



HIRE, TRAIN, DEPLOY

Closing the skills gap



THE DEMAND FOR SPECIALISED TALENT

HTD (a.k.a. RTD; ATD) is a model used by organisations to address acute skills gaps. In this model, a provider ‘hires’ high potential candidates, ‘trains’ them in the area of client need and ‘deploys’ them for a fixed term, usually with performance monitoring and onboarding support.

The Hire, Train, Deploy (HTD) model has gained traction in the post-COVID era, with best-in-class operators delivering impressive double-digit growth and sparking strong investor interest. In this Insight piece, CIL explores the dynamics, opportunities and growth levers that position HTD as a compelling, though complex, investment opportunity.

The HTD sector’s impressive performance has naturally drawn adjacent corporate and investor interest, attracted by strong revenue visibility and robust prospects across a broad range of end-sectors. This interest is well-founded; ongoing skills shortages continue to drive demand for alternative talent solutions. Korn Ferry projects a global talent shortage of over 85 million people by 2030, providing substantial runway for HTD operators.

After a period of remarkable growth, the HTD market appears to have cooled somewhat. Publicly listed FDM Group, for instance, has seen its market valuation decline from 2021

peaks, with H1 2024 reporting a 22% drop in revenues and a 25% decrease in consultants deployed. Yet HTD is not alone in this recent slowdown, and its competitive advantages over traditional recruitment models suggest that the recent softening in performance is temporary, rather than an enduring downturn.

HTD MARKET DYNAMICS

The HTD model effectively addresses the most pressing and hard-to-fill skills gaps for both employers and candidates, creating a valuable solution in today’s challenging talent landscape. By bridging critical skills gaps quickly and effectively, HTD serves both sides of the employment equation.



For employers

HTD alleviates acute skill shortages that internal resources cannot meet, whether due to short timelines or the specialised nature of skills in dynamic, high-innovation areas.



For candidates

HTD provides pathways into roles / industries where attractive entry points and progression potential are otherwise unclear, and high quality training is not available.

This dual benefit underscores the HTD model’s unique ability to match skills with market demand, delivering value to both sides of the talent market.

Sector dynamics: Evaluating the fit of HTD models across industries

		Low suitability	High suitability
Employer need	Ability to hire	<ul style="list-style-type: none">• Lots of candidates• Easy to attract talent• Clear interview process	<ul style="list-style-type: none">• Few candidates• Experience required• Lack of role / sector appeal, particularly with diverse candidates• Inexperienced hiring team
	Ability to train	<ul style="list-style-type: none">• Traditional industry• Large recruit cohorts which justify training• Large volume of trainers available / low importance of training	<ul style="list-style-type: none">• Novel, dynamic industry• Small intakes – inefficient to train in-house• Rarity and high cost of trainers
	Ability to deploy	<ul style="list-style-type: none">• Low utilisation• Standardised processes• Low churn	<ul style="list-style-type: none">• Sustainable / growing need for resource• Dynamic use cases• High churn / short-term need
Candidate need	Hiring options	<ul style="list-style-type: none">• Good availability of attractive, credible employers• Desire to work in a traditional corporate setting, in a single sector	<ul style="list-style-type: none">• Candidate preference for function and role specifics, rather than company / sector• Opacity around career pathways
	Training options	<ul style="list-style-type: none">• Multiple, high-quality training routes are available• Stable skill set required	<ul style="list-style-type: none">• Limited availability of high-quality, third-party training• Dynamic nature of skills
	Deployment options	<ul style="list-style-type: none">• Single employer / linear experience not seen as a negative	<ul style="list-style-type: none">• Cultural preference to work in a diverse, flexible, ‘consulting’ environment• Value placed on diversity of experience (e.g. through multiple placements)

DEMAND DRIVERS

Evolution in skills requirements

Skills requirements shift quickly in certain sectors. Employers can turn to HTD to address gaps they cannot fill in-house or through traditional recruitment. Many lack the resources or expertise to train for highly specialised skills, especially in rapidly advancing areas such as AI. HTD operators, therefore, play a crucial role in meeting demand where digital disruption and transformation call for new capabilities.

Structural shifts in end-sector dynamics

Changes in supply-side dynamics also create opportunities for HTD players, particularly when established in-house recruitment solutions are reduced or outsourced. In the pharma sector, for instance, companies used to train Clinical Trial Associates (CTAs) in large volumes, but began outsourcing trials to Clinical Research Organisations (CROs).

This, in turn, reduced the conveyor belt of CTA creation, leading to skills gaps. Such dynamics suggest the sector may be increasingly well-suited and receptive to the HTD model.

The drivers behind HTD demand show structural resilience, suggesting the model will sustain for the long term. The ongoing digital transformation agenda – a major force behind HTD demand across many sectors – is here to stay. As employers increasingly rely on third parties, building in-house capabilities becomes more challenging, with traditional talent pipelines disrupted and insufficiently equipped to meet new demands. It's also unlikely that the tertiary education system will adapt quickly enough to supply the high-quality talent corporates need, reinforcing HTD's essential role in bridging these gaps.

THE GLOBAL OUTLOOK

The level of traction achieved by the HTD model varies significantly across global markets, influenced by economic conditions, cultural factors and regulatory environments.

In the US, the model has flourished (despite breaking cultural norms where candidates are used to paying for one's own upskilling). This has been particularly driven by a dynamic tech sector that sustains demand for new and emerging skillsets. Similarly, the UK market has seen strong adoption, particularly in financial services and IT, where firms are leveraging HTD to maintain competitiveness in highly regulated, rapidly evolving industries.

Acute skills shortages and relatively flexible labour markets are supportive of growth in both regions. In contrast, mainland Europe presents a less mature market. In France, the model encounters challenges from stringent employment protections and complex labour laws. Germany's robust vocational training system and the influence of work councils similarly reduces reliance on external training and deployment solutions.

Nonetheless, despite these barriers, HTD adoption is growing steadily across these geographies, albeit at a slower pace than in other developed economies.

Leadership teams and investors should consider the impact of legislative and legal scrutiny on HTD employment practices in key regions. For instance, the US Department of Labor has recently raised concerns over compliance with the Fair Labor Standards Act by HTD operator Smoothstack. Meanwhile, in the UK, the Labour Government has proposed significant reforms to workers' rights, including a move towards a single status of employment. For investors, international expansion is likely to form a key part of any value creation plan. This makes assessing compliance costs and risk exposure across geographies critical to the success of any investment case.

THE GROWTH OPPORTUNITIES

Winners in the HTD sector will be those who excel in three critical areas: **candidate quality**, **service quality**, and **agility** in targeting high-growth end-sectors. While the first two are fundamental to the HTD model, the true differentiator may lie in identifying and capitalising on growth opportunities ahead of the competition. Success will hinge on the ability to identify emerging opportunities, adapt training content, and strategically position capabilities to align with evolving market demands. Many sectors remain underserved and present significant growth potential.

Pharmaceutical services

As noted earlier, the pharmaceutical sector has experienced significant evolutions in operating model over recent years, exemplified by a notable shift towards outsourcing clinical trials. This shift in model means that trials are now widely undertaken by a base of comparatively smaller providers (who likely lack the scale and capability to recruit and upskill specialised staff in-house), rather than by a concentrated base of global majors with the scale, infrastructure and expertise to sustain a conveyor belt of new CTAs. HTD providers may be well placed to fill this gap.

Healthcare

More broadly within healthcare, the industry is rapidly adopting digital solutions, accelerated by post-COVID transformation efforts. The increasing use of electronic health records, telemedicine and health analytics is driving demand for professionals with both IT skills and an understanding of healthcare processes. HTD operators can play a crucial role by developing programmes that bridge the gap between digital skills and healthcare-specific knowledge, aligning with the industry's evolving needs.

Green economy transition

The shift to a greener economy is creating a need for skilled workers, particularly in blue-collar roles supporting renewable energy projects. In Germany alone, there is a shortage of approximately 216,000 skilled workers required to support the solar and wind energy sectors, according to KOFA, the Competence Centre for Securing a Skilled Workforce.

This sector benefits from increasing government support, making it a particularly attractive growth area. HTD operators are beginning to address these needs; for example, Montamo and Smalt, both VC-backed companies in Germany, are training construction and installation specialists specifically for serving clean energy assets.

Cybersecurity

The rising frequency and severity of cyberattacks has made cybersecurity a top priority for both businesses and governments. This presents a significant opportunity for HTD operators, who can focus on the most risk-exposed industries, such as finance and healthcare.

Accountancy and audit

Skill shortages across accounting are well documented and may be particularly acute in audit. Indeed, competition for top talent has become an increasingly important axis of competition among ambitious firms, where a lack of skilled personnel can become a substantial and persistent brake on growth.

Industry commentators point to numerous challenges in attracting new talent into the space – including the extensive (and increasingly costly) educational requirements, increasing competition from other fields, and the perception of a 'stuffy' working environment. Additionally, talent predation within the Big 4's accounting and audit businesses is further challenging the traditional talent pipeline. The ongoing supply vs. demand imbalance and changing role of major legacy employers in the space may create attractive opportunities for HTD providers to exploit.

Summary

These examples illustrate the scale and diversity of opportunities available to HTD operators. However, they likely only scratch the surface of what the future holds. Agility and the ability to pivot quickly will define the most successful players, enabling them to keep pace with, and shape, the future of work.

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