future client requirements but have scope to enhance their ability to deliver immediate benefit
- **Major Players:** other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.



*Exhibit 1*

**‘Ability to deliver immediate benefit’: Assessment criteria**

Assessment Category	Assessment Criteria
Offerings	<ul style="list-style-type: none"> <li>Scope of global EoR Services offered</li> <li>Scope of countries covered by global EoR offering</li> <li>Scope of complementing managed services and tech offered beyond global EoR services</li> <li>Maturity of global EoR service enabling technology</li> </ul>
Delivery Capability	<ul style="list-style-type: none"> <li>Delivery capability and presence in support of North American-based workers</li> <li>Delivery capability and presence in support of EMEA-based workers</li> <li>Delivery capability and presence in support of APAC-based workers</li> <li>Delivery capability and presence in support of LATAM-based workers</li> <li>Scope (volume) of vendor owned legal entities offered globally</li> <li>Client perception for the caliber of delivery personnel</li> </ul>
Client Presence	<ul style="list-style-type: none"> <li>Overall client presence globally</li> <li>Overall client presence, North America</li> <li>Overall client presence, EMEA</li> <li>Overall client presence, APAC</li> <li>Overall client presence, LATAM</li> </ul>
Benefits Achieved	<ul style="list-style-type: none"> <li>Agility of HR in supporting future multi-country expansion initiatives</li> <li>Ease of entering new international locations</li> <li>Improved HR/payroll compliance for new international locations of operation</li> <li>Improved reliability for international worker payroll processing</li> </ul>



*Exhibit 2*

**‘Ability to meet client future requirements’: Assessment criteria**

Assessment Category	Assessment Criteria
Service Innovation Culture	Perceived suitability to meet client future needs Vendor ability to deliver service innovation and process re- imagination Vendor partnership approach Ability to enable digitalization of global EoR processes
Level of Investments	Level of commitment and investments in global EoR services Level of commitment and investments in global EoR legal entity enablement Level of commitment and investments in global EoR service enabling technology Level of commitment and investments in global EoR service delivery Level of commitment and investments in global EoR service digitalization
Market Momentum	Global EoR services market momentum and growth trajectory

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.



**Sales Enquiries**

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:  
 Guy Saunders at [guy.saunders@nelson-hall.com](mailto:guy.saunders@nelson-hall.com)

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