

NEAT EVALUATION FOR GLOBALIZATION PARTNERS:

Global Employer of Record Services

Market Segments: Overall, Enabling Technology

Introduction

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* and *Enabling Technology* market segments. It contains the NEAT graphs of vendor performance, a summary vendor analysis of Globalization Partners for global EOR services, and the latest market analysis summary.

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 and in terms of their underlying technology.

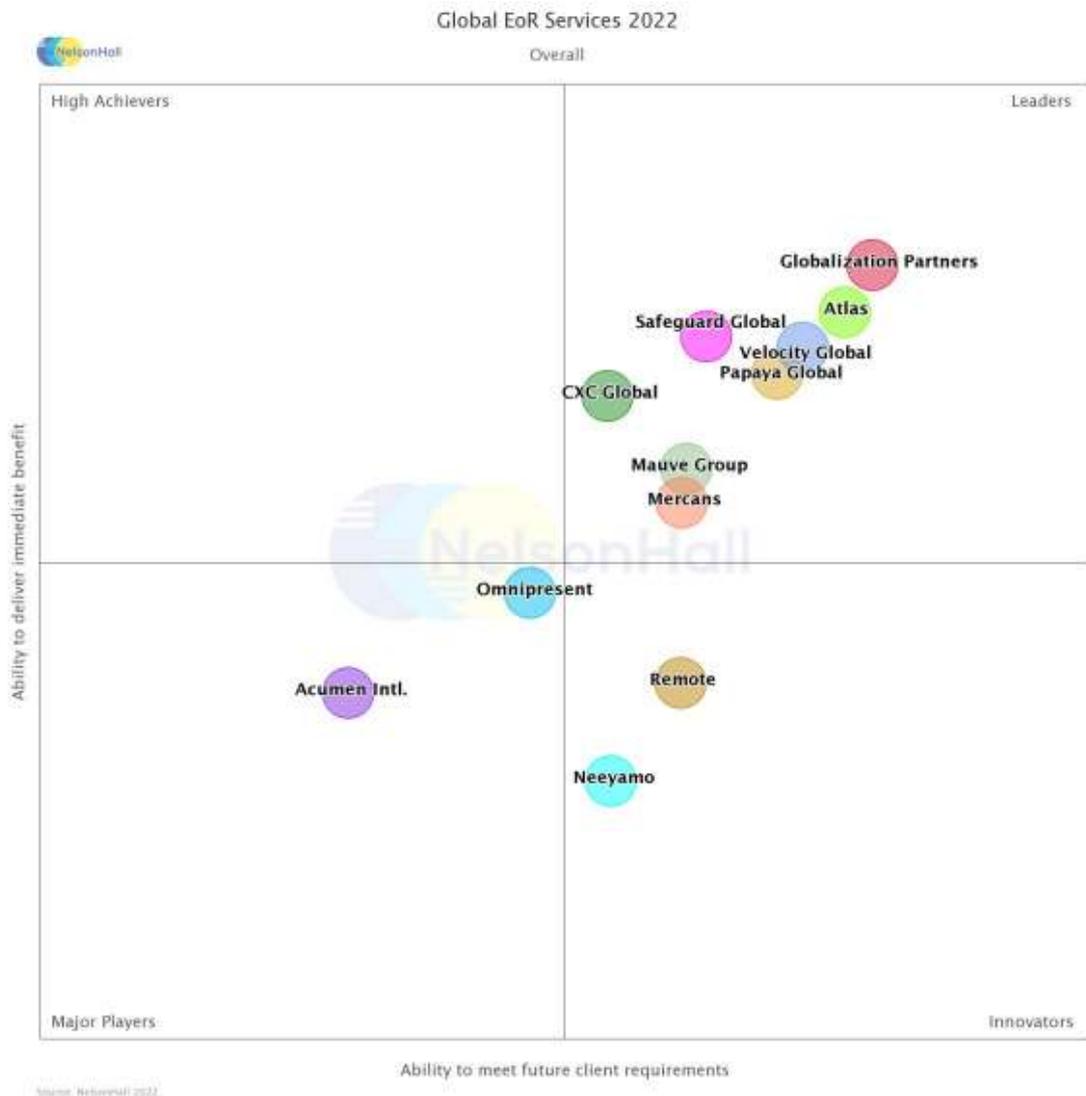
Evaluating vendors on both their ‘ability to deliver immediate benefit’ and their ‘ability to meet client future requirements’, vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Acumen International, Atlas, CXC Global, Globalization Partners, Mauve Group, Mercans, Neeyamo, Omnipresent, Papaya Global, Remote, Safeguard Global, and Velocity Global.

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



NEAT Evaluation: Global EOR Services (Overall)



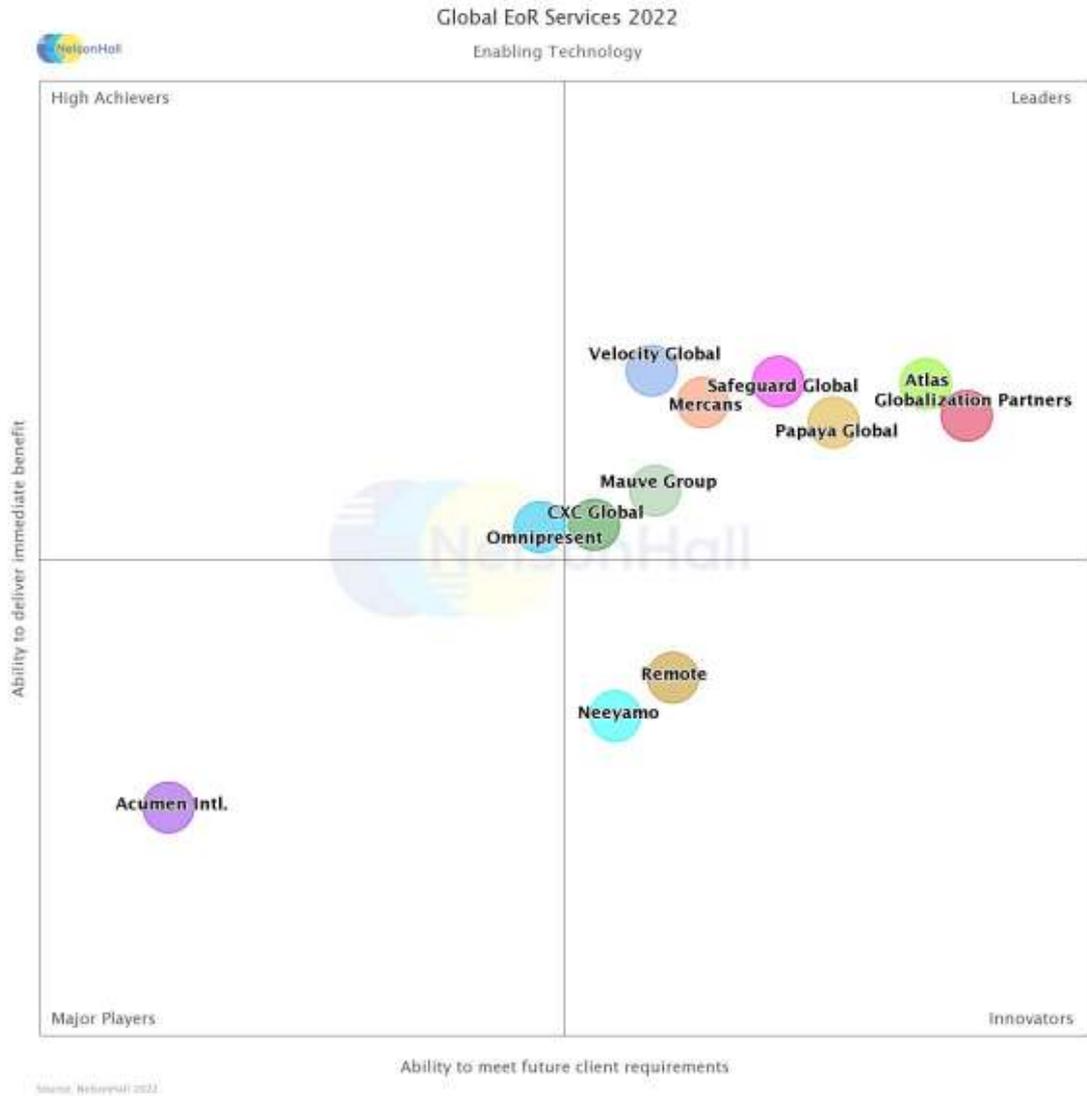
NelsonHall has identified Globalization Partners as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects Globalization Partners' overall ability to meet future client requirements as well as delivering immediate benefits to its global EOR services clients.

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](#).



NEAT Evaluation: Global EOR Services (Enabling Technology)



NelsonHall has identified Globalization Partners as a Leader in the *Enabling Technology* market segment, as shown in the NEAT graph. This market segment reflects Globalization Partners’ ability to meet future client requirements as well as delivering immediate benefits to its global EOR services clients based on its enabling technology.

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



Vendor Analysis Summary for Globalization Partners

Overview

Globalization Partners is a global employer of record (EOR) service provider headquartered in Boston, Massachusetts. The company offers complete HR and HR technology services, including onboarding, tax, compliance, payroll, and legal services. It provides a full-stack global employment platform for customers and workers that supports ~187 countries and ~180 currencies.

The company was founded in 2012 by current Executive Chair Nicole Sahin after identifying opportunities to support organizations seeking support in navigating the complexities of global expansion and staffing activities. Globalization Partners established its initial global legal infrastructure and engaged its first client in 2013. By 2015, the company had established legal entities on three continents and secured over 100 customers.

In 2016, to support its global employer of record offering and continued growth, it launched its proprietary technology solution, Global Employment Platform™, which it continues to leverage and develop through ongoing annual investment and roadmap initiatives. The company was also ranked #6 in the 2016 Inc. Magazine, Fastest Growing Companies in America.

Since its inception, Globalization Partners has raised total equity funding of ~\$350m over two rounds. In February 2020, the company announced it had closed on a \$150m minority equity investment managed by Wincove Private Holdings and TDR Capital to support continued global expansion, Global Employment Platform™ enhancements, sales, and client services. Following this round of funding, the company valuation was ~\$600m. In January 2022, the company received a \$200m minority equity investment from Vista Credit Partners (VCP) for further global expansion. Following its most recent funding round in January 2022, the company valuation was \$4.2bn.

Globalization Partners provides EOR services for ~1,330 clients and ~5,830 active workers across ~187 countries through its ~100 legal entities and ~400 in-country partners.

Financials

Globalization Partners is a privately held organization and does not publicly report its revenues. NelsonHall estimates for the calendar year ending December 31, 2021, the company's total revenues attributable to its global employer of record services grew between 90%-100% and were derived primarily from U.S.-based multinational firms. NelsonHall estimates that, despite impacts from the COVID-19 pandemic, the organization's financial performance between 2017 and 2021 indicates a ~75% CAGR.

The breakdown of Globalization Partners' 2021 employer of record revenue by region based on worker location is: North America/LATAM 90%, EMEA8%, APAC 2%.



Strengths

- Financial stability as an established provider of AI-enabled and technology-based global employer of record since 2012. Recent equity funding awards totaling \$350m will secure continued technology advancements and international expansion initiatives
- Global infrastructure comprises a SOC 2-certified full technology stack and in-house HR, tax, and legal resources to support consistent service quality, minimized reliance on third-party ICPs, and data security. The company's continued commitment to technology-focused R&D, including AI integration within the Recruiting and Contractor modules and multicurrency payment options, including cryptocurrency, will attract current clients and prospective buyers
- Robust strategic partner roadmap to meet current and anticipated future technology, client, worker, and strategic growth initiatives. Factors that influence strategic partner selection include existing customer portfolio, global presence, service offerings, and the potential for synergistic business development engagement
- Deep experience with M&A and PE/VC firms globally.

Challenges

- Globalization Partners' enabling technology is an aggregator only and lacks a gross to net payroll capability. Thus, it relies entirely on ICPs to provide its payroll engines and processing capability
- As the global employer of record and agency of record markets continue to grow and mature, established providers like Globalization Partners will face increased competition from new market entrants, resulting in increased marketing and business development investment to promote their local tax, legal, and HR compliance expertise, in-country presence, and a complete portfolio of service offerings.

Strategic Direction

Globalization Partners will continue targeting emerging multinational firms seeking support for compliant, technology-enabled global workforce expansion for direct, contingent, and gig economy workers. The company's product offerings provide complete HR lifecycle support, including recruitment, workforce management, compliance, and payroll. The organization will enable its continued global expansion through organic and partnership-enabled growth strategies.

The company remains focused on local market presence to support a consistent client and worker experience. The company will seek to deepen its client base throughout all markets, including Asia Pacific, EMEA, North America, and Latin America targeting and supporting workers across all industries.

Globalization Partners has developed a robust strategic partner roadmap to meet current and anticipated future technology, client, worker, and strategic growth initiatives. Factors that influence strategic partner selection include existing customer portfolio, global presence, service offerings, and the potential for synergistic business development engagement.

NelsonHall estimates that Globalization Partners will invest ~20-30% of its annual revenues in R&D efforts to enrich its current Global Employment Platform™ and support product line expansion initiatives. Planned developments to Globalization Partners' solution in the coming 12-18 months include:



- Application of artificial intelligence within the Global Employment Platform™ to further automate recruitment, onboarding, payroll, and benefits administration activities
- Interface and functionality upgrades to the Recruiting module to enhance the client UX, support country expansion, expand talent & compensation data insights, and deploy enhancements based on client feedback
- Expanded functionality of its technology stack to integrate or interface with additional HCM platforms and expand custom reporting features
- Employee Management module upgrades, including UX improvements for time & expenses, employee request processing, voluntary & involuntary terminations, benefit life event data capture, and payroll bulk upload
- Continued market launches and enhancements to the G-P Recruit and G-P Contractor products.

Outlook

In 2021, Globalization Partners experienced strong adoption of its employer of record model, as evidenced by the addition of ~1,000 new clients and continued growth within its established North American customer base. The company's financial performance between 2017 and 2022 indicates a 55% CAGR, despite the impacts of the COVID-19 pandemic.

Globalization Partners will continue targeting emerging multinational firms seeking technology-enabled and agile international expansion services for direct, contingent, and gig economy workers. The company's services provide complete HR lifecycle support, including recruitment, onboarding, tax, compliance, payroll, and legal services. The organization will enable its continued global expansion through organic and inorganic growth strategies.

The company will continue to focus on local market presence to ensure consistent client and worker experiences while minimizing dependence on third-party ICPs. The company will seek to deepen its client base throughout the EMEA markets (e.g. the announcement of the Galway, Ireland office expansion in January 2022) and entry into the Latin American market to expand its global footprint further. The company will apply synergistic business development strategies to cross-sell and up-sell services to its established and prospective client portfolio through its broad strategic partner network.

Globalization Partners' expanding technology-enabled service offerings, including the G-P Recruit and Contractor modules, will allow it to engage buyers and existing clients with additional value-added services that will drive deeper recurring revenues and longer-term revenue retention amongst its clients. NelsonHall expects Globalization Partners to achieve revenue growth for its employer of record service offering of >60% for 2022.



Global Employer of Record Services Market Summary

Overview

Ongoing talent shortages spurred by 'the great resignation', economic uncertainty, and formal adoption of 'Work from Anywhere' policies will likely prevail through 2026, requiring organizations to secure required workers and specialized skills from countries where they may not have an established presence. These factors are driving the demand for employer of record services as organizations gain a broader understanding of the benefits associated with this model.

Multi-national firms of all sizes will remain the primary target for EOR services, with the largest concentration of adopters, 93%, operating in the small to mid-market segment (<15k employees). This can be attributed to smaller start-up organizations within emerging sectors and a lack of in-house expertise (i.e., HR, legal, accounting) dedicated to global expansion strategies.

Future of work and corporate social responsibility (CSR) influences have triggered other service offerings from select EOR providers: equity management plans (e.g., ESOP, ESPP, option plans), expanded care & benefits programs, and multi-currency/cryptocurrency payroll payments. Longer-term considerations, including the pandemic (shrinking working age population) and the baby boom retirement horizon, will support sustained growth within the industry as organizations scramble to fill critical talent and skill gaps.

Enabling technology across the global EOR services market continues to evolve. It serves as a critical differentiator between vendors, with machine learning, artificial intelligence, data analytics, workflow management, integrated expense & payroll processing, and enhanced client and worker experience as top technology roadmap investments.

Vendors earmarked significant private equity funding awards in 2021-2022 to support HR technology advancements and inorganic growth strategies to aid in service expansion via merger & acquisition activity.

Buy-Side Dynamics

The continued globalization trend across sectors is pulling emerging firms into new geographies of operation. This shift has buyers seeking support in navigating and maintaining compliance with rapidly intensifying statutory HR and payroll regulations globally, particularly in countries where the firm lacks a presence and expertise. In addition to in-country experts and legal staff, many EOR vendors have developed online country-specific compliance databases that immediately reference local HR, tax, cultural, and legal norms and regulations. These solutions enable employers to reduce or eliminate the costs, effort, and risks in navigating the complex process of establishing business entities and operations in foreign countries.

Global EOR service buyers also seek automated technology integrated with internal HRISs to improve the efficiency of manual tasks, such as worker onboarding, payroll, and payment processing. Buyers also seek enhanced reporting capabilities in the form of dashboards and analytics to provide greater cost transparency, trend analysis, and data insights. Vendor technology roadmaps emphasize the planned application of RPA, AI, machine learning, and further HRIS and ATS integration projects in the next 12-18 months to increase compliance, minimize required time to onboard, and enhance employer and worker satisfaction and



experience. The adoption of modern technology and solutions enables HR to react with greater agility to support broader organizational strategic initiatives and business growth plans.

Factors inhibiting the adoption of EOR services are the increased costs of adopting a global employer of record service vs. leveraging in-house resources to navigate the in-country HR, legal, and accounting regulations, limited in-country expertise in new countries, and inconsistent service quality during the introduction of new service offerings or systems.

Market Size & Growth

The net value of the global EOR services market is estimated to be worth ~\$755m in 2022, with growth driven by the intensifying globalization trend and continued impact of 'the great resignation' as flexible WFA ('Work from Anywhere') policies are formalized.

North American headquartered businesses continue to lead other geographies in adopting global EOR services with ~49% of the market share, with the North America and EMEA regions holding ~66% of the workers deployed under the service model. Growth in LATAM will continue at a steady pace, with heightened engagement from foreign companies vs. those expanding from within the region.

EMEA and APAC are both expected to continue their dominance as the top locations for expansion by outside firms entering the region; adoption by firms based within these regions is also likely to escalate steadily; countries in focus include:

- EMEA: Middle East, Africa, broader Europe (Croatia, France, Germany, Poland)
- APAC: Australia, New Zealand, Korea, Philippines, Taiwan
- LATAM: Argentina, Brazil, Colombia, Panama.

Challenges & Success Factors

There are several challenges in the global EOR services market. As the global employer of record and agency of record markets continue to grow and mature, established providers will face increased competition from new market entrants. The low barrier to market entry may result in increased marketing and business development investment to promote local tax, legal, and HR compliance expertise, in-country presence, and a complete portfolio of service offerings. Success comes from in-country coverage & support, qualified personnel, and solid international HR and payroll process understanding.

Next, enabling technology and supporting processes may yield inconsistent service quality and reliability due to manual or partially automated processes and evolving technology, such as recruitment and payroll processing. With the influx of new EOR providers into the market and expanded vendor service portfolios, organizational infrastructure continues to be developed and refined. These systems and processes will continue to improve as they mature over time; however consistent communication, and status updates from the EOR provider can alleviate employer and worker dissatisfaction.

A third challenge EOR vendors face is limited subject matter expertise in new countries that may impact the timing of planned global expansion or talent acquisition by employers. Targeted country coverage and qualified team members assigned to deliver international EOR services are critical and highly rated selection factors by buyers. The use of in-country partners or subcontracted relationships with established in-country EOR vendors are alternative solutions to satisfy an immediate talent and skill gap.



Outlook

The global EOR services market is flourishing as organizations respond to impacts generated by 'the great resignation', future of work, WFA, and SMBs requiring multi-country expansion to secure talent. The service model, by design, reduces costs, risks, and time to market entry, thereby enabling a competitive advantage for growing multinational firms seeking to expand their footprint or to access talent in new countries of operation. Buyers interviewed consistently indicated that global expansion is in their plans over the next two years, with 93% expecting to engage their current EOR vendors and the global EOR model to support future development.

Vendors continue to expand their service portfolios in response to near-term global worker shortages and the formalization of remote work policies. Comprehensive HR service offerings spurred by these factors include complete employee lifecycle services, such as candidate search, recruitment, talent pipeline management, and worker redeployment services. Future of work and corporate social responsibility (CSR) influences have triggered other service offerings from select EOR providers: equity management plans (e.g., ESOP, ESPP, option plans), expanded care & benefits programs, and multi-currency/cryptocurrency payroll payments. Longer-term considerations, including the pandemic (shrinking working age population) and the baby boom retirement horizon, will support sustained growth within the industry as organizations scramble to fill critical talent and skill gaps.

Enhanced technology investment across the global EOR services market continues as providers shift focus and strategies from an HR service provider to an HR technology provider. Enabling technology across the global EOR services market continues to evolve. It serves as a critical differentiator between vendors, with machine learning, artificial intelligence, data analytics, workflow management, integrated expense & payroll processing, and enhanced client and worker experience topping a long list of technology roadmap investments.

Long-term success in the global EOR services space will require offering a technology-enabled, 'one-stop shop' of global expansion and HRM enabling solutions, data-driven insights, and complementary services to extend client value as this market continues to gain momentum globally.



NEAT Methodology for Global Employer of Record Services

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"> Overall global employer of record service offering and capability International expansion consulting and advisory capability Ongoing multi-country HR and payroll compliance support and services Workforce data administration services Workforce management (time and attendance) capability Multi-country payroll and tax administration services Employee expense management services Benefits administration services Talent acquisition (recruiting) services Talent management technology and services Enabling technology leveraged in EOR services Multi-country HR/payroll reporting capability Mobile ESS/MSS functionality offered Integrations (APIs) to connect third-party solutions Breadth of digital HR/payroll enablers offered
Delivery Capability	<ul style="list-style-type: none"> Delivery capability - North America Delivery capability - LATAM Delivery capability - EMEA Delivery capability - APAC Multi-country payroll delivery scope and control Ability to offer a multi/omni-channel client/employee support model EOR client engagement and ongoing account success management approach Application of machine learning, accessibility of data analytics Extent of RPA and AI technology leveraged in EOR service delivery
Client Presence	<ul style="list-style-type: none"> EOR client presence EOR client 'worksite' employee presence EOR pay slips processed
Benefits Achieved	<ul style="list-style-type: none"> Improved agility in multi-country expansion Improved HR compliance for multi-country operations Improved accuracy, timeliness, and compliance for multi-country payroll Improved access to globally consolidated HR/payroll reporting Improved speed-to-hire in international expansion Improved user/employee experience Improved digitalization of multi-country HR/payroll processes Level of cost savings achieved/value for the cost paid



Exhibit 2

‘Ability to meet client future requirements’: Assessment criteria

Assessment Category	Assessment Criteria
Service Delivery	<ul style="list-style-type: none"> Vendor partnership approach Vendor service culture Adaptability of services and enabling technology Mechanisms to deliver innovation Suitability to meet client future needs
Level of Investments	<ul style="list-style-type: none"> Investments in EOR service offering and scope Investments in EOR service delivery footprint and execution (e.g., in-country resources, centers, tools, automation) Investments in multi-country compliance Investments in multi-country HR/payroll reporting Investments in enabling technology Investments in developing digital HR/payroll enablers
Market Momentum	EOR market momentum

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



Sales Inquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:
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