AgileOne

WORKFORCE SOLUTIONS MARKET OVERVIEW

Hiring Flexibly in an Unpredictable Economy

March 2023

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ABOUT THIS REPORT

If the word of the year in 2022 was resignation, in 2023, it's recession. In most corners of the world, all signs are pointing to a year of economic rightsizing. Except for one: labor markets remain stubbornly strong.

In many parts of Europe, job vacancies still outnumber job seekers, even as data shows that a slowdown in the economy is already underway. In the U.S., where policymakers spent 2022 attempting a soft landing by sharply raising interest rates in an effort to tame inflation, it appears like their strategy might pay off: inflation is cooling, yet the job market has proven resilient. In January, U.S. employers added more than half a million workers, significantly beating expectations and pushing the unemployment rate down to a 53-year low.[1]

In times of economic uncertainty, more companies are turning to temporary — or contingent — workers, which provide a flexible and cost-effective alternative to a traditional workforce. AgileOne can help, leveraging our best-in-class Total Talent Management solutions to bring together your entire workforce under one umbrella.

For companies, the upside to retaining your workforce is clear: in an unpredictable market where economists speak of ongoing labor supply woes in terms of years rather than months, it's wise to bet on a sure thing. Should the global economy dip into recession — or even a milder "slowcession"[2] — companies that keep people employed will remain in a stronger position to scale up their operations as soon as conditions recover.

As a single source for comprehensive workforce solutions, AgileOne is positioned to help companies succeed in any economy. That is why we are pleased to present **Workforce Solutions Market Overview: March 2023 Edition.** This report combines the latest economic data and insights from around the world with leading solutions to help companies navigate the ups, downs, and in-betweens of today's complex, changing marketplace.

About AgileOne

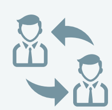
One world. One workforce. One provider. AgileOne.

In rapidly changing times, AgileOne is at your side. We are the one workforce solutions provider to offer comprehensive solutions leveraging the best of the best, combined with our technology expertise, consulting services, and exceptional delivery teams to meet all your talent attraction and management needs.

Why AgileOne? We provide unparalleled value to our clients by delivering:

End-to-end total talent management

Workforce solutions technologies coupled with unparalleled services



Single-country, multi-country, and multi-region talent management solutions

Industry-leading supplier management, optimization, and development programs

Integrated or stand-alone MSP and RPO administration

Industry best VMS, SOW, and ICC software

U.S. OVERVIEW

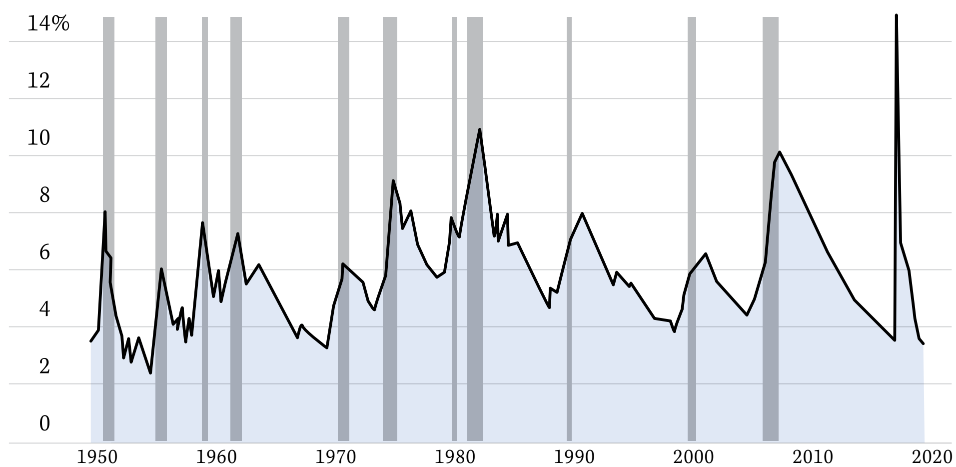
A DELICATE BALANCE

The Federal Reserve spent 2022 walking a tightrope. Aiming to cool the inflation that accompanied America's recovery from the COVID-19 pandemic, the Fed increased interest rates by more than 4 percentage points — one of the most rapid increases on record.[4] At the same time, policymakers voiced their intention to approach a soft landing, reigning in the red-hot economy while staving off an outright recession. Their success — or failure — to accomplish this delicate balance will likely be revealed in 2023.

A recession is not a foregone conclusion. In fact, the National Bureau of Economic Research (NBER), which has long been a trusted source for tracking the health of the economy, has yet to officially declare that the U.S. is in a recession. Like most experts, the NBER relies heavily on nonfarm payroll employment data as one of the two main factors it considers when determining whether the scale of economic contraction meets the definition of a recession.[5] Despite red flags in some parts of the economy, employment remains at near-record levels — a sharp contrast to previous recessions, which are historically accompanied by a spike in the unemployment rate early on.[6]

Unemployment Rate and Recessions since 1948[3]

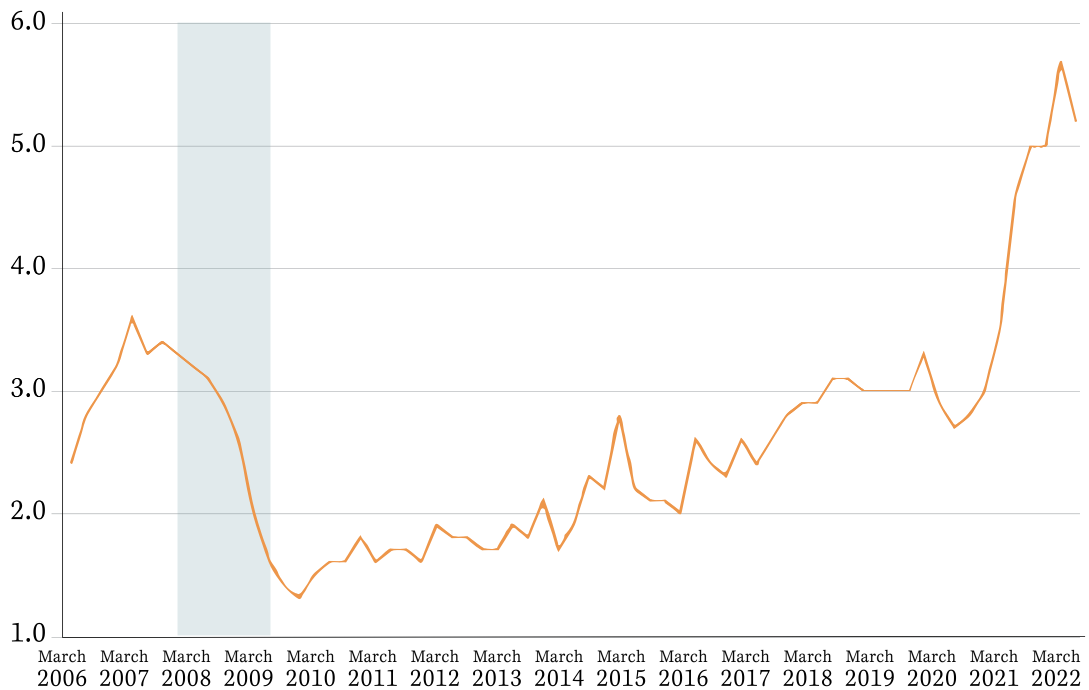
Shaded areas denote MBER-dated recessions • Source: National Bureau of Economic Research (NBER)



Despite red flags in some parts of the economy, employment remains at near-record levels — a sharp contrast to previous recessions, which are historically accompanied by a spike in the unemployment rate early on.

U.S. OVERVIEW

Wages in private industry, 12-month percent change, not seasonally adjusted[7]



Note: Shaded area represents recession, as determined by the National Bureau of Economic Research

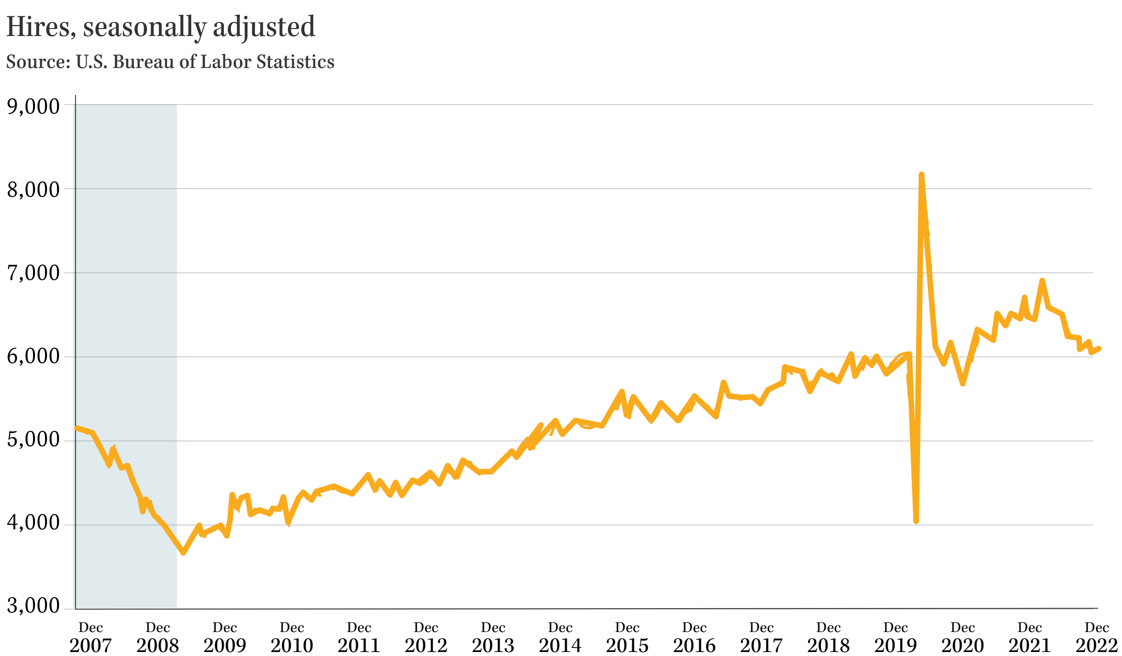
Source: U.S. Bureau of Labor Statistics

"Wage growth has begun to moderate in recent months, and we expect it to fall to 4 percent by the end of 2023, not far above our 3.5 percent estimate of the pace compatible with 2 percent inflation."
– Goldman Sachs[8]

Should the Fed be successful in its effort to target below-potential growth in the GDP, it will help slow the growth of wages — one of the main factors contributing to inflation. After initially falling in the earliest months of the pandemic, wages and salaries jumped at a historic rate, topping off near 6 percent growth year-over-year in 2022, as employers sought the upper hand in a highly competitive job market. Even though this had consequences for employers, it led to a rebalancing in pay, improving wage equality to levels not seen since the early 2000s.[9]

U.S. OVERVIEW

ACROSS MANY INDUSTRIES, HIRING REMAINS STRONG

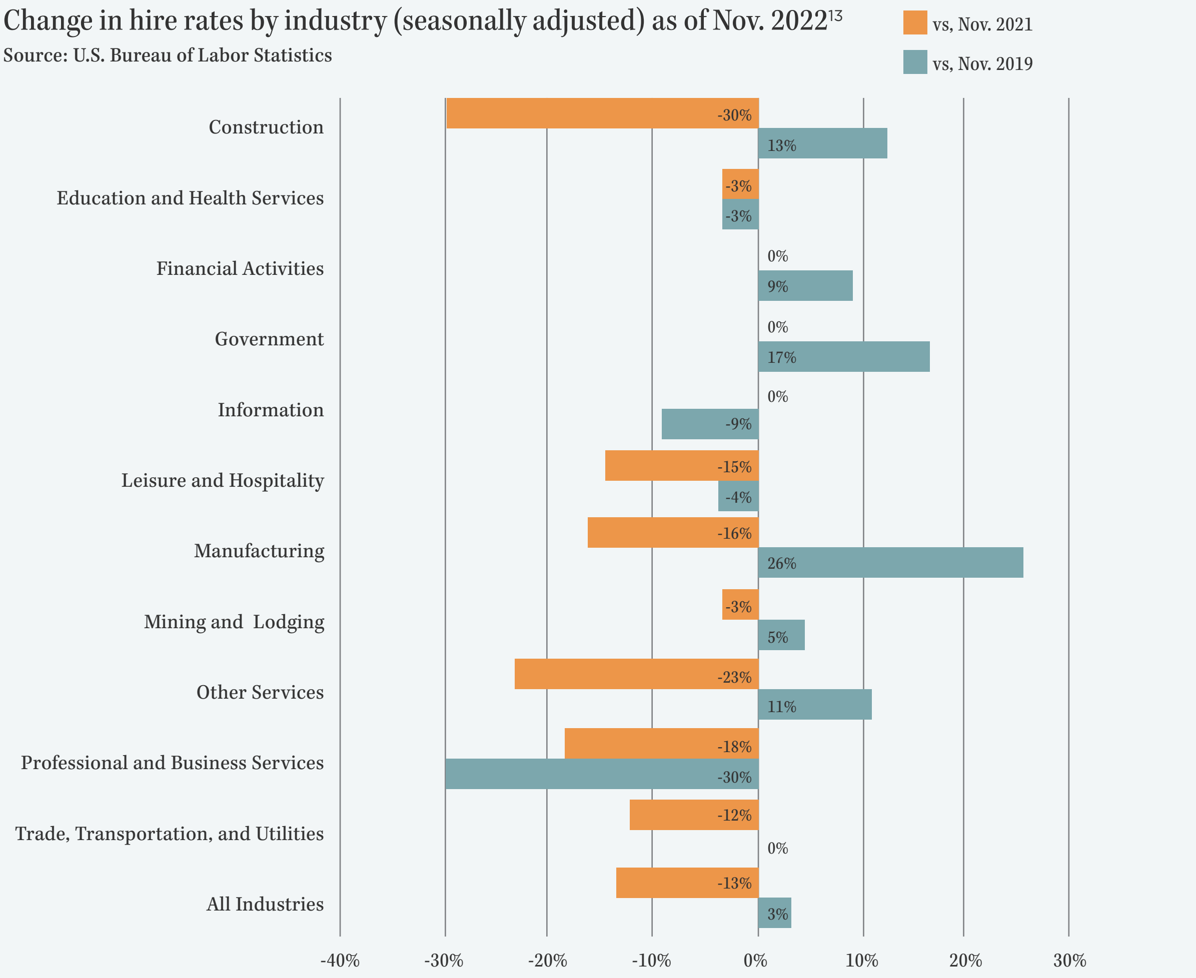


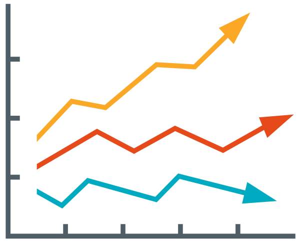
Entering 2023, the job market continues to defy the odds, with the economy recording roughly 1.7 job openings per every unemployed individual.[11] Across all industries, hiring saw a steady — but relatively small — decline throughout 2022, with companies hiring roughly 670,000 fewer employees in December compared with a peak in the month of February. Still, on the heels of strong employment gains that averaged roughly 400,000 people per month in 2022, hiring for the year tracks well ahead of the period prior to the COVID-19 pandemic, which saw a slow recovery over the decade following the Great Recession.[12]

> ***Average hires for 2022 track well ahead of the period prior to the COVID-19 pandemic, which saw a slow recovery over the decade following the Great Recession.***[10]

U.S. OVERVIEW

Change in hire rates by industry (seasonally adjusted) as of Nov. 2022[13]
Source: U.S. Bureau of Labor Statistics





The rate of hiring during the month of November 2022 far outpaced the rate of hiring in the month of November 2019, before the pandemic, across the manufacturing, construction, and financial services sectors as well as for government positions.[14]

U.S. OVERVIEW

Comparing two moments in time, the rate of hiring during the month of November 2022 far outpaced the rate of hiring in the month of November 2019 across the manufacturing, construction, and financial services sectors as well as for government positions. Meanwhile, the change in hiring rates between these two periods was relatively flat in the mining and logging and trade, transportation, and utilities, and education and health services sectors. Only two sectors — professional and business services and information — saw hiring rates for the month of November 2022 decrease by around 10 percent or more over November 2019, with highly-publicized layoffs in Silicon Valley translating to a slowdown in hiring in the information sector. The U.S. Bureau of Labor Statistics defines the hires rate as, "the number of hires during the entire month as a percent of total employment."[15]

> *In January, the* ***unemployment rate reached a 53-year low of 3.4 percent,*** *with employers hiring more than half a million people, far exceeding expectations.*[16]

The unemployment rate continues to edge downward, too, reaching a 53-year low of 3.4 percent in January, bolstered by growth in the leisure and hospitality, professional and business services, and healthcare sectors. Meanwhile, employment growth in the mining, quarrying, and oil and gas extraction, wholesale trade, information, and financial activities sectors remained mainly flat.[17] Should a recession happen, unemployment is likely to peak at 4.5 percent[18] — roughly one percent off its low — more indicative of a rightsizing in the economy than the kind of sharp downtown that has defined recessions in recent decades.

> ***Like in the rest of the world, the U.S. economy might be showing some signs of slowing. But the labor market is still demonstrating remarkable resilience to start the year.***

EUROPE OVERVIEW

ALL EYES ON EUROPE

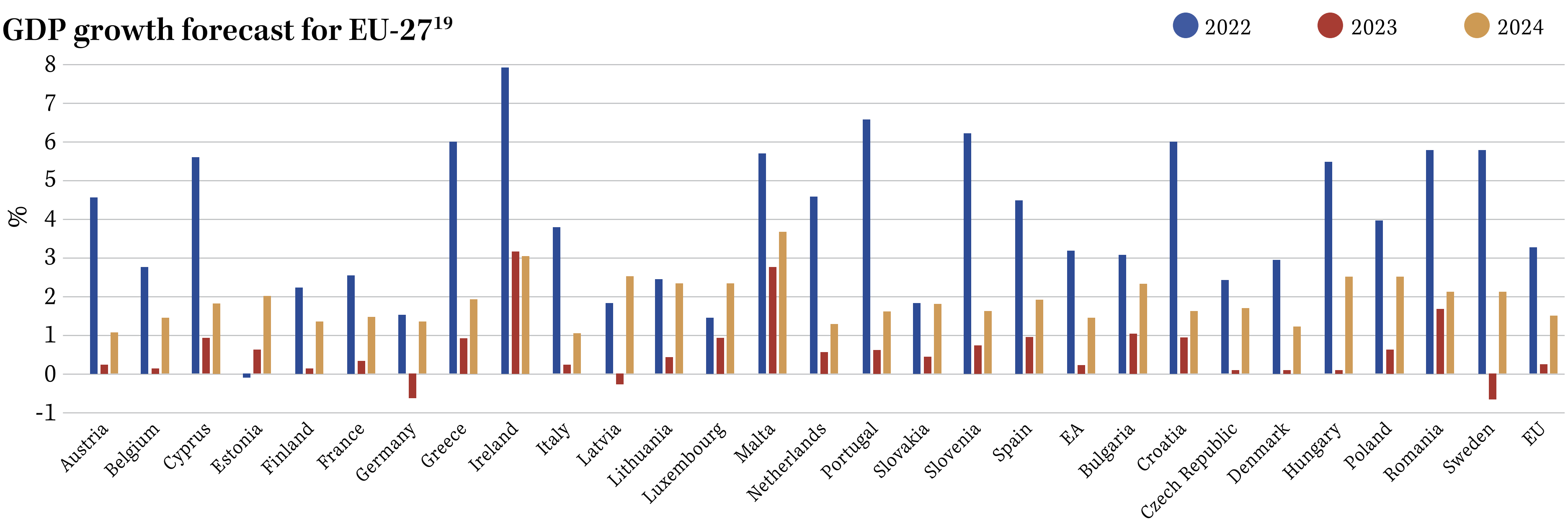
Energy, GDP, and inflation: as countries around the world face headwinds across these three indicators, all eyes are on Europe, which is experiencing a slowdown in its yearslong economic recovery from the COVID-19 pandemic.

Europe enters 2023 held back by high prices, weakened consumer confidence, ongoing supply chain issues, and tighter monetary policy. According to estimates by the IMF, annual growth in the euro area in 2023 is projected to be 0.7 percent, after 3.5 percent in 2022.[20] Meanwhile, an ongoing energy crisis — a result of Russia's war in Ukraine — will continue to impact global energy prices, potentially forcing European policymakers to ration supplies of fuel if demand picks up. Although the price of natural gas fell over the final quarter of last year, the unpredictable nature of the economy could lead to GDP growth that is below its potential and prices that are higher than in other regions of the world.[21]

Among European nations, the UK and Germany are projected to experience the biggest slowdown in growth — partly the product of a labor market in which workers are harder to come by. In the UK, the impact of Brexit on the supply of workers, along with the high incidence of long-term sickness among workers, threatens to further tighten the labor market, pushing wages and inflation even higher. Meanwhile, Germany's growth potential will continue to be limited by its aging population: by 2030, the country will employ more 65-year-olds than under 20-year-olds.[22]

How the European economy ultimately performs in 2023 depends on how effectively policymakers can navigate supply and demand imbalances, manage growth, and slow inflation. But unlike in other regions, they face solutions that are far narrower in scope as a result of political and economic challenges that hit closer to home.

GDP growth forecast for EU-27[19]



EMERGING FROM A SMALL DIP IN THE NETHERLANDS

The Dutch economy experienced a slowdown in the second half of 2022 as a result of rising inflation, with annual GDP growth forecast at 4.6 percent. Price increases far exceeded wage growth — due in part to the impact on inflation of Russia's war in Ukraine — leading to a decline in real household income.[23] At the same time, tightening financial conditions and the increased uncertainty that comes with a global economy in transition are expected to lead to a small and likely short-lived decline in investment activity across the Netherlands.[24]

> ***The unemployment rate** in the Netherlands is expected to **settle around 4.3 percent in 2023 and 2024** — a small uptick but still indicative of a strong job market.*[25]

With this shift, the tight labor market is expected to ease in 2023 as the demand for workers softens. Economists at the European Commission expect the unemployment rate to settle around 4.3 percent in 2023 and 2024 — a small uptick but still indicative of a strong job market. As a result, nominal wage growth is expected to continue its upward trajectory in 2023, which means Dutch companies would be wise to target cost-effective solutions, including leveraging the power of contingent workers, for managing their workforces.[26]

Promising professions in the Netherlands[27]

The labor market is constantly changing, creating opportunities for workers to fill positions that are most in demand. Some of the newest additions to this list of promising professions in the Netherlands include:

- ✓ Medical secretaries
- ✓ Police officers
- ✓ Train operators
- ✓ Special education teachers
- ✓ Bus drivers
- ✓ Executive assistants

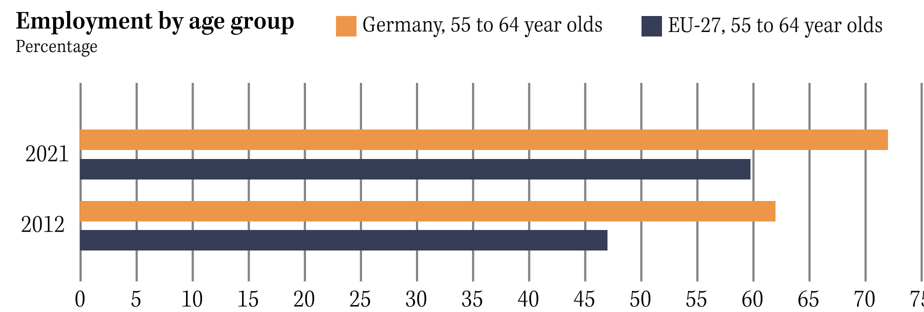
For those experiencing unemployment, reentering the workforce as a temporary worker has clear benefits, too, including the flexibility to try out new roles before committing to a longer-term switch in career paths. In fact, data indicate that roughly a quarter of unemployed Dutch workers sign temporary work contracts upon reentering the job market.[28]

EUROPE OVERVIEW

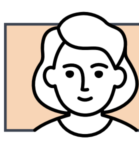
SEARCHING FOR WORKERS IN GERMANY

Perhaps no European country is feeling the economic impact of Russia's war in Ukraine more than Germany. Historically one of Russia's most reliable trading partners — as recently as 2020, as much as 65 percent of Germany's gas came from Russia[29] — the outbreak of war reversed decades of cautious cooperation between the two countries, stoking fears of an energy crisis and forcing German leaders to search for ways to make up the difference.

These geopolitical challenges are unfolding against the backdrop of historic labor market tightness. Despite entering 2023 with roughly 45.6 million persons in employment — the highest number since reunification in 1990[31] — the German labor force is still coming up short of the nearly 800,000 people needed to fill all of its job vacancies.[32] Finding them might be difficult, with the number of workers at retirement age expected to exceed the share of 20-year-olds as soon as 2030.[33] Roughly three-quarters of all 55 to 64-year-olds in Germany are employed — far exceeding the average for the rest of the European Union, which sits closer to 60 percent. "It is however not expected that a higher labor force participation of older people can offset the fact that the younger population is decreasing and that consequently there will be a much smaller labor force in these age groups", explained Frank Schüller, labor market expert at Germany's Federal Statistical Office.[34]



Source: EU labor force survey, Eurostat



By 2030, Germany will employ more 65-year-olds than under 20-year-olds.[30]

EUROPE OVERVIEW

Make it in Germany[35]

To promote its efforts to attract skilled workers from around the world, Germany's official government website promotes a campaign called "Make it in Germany." According to its website, the most sought-after skilled professions in the country include:

- ✓ Green jobs
- ✓ Nurses
- ✓ Doctors
- ✓ Engineers
- ✓ IT specialists
- ✓ Life scientists
- ✓ Handypeople

1.02 MILLION REFUGEES[36]

have immigrated to Germany in the wake of Russia's war in Ukraine, the third largest share of any country. With Germany recording nearly 800,000 job vacancies, the influx of refugees could help close skills gaps in its aging labor market.

There is renewed hope that an influx of immigrants might help fill some of the gaps in the labor market. Among all countries, Germany has recorded the third largest number of refugees fleeing Ukraine — more than 1 million people since the war began.[37] Prior to the war, the government had already pledged to make it easier for companies to attract foreign talent by improving access to dual citizenship and apprenticeships. The private sector has also stepped up. Last year, more than 36 major companies, including automotive suppliers and industrial firms, announced that they will begin coordinating on redundancies and vacancies, training workers to rotate from job to job.[38]

EUROPE OVERVIEW

A TALE OF TWO COUNTRIES IN THE UK & IRELAND

Job vacancies in the UK[39]

In the UK, the recovery from the downturn that followed COVID-19 has been long and slow. Among the Group of Seven nations, the UK's economy is the only one that remains smaller than it was in the leadup to the pandemic.[40] The causes are varied but include a lack of foreign investment and low productivity. Russia's invasion of Ukraine has only made matters worse, clouding a complex economic picture with the added pressure of rising energy costs.[41]

> ***Long-term sickness is an increasingly common reason for economic inactivity in the UK, making up 27 percent of all those out of the labor market in September to November 2022, compared with 25 percent at the beginning of the pandemic.***[42]

Like the rest of Europe, the UK's economy has also been held back by a lack of traditional workers. The number of vacancies has been hovering near record highs since 2021, when the number of unemployed people per vacancy reached levels not seen in at least 40 years.[43] Although recent data indicates that Britain's labor market may finally be cooling off, led by declines in vacancies among the human health and social work and wholesale and retail trade sectors, the UK recorded more than one million vacancies at the end of 2022,[44] a number that remains stubbornly high. Against this backdrop, a growing share of more than 2.5 million people have been forced to exit the labor force due to long-term illness, a trend that began prior to COVID-19 but was exacerbated by the pandemic.[45]

> ***The economy of Ireland is performing better than in most other European nations, and Modified Domestic Demand (MDD) — a reliable measure of domestic economic activity — was projected to grow by 8.4 percent at the end of 2022.***[46]

Despite extraordinary uncertainty in the UK and beyond, the economy of Ireland is performing better than in most other European nations, with Modified Domestic Demand (MDD) — a reliable measure of domestic economic activity — projected to grow by 8.4 percent at the end of 2022.[47] Riding the strength of the broader economy, the unemployment rate in Ireland also dipped to pre-pandemic levels, ending the year at 4.3 percent.[48] Like in other countries, the full potential of the Irish economy has been undercut by job vacancies across many industries. The Department of Enterprise, which maintains a list of the most in-demand jobs in an effort to attract skilled workers from abroad, currently counts 20 job categories on its list. These sectors range from life scientists and health professionals to IT workers and engineers.[49]

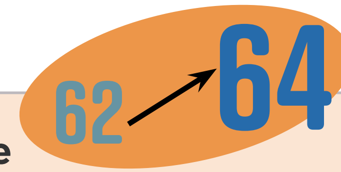
EUROPE OVERVIEW

AHEAD OF THE CURVE IN FRANCE

In France, global economic headwinds were met with domestic challenges that put the country's economy on track for a small contraction in the final quarter of 2022.[51] Still, inflation is expected to beat expectations for the euro area, standing at 4.4 percent at the end of the year before dropping to 2.2 percent in 2024.[52]

> ***Since it began rebounding in 2021, employment has ticked up quarter after quarter, reaching levels 3.6 percent higher than at the end of 2019, according to the most recent labor data. The economy is projected to record continued employment growth in 2023 across all sectors.***[53]

Despite having characteristically high unemployment relative to most nations in the European Union, the French economy has shown remarkable resilience in recent years. Since it began rebounding in 2021, employment has ticked up quarter after quarter, reaching levels 3.6 percent higher than at the end of 2019, according to the most recent labor data. The economy is projected to record continued employment growth in 2023 across all sectors.[54] Meanwhile, GDP is expected to settle near 2.6 percent growth for the year, putting the country on track with the projected average for all EU nations. Even though France likely won't be able to entirely avoid a rightsizing in its economy, employers should keep up a healthy pace of hiring for the foreseeable future.[55]

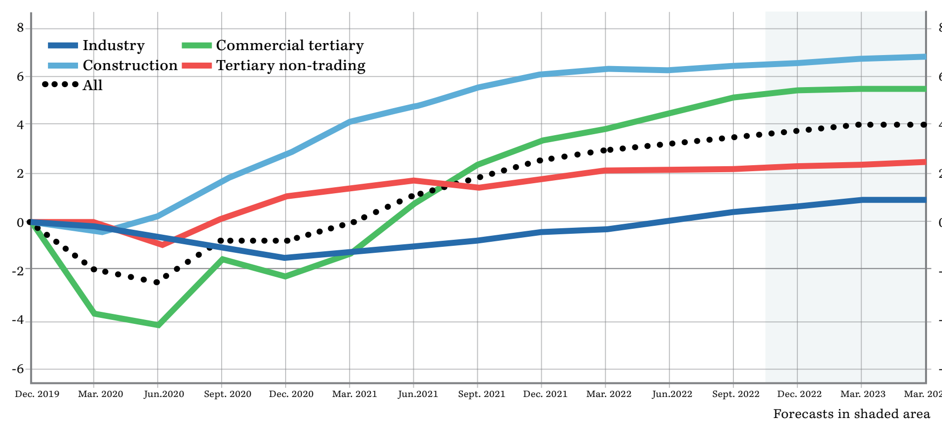


Raising the retirement age

The start of 2023 was marked by widespread protests over President Emmanuel Macron's plans to raise the retirement age to 64 from 62 years old. The change comes as Macron seeks ways to fulfill a campaign promise to decrease France's budget deficit to within the EU's limits by 2027, when his presidency ends. According to the French government, the reform would add 300,000 more workers to the labor force by 2023, contributing a one percent increase to the country's GDP.[56]

Payroll employment compared to the end of 2019[50]

deviation from end-2019 level in percent CVS data



Scope: France (excluding Mayotte)
Note: In this graph, temporary workers are counted in the commercial tertiary sector.
How to read it: at the end of September 2022, payroll employment is 3.6 percent higher than its level at the end of 2019.

EUROPE OVERVIEW

RESILIENCE IN EASTERN EUROPE

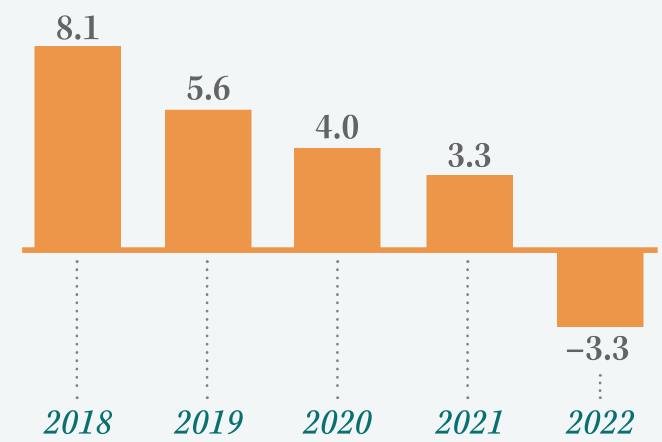
Hungary, Romania, Czech Republic, Bulgaria, and Poland

> *In Eastern Europe, real wage growth slowed down to 4.0 percent in 2020 and 3.3 percent in 2021. It fell to -3.3 percent in the first half of 2022.[58]*

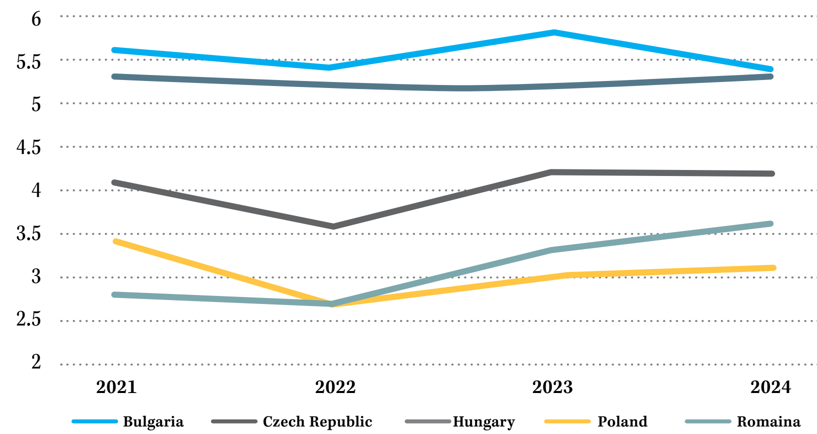
After a strong performance at the beginning of 2022, economic conditions began to decline in Eastern Europe in the aftermath of Russia's invasion of Ukraine. This led to extraordinary measures by leaders in countries like Poland, which signed measures into law that lowered VAT rates, provided cash heating subsidies to households, and launched a multi-annual scheme to support energy-intensive industries. Still, rising costs in Poland and elsewhere in Eastern Europe are having a serious impact on real wages, which are expected to decline further in 2023.[59]

Despite the fog of uncertainty at home and around the globe, employers have been reluctant to lay off workers in Eastern Europe as they focus on filling gaps in the supply chain. Consequently, employment is projected to remain steady in 2023 and 2024, which will continue to drive a tight labor market.[61] Some relief may come with an influx of refugees flowing from Ukraine: these countries have collectively resettled more than two million refugees since the start of the war.[62]

Annual average real wage growth in Eastern Europe[57]



Unemployment rate (actual and projected) among Eastern European Countries[60]



Source: The European Commission

INDUSTRY SPOTLIGHT

U.S. occupations with the highest projected percent change of employment between 2021-2031[63]

OCCUPATION	GROWTH RATE 2021-2031	2021 MEDIAN PAY
Nurse Practitioners	46%	$120,680 per year
Wind Turbine Service Technicians	44%	$56,260 per year
Ushers, Lobby Attendants, and Ticket Takers	41%	$24,440 per year
Motion Picture Projectionists	40%	$29,350 per year
Cooks, Restaurant	37%	$30,010 per year
Data Scientists	36%	$100,910 per year
Athletes and Sports Competitors	36%	$77,300 per year
Information Security Analysts	35%	$102,600 per year
Statisticians	33%	$95,570 per year
Umpires, Referees, and Other Sports Officials	32%	$35,860 per year
Web Developers	30%	$77,030 per year
Animal Caretakers	30%	$28,600 per year
Choreographers	30%	$42,700 per year
Taxi Drivers	28%	$29,310 per year
Medical and Health Services Managers	28%	$101,340 per year
Logisticians	28%	$77,030 per year
Physician Assistants	28%	$121,530 per year
Solar Photovoltaic Installers	27%	$47,670 per year
Animal Trainers	27%	$31,280 per year
Physical Therapist Assistants	27%	$61,180 per year

INDUSTRY SPOTLIGHT

ANTICIPATING FUTURE NEEDS IN INFORMATION TECHNOLOGY

In a future-forward industry like information technology, where technical skills become outdated on average every 2.5 years, companies must hire based on needs that don't yet exist.[64] This is a challenge in any environment, but especially in a decade where phrases like "The Great Resignation" and "quiet quitting" became common vernacular.

According to a recent survey, in the past year, more than half of technology executives were unable to fill a position.[68] While staffing challenges are a hurdle for any industry, in IT, they can impede innovation and progress on a much broader scale. In 2020 — as the headwinds of the pandemic-era recession ground the global economy to a halt — executives reported that staffing shortages were a leading barrier to the adoption of just 4 percent of emerging technologies. One year later, with the economy recovering rapidly and labor becoming tight, this share had jumped to 64 percent, far exceeding other factors like implementation cost (29 percent) or security risk (7 percent).[69]

Layoffs in the tech sector

Despite challenges filling tech positions in the post-pandemic boom, there are indications that the market for workers might be settling. Globally, more than a thousand tech companies laid off an estimated 162,000 employees in 2022. In just the first month of 2023, another 84,000 tech layoffs followed.[66] Silicon Valley giants Alphabet and Meta have led the pack of companies cutting employees in recent weeks, citing lackluster earnings and efforts to rein in costs.[67]

64 PERCENT

Technology executives report that staffing shortages are a leading barrier to the adoption of 64 percent of emerging technologies.[65]

INDUSTRY SPOTLIGHT

To compete in an era of labor market tightness and high inflation, technology companies are charting a more flexible course, turning their approach to sourcing talent on its head. Globally, revenue in IT outsourcing is expected to grow by 8 percent annually over the next five years, resulting in a market volume of $587 billion by 2027, as companies look for deeper talent pools to meet their evolving needs.[71] This growth is occurring most rapidly in emerging industries like fintech, where analysts expect the popularity and use of outsourcing to double between 2022 and 2023.[72]

In the search for talent, IT companies are also looking within, reskilling and upskilling employees to meet their biggest needs. As one example, a global car manufacturer has reorganized its IT talent into "capability sets," according to their head of digital solutions and data, allowing them to more flexibly assign staff to projects.[74] As we reported in AgileOne's *Workforce Solutions Market Overview, November 2022 Edition*, embracing talent mobility allows companies to constantly review and adapt their workforce as conditions change while empowering employees with new skills that keep them happy, productive, and sticking around.

8 PERCENT GROWTH

Globally, revenue in IT outsourcing is expected to grow by 8 percent annually over the next five years, resulting in a market volume of $587 billion by 2027.[70]

12 of The Most In-Demand Technology Skills[73]

- ✓ Software development
- ✓ Artificial intelligence
- ✓ Information security and cybersecurity
- ✓ Web3-forward skills
- ✓ Big data
- ✓ Data analytics
- ✓ Skills in low-code platforms (ie. Salesforce CRM)
- ✓ Networking and IT
- ✓ Automation
- ✓ Engineering technology
- ✓ Augmented and virtual realities
- ✓ Cloud engineering and architecture

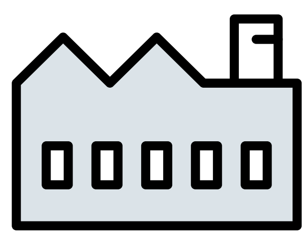
INDUSTRY SPOTLIGHT

BRIDGING SKILLS GAPS IN MANUFACTURING

Faced with extraordinary labor market tightness — and with rising interest rates throwing cold water on consumer demand — manufacturers of all stripes are entering 2023 cautious about their economic outlook. In a fourth-quarter survey of U.S. manufacturers, 68.9 percent of respondents felt either somewhat or very positive about their company outlook, the lowest rate since 2020 and the first reading in two years to fall below the historical average of 75.1 percent. This comes as U.S. manufacturers added more workers in 2022 than in nearly three decades.[76] In another study, European manufacturers echoed similar concerns, which are only amplified across the Eurozone by the fog of Russia's war in Ukraine.[77]

Bracing for the potential of an economic pivot, manufacturers spent the second half of 2022 cutting output — a notable change in direction following two years in which inventory shortages were well-documented. This led the JPMorgan Global Manufacturing Purchasing Managers' Index™ to fall to its lowest level — excluding the earliest months of the pandemic — since the global financial crisis in May 2009. Despite efforts to reign in inventory, economists are predicting that unsold stock will continue to fill warehouses in 2023, at least until the rate of decline in output catches up with reduced demand.[78]

In transitional economies, the manufacturing industry is one of the primary beneficiaries of contingent labor, whose flexibility allows companies to quickly and cost-effectively scale down their operations amid economic contractions. Should a recession be averted — and once the economy begins to expand again — contingent arrangements enable companies to ride the tide of uncertainty as conditions stabilize. That's why industrial companies account for the largest share of job placements across the workforce solutions industry: 36 percent, according to the American Staffing Association.[80]



36 PERCENT

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INDUSTRY SPOTLIGHT

DEALMAKING IN LIFE SCIENCES

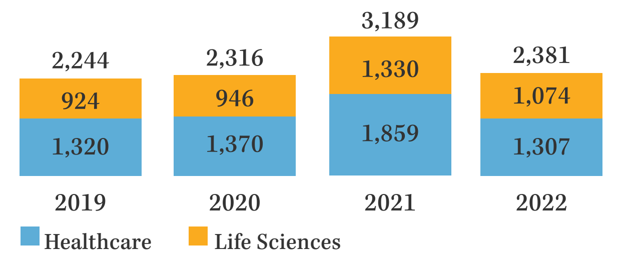
Following two years of rapid growth in life sciences led by dealmaking and advancements in healthcare and pharmaceuticals, the industry cooled to just ahead of pre-pandemic levels in 2022, closing 1,074 mergers and acquisitions compared with 1,330 in 2021. Meanwhile, investors clocked 155 fewer strategic investments in life sciences in 2022 compared to the year prior.[81]

The industry's slowdown was spurred by many of the same macroeconomic factors affecting the broader economy: the tight labor market, inflation, lingering supply chain disruptions, and the war in Ukraine. Yet, the most consequential event with a specific impact on life sciences may prove to be the passage of the Inflation Reduction Act in the U.S., which requires Medicare price negotiation for the most popular prescription drugs beginning in 2023. This stands to transform revenue projections for many of the world's largest pharmaceutical companies, which are already tempering investors' expectations. In the longer term, pharmaceutical companies have warned about potential cutbacks in the research and development of new therapies, while analysts have become bullish on the likelihood of more aggressive dealmaking in the year ahead.[82]

> ***Life sciences is considered one of the most recession-proof industries as a result of an aging population and increased rates of chronic diseases. In the U.S. alone, demand for life scientists is expected to grow at a rate of 11 percent over the next decade, significantly outpacing the 5 percent growth rate of all occupations.***[83]

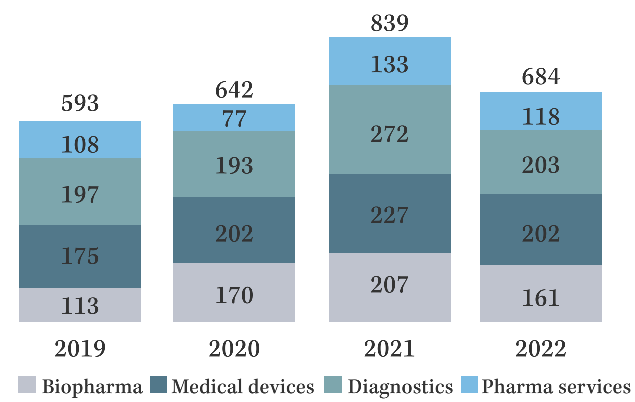
Despite these challenges, life sciences is considered one of the most recession-proof industries as a result of an aging population and increased rates of chronic diseases. In the U.S. alone, demand for life scientists is expected to grow at a rate of 11 percent over the next decade, significantly outpacing the 5 percent growth rate of all occupations.[84] Facing the likelihood of a spike in the demand for workers, organizations like the Coalition of State Bioscience Institutes (CSBI) were formed to deliver industry-led life science education, workforce development, and entrepreneurship programs through a nationally coordinated effort. Their research has pointed to a growing need for more life and data scientists, medical IT professionals, and scientific technicians.[85]

HCLS deals remain well above pre-pandemic levels



Notes: Biopharma data sourced from Informa and Pitchbook while all other LS sub-sectors' data has been sourced from Capital IQ and Pitchbook; HC data has been sourced from Capital IQ, Refinitiv, and Pitchbook; Some of the 2022 deals may be missing due to data lag at the time of publication; YTD as of December 22, 2022
Sources: Informa, Pitchbook, Capital IQ, Refinitiv, and KPMG Analysis

Life sciences strategic investments, 2019-2022[86]



TOP SOLUTIONS

HIRING LIFECYCLE IN A TRANSITIONAL ECONOMY[86]

1. Labor demand fluctuates with typical macroeconomic factors
2. A recession reduces demand
3. Companies begin layoffs, responding to lower demand
4. Macroeconomic conditions improve, increasing demand
5. Companies hire rapidly to meet increased demand

TOP SOLUTIONS

Solution #1: Hire flexibly with contingent labor

In a transitional economy, hiring a contingent workforce — like the ones facilitated by AgileOne — gives companies the flexibility to meet their evolving needs and purchasing power. When the economy contracts, companies can deploy a temporary workforce to maintain scaled-back staffing levels without the added cost of severance pay. Once the economy begins to recover, rapidly deploying a contingent workforce allows companies to quickly scale up their operations, testing different skills without committing to a more permanent employment arrangement.

Solution #2: Streamline with total talent solutions

Contingent, permanent, gig workers, freelancers, offshore workers, volunteers, consultants, and robots. With so many categories of workers, it's challenging, even in normal times, to juggle all the moving parts. Enter total talent: the management of permanent and temporary employees under one umbrella with the support of a single provider, like AgileOne. Total talent solutions offer a strategic, holistic approach to an organization's workforce fulfillment needs that integrate a singular model inclusive of multiple worker types. With uncertainty on the horizon, it's never been more important to seize the potential of the heart of your operation: your people.

Solution #3: Diversify your workforce

Employers willing to open up jobs to nontraditional candidates will benefit from a larger — and more diverse — talent pool. According to one study, companies that hire these so-called "hidden workers" were 36 percent less likely to face talent and skills shortages compared to companies that stick with traditional candidates.[87] At the same time, the most diverse companies, including those with a higher share of women and minorities in leadership positions, have been shown to outperform their peers on profitability, strengthening the business case.[88]

Solution #4: Build the ultimate worker pipeline with talent communities

Companies that plan ahead during economic uncertainty will be better positioned to weather the storm and come out ahead. That is the promise of talent communities: groups of candidates who are interested in working for a company but are not yet ready to commit. Building a pipeline of quality workers is a top priority for every hiring manager. But with talent communities, companies can go one step further, keeping candidates engaged in your work and ethos until the time is right for both parties.

Solution #5: Double down on culture

In an era of quiet quitting and turnover, culture counts. As we reported in AgileOne's Workforce Solutions Market Overview, Edition 3, toxic culture is 10.4 times more likely to contribute to attrition than even compensation.[89] With many industries still facing labor market tightness, companies are wise to take a human-centered approach, embracing tried and true strategies like flexible working arrangements and opportunities for learning and career advancement.

CONCLUSION

In the year ahead, the only certainty is more uncertainty. Therefore, companies that approach their work with agility will be in a stronger position to emerge from a potential economic downturn in a position to succeed.

For a growing share of companies, this begins with hiring a flexible workforce. In the aftermath of the Great Recession, temporary — or contingent — jobs accounted for roughly one-quarter of all private sector job growth in the U.S., compared to just 7.1 percent in the same period following the 2001 recession.[90] 35 percent of the nation's workforce was contingent in 2020. And by 2050, it is predicted that up to 50 percent of the U.S. workforce could become contingent.[91]

From cutting-edge technologies to award-winning services, AgileOne has the expertise to provide true total talent management with access to world-class workforce solutions and technologies configured to meet your unique enterprise needs. We are minority/woman-owned, with operations across the globe.

Services:

- Managed services program (MSP)
- Recruitment process outsourcing (RPO)
- Vendor management system (VMS)
- Direct sourcing
- Science, technology, engineering, math (STEM) recruiting
- Payroll & contractor validation services (AllSourcePPS)

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