



TALENT TECH LABS

Trend Report Q4 2015

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Welcome to the latest edition of Talent Tech Trends

Although it seems we were just celebrating the holiday season, we're already a month into 2016 and key trends that were teased in the final months of 2015 are continuing to bear fruit. In particular, we've seen some very interesting developments in the CRM/ATS space. As more players come into the fray, accurate information and awareness of the defining features these technologies offer will be critical in making sound evaluations that lead to successful implementations.

We wanted to find out what was going on at the forefront of the CRM/ATS space, so we brought in some of the brightest minds in our field to dig deeper. We're going at it hot and heavy this issue,

with strong opinions and compelling data to arm you with the information you need to make sound HR technology decisions.

Thank you for your ongoing input, feedback and engagement. We look forward to hearing from you soon. Happy reading.

Jonathan Kestenbaum
Executive Director - Talent Tech Labs



We first developed the Ecosystem to illustrate the extent of the worldwide talent acquisition technology landscape. The Ecosystem was designed for you, and we've committed to updating it every three months to meet your needs and the needs of a constantly evolving sector. In Q3, we added a new color coding schema to group offerings into verticals, and removed the "College Recruiting" category. In addition to adding and removing companies that scaled, failed and pivoted, we reviewed and re-categorized CRM and Job Marketing & Distribution companies to better clarify the distinctions within the vertical sector.

Staying on top of the latest changes

Today we are launching our Q4 Ecosystem Infographic with an updated immersive, textured look and feel. The categorization of verticals has also been updated. These changes foster simplicity and more elegantly present the critical information about companies and innovations. "Recruitment Marketplace" has been removed and the companies formerly housed in that bubble are now merged with "Temporary Labor Marketplace."

As we continue to track over a thousand of companies in the dynamic Talent Acquisition Technology space, the Ecosystem Infographic will naturally keep evolving. As we previously mentioned back in the Q1 Trend Report, the core purpose of our Ecosystem is to organize the seemingly cluttered landscape of TAT companies to help you better focus your investments and energies on the most innovative and influential technologies.

Download the latest version of the ecosystem here:

[Download](#)

Does your company belong in the ecosystem?

Send your information to: ecosystem@talenttechlabs.com.

Vertical Highlight: Candidate Relationship Management



Looking at the Big Picture on CRM

Over the past few months, you've almost certainly heard the term "CRM" or Customer Relationship Management. It's a hot topic in recruiting, but like most talent tech trends, conversation about the use of CRM in recruiting seems to be missing the bigger picture—and the bigger opportunities this trending topic actually represents for talent acquisition.

Most employers today approach CRM as a way to overcome existing capability gaps or augment their existing systems and solutions. This is why so many solutions in the space serve as integration partners or middleware add-ons with traditional systems of record instead of being developed as robust, standalone solutions.

Are you taking the right approach to CRM?

It's a tall order to transform a system of record into a system of engagement. Instead of approaching CRM as an additional feature set or functionality to extend ATS/HCM capabilities, talent organizations that really want to maximize their recruiting technology ROI should instead consider taking the exact opposite approach.

Given the increasing importance and integration of consumer and inbound marketing strategies throughout the talent attraction process, as well as at every stage of the hiring cycle, it's important for recruiters to combine high tech with high touch and automation with personalization.

I'm encouraged by the increasing adoption of CRM technologies within the recruiting industry and think any shift that causes recruiters to think and function more like marketers is a good thing for our customers, clients and candidates.

Overcoming process problems and talent challenges takes more than a stripped-down CRM bolted onto the same old ATS. So much of what's being packaged and sold as a "CRM" is, in fact, nothing more than an ATS in sheep's clothing; a "solution" that's being created by the very same vendors responsible for creating the problem.

If a CRM offers ATS integration, it generally means that they're structuring their data and building their workflow for the HR system, not the other way around. That's a devil's bargain for access to a market dominated by a few major players and one that sacrifices consumer convenience and ease of use for compliance and complexity (as HR is accustomed to doing).

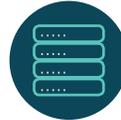


Can you spot a “genuine” CRM?

To really maximize recruiting efficacy and efficiency, at least from a systems standpoint, employers would do far better to buy a standalone CRM with ATS configurations (which, on these more sophisticated SaaS solutions, are far easier to build than the other way round). But the reason so many emerging and existing players in HR technology are moving into the CRM space is that the distinction between a CRM and an ATS isn't always clear. The resulting confusion means most vendors have to do little more than recode and re-skin their existing offering, along with a few slight custom configurations and API calls. This, of course, comes at a pretty steep premium, particularly if there's an existing HCM services contract in place, as is almost always the case for Tier One ERP providers.

The resulting confusion comes with a fairly significant risk. If employers and recruiters continue to make the erroneous assumption that what's really an ATS is actually a CRM, and that by adding these specious “SaaS” solutions to their existing stack, that they'll be up to date, then we're actually falling behind.

This potentially dangerous misconception (or misunderstanding) around what distinguishes a CRM and an ATS is understandable; superficially, these two technologies look a lot alike. But dig a little deeper and there are some surefire signs that whatever ATS, HCM or database you happen to be using, it's not really a CRM.



1. There are too many required fields or structured forms that have to be manually inputted by recruiters or candidates, negatively impacting time to fill, candidate conversions and completed applications, among many other metrics



2. The database is largely seen as administrative instead of an actual asset; data is entered for the purposes of process workflow and compliance, but it's rarely leveraged for analytics, reporting or direct sourcing. It's seen as a waste of time instead of a powerful platform for achieving recruiting ROI.



3. The system doesn't measure engagement and gives end users no quick way of seeing how active or engaged a client or candidate might be; instead, candidate activity is limited to formal interactions instead of additional engagement, information and insights on the candidate and their interaction with the company and/or recruiter. Similarly, talent organizations have no standard or centralized way to measure or monitor recruiting relationships.



4. You've still got to screen resumes and have no way of figuring out what candidates want to do instead of what they've already done. Additionally, it's not a CRM if the system stores data that's almost completely reliant on information inputted by candidates themselves, with little to connect the dots. In other words, the only information the system can tell you about the candidate is coming directly from the candidates themselves.



If any of the above information is true, then you're using an ATS, not a true CRM solution. The good news is there's still hope. Today's technology solutions offer more CRM functionality for traditional applicant tracking systems (some are profiled later in this newsletter). These solutions can help you maximize your current investment without starting from scratch. Doing your research to understand the precise capabilities being offered or augmented is critical to avoiding some of the mistakes noted above. However, starting from scratch and replacing your current technology with more sophisticated, more user friendly and more effective marketing solutions offers unique advantages and can be more budget friendly down the line.

True CRM systems are designed to integrate with a variety of third-party products and services, and their flexibility/configuration means that almost every one, as a structured database with strict data governance, advanced user permissions and comprehensive documentation, can easily function as an ATS, too.

There's no doubt that the move to CRM systems has been significant, if not seismic, in the world of recruiting and hiring. But if we're not careful to remember the distinction between CRM and ATS, then we're all going to be stuck with lackluster ROI on our HR technology investments.



Matt Charney is the Executive Editor and Head of Content at Recruiting Daily, a leading online resource for today's recruiting world. He has delivered results while working with some of the world's biggest brands as both a recruiting and marketing leader.



The Convergence of CRM, ATS and Inbound Marketing

Talent Tech Labs went straight to the source to examine some emerging companies in the CRM and ATS space. We sat down with Daniel Chait, CEO and co-founder of Greenhouse, Shane Gray, VP of Business Development at Clinch and Abakar Saidov, CEO and co-founder of Beamery to dig deeper into their technologies and examine the blurring line between CRM and ATS—and how their inbound capabilities are transforming talent acquisition.

First, let's introduce you to our panel technologies:

- **Greenhouse** makes recruiting software that helps organizations plan, execute and optimize hiring.
- **Clinch** combines sales and marketing techniques with key recruiting metrics in software that enables employers to source, engage and hire candidates.
- **Beamery** is a CRM and marketing platform designed to impact the entire candidate lifecycle.

While the lines between CRM, ATS and inbound marketing are increasingly blurred in the talent acquisition technology space, our panel shares key observations and details about how their solutions fit into the space. Through the insights shared on this panel, we hope that you can ask smarter questions to find the right solution for your organizational needs.

TTL: How would you categorize your company: Candidate Relationship Management (CRM) or Applicant Tracking System (ATS)? Why?

Abakar (Beamery): We are Candidate Engagement software. This is a CRM and Marketing Platform combined to allow companies to impact the whole candidate lifecycle. We focus on pulling in data from hundreds of sources including emails, calendars and social networks to remove data entry and enable our customers to focus on what matters most—communicating with talent.

Shane (Clinch): Definitely more CRM than ATS, I think, however we are starting to define a new category of HR tech that is more about using inbound traffic and content to identify the right people for an organization than the traditional outbound advertising and sourcing approach. This helps facilitate the delivery of more content and by measuring how candidates interact with this content help to bring to the surface the ones a company would really like to hire.

Daniel (Greenhouse): Greenhouse is an Applicant Tracking System with some CRM functionality. Our tool helps companies plan, optimize and execute their recruiting. The execute part is ATS. From a CRM standpoint, we have a number of components that offer CRM functionality as well.



TTL: What are your observations around inbound marketing and recruitment?

Daniel (Greenhouse): I definitely think companies are going to invent more in the top of funnel inbound recruitment marketing campaigns. They'll have a wide variety and wide range of capability in how they can do it. Right now with the current state of the industry, some businesses will not be able to do it effectively, while others are poised to really take off. The problems surrounding inbound recruitment marketing center mostly around a lack of strategy —the tools are there (and are continuing to be developed).

Shane (Clinch): You only have to see the look of annoyance on a candidate's face when they receive unsolicited messages from a company they have never heard of which hasn't bothered to take the time to research them properly to realize the current approach is ineffective and wasteful of everyone's time.

It's actually really simple and all boils down to more relevant content. Give candidates the information they need to make an informed decision about a company and they will make better decisions about applying. Candidates who are not a fit will self-select out and you will attract the right people.

Abakar (Beamery): - Really it's about addressing the whole candidate lifecycle from discovery to engagement.

It starts with attraction and how you get someone to find out about you as an employer. This is all about using branding and content to drive traffic and having an experience that potential candidates want to share.

Next it is about building a connection and getting candidates to interact with you as an employer and converting from a visitor to a potential candidate. Doing this well involved multiple triggers such as calls to action, hosting events and offering value that is of interest to a candidate.

Finally it is about engagement and turning an initial connection into a relationship. This is where a passive candidate can become an active Applicant through a series of well executed nurture campaigns.

Ultimately a good Inbound Marketing strategy involves taking a proactive longer term view on recruiting, and building a funnel for the future, rather than focusing on just filling the roles you have open today.



TTL: What are your thoughts on integrations?

Shane (Clinch): Knowing that integration would be critical to the long-term success of Clinch, one of the first things we did was launch our own integration API backed by a developer center. We see other companies who offer this approach growing quickly and believe this trend will continue. We have picked the top of the recruitment funnel as the area we are going to concentrate on and we'll allow our clients easy integration for the rest of their recruitment stack.

Daniel (Greenhouse): Integration is essential for today's ATS and CRM technology. Greenhouse was conceived specifically to integrate with complementary tools (in fact, we integrate with more than 70 of them and are increasing that number every day). When it comes to integration, thinking about every level of application is critical. Greenhouse integrates with everything from top-of-funnel tools such as Smashfly or Clinch to LinkedIn recruiter, screening and assessment, and all the way through paperwork and DocuSign.

Abakar (Beamery): We do not focus on the applicant processing and screening sides of recruiting. For some tools (like Beamery), thinking critically about integration and how it values the end user allows us to better determine where to put our efforts. Many of our customers use the product as a standalone Candidate Engagement Platform, while others want a two-way data flow between Beamery and their ATS as well as other screening tools such as video interviewing. Taking an open platform based approach provides the opportunity to pursue integrations where there's inherent value.

TTL: What do you think is next for CRM/ATS/inbound marketing technology?

Abakar (Beamery): As competition for talent continues to heat up, this space is starting to receive a lot more attention from the C-Suite, with bigger budgets and a lot more willingness to try new things.

Shane (Clinch): Sales and marketing started to move away from the "always be closing," interruptive approach about 10 years ago and has been reaping the benefits ever since. We have a lot of catching up to do in talent acquisition to become as effective, but the signs are good.

Daniel (Greenhouse): We are in the early days of a technological transformation in HR technology. While the technology is evolving quickly, widespread implementation across talent acquisition is still yet to come.



The Non-Technical Essentials Investors Seek

Back in 2012, it felt as if the world was on the verge of a social revolution. Surrounded by innovation, Social Starts was founded to provide support and investment in the technologies and innovations fueling that revolution. Social Starts has a two-pronged fund strategy:

- Be among the most active pre-Series A investors in the country and
- Bet on our winners in the Series A rounds.

Our definition of “social” is all about trust: the Internet allows for the establishment of trust over distance. This change is fundamental to the way the work of the world is shifting. At Social Starts, we are a bit unique in that we invest at the moment of inception. Our ideal scenario is to know the entrepreneur before they found the company and be the first money into the company. This strategy has served us very well in the case of our initial Work Platform investment: Greenhouse.





How to earn the trust of investors

We're early stage investors, often very, very early. How does that impact what we do? We focus intently on the CEO. Can they win in a tight spot? Will they have the leadership ability to push through the inevitable difficulties all startups face? Ultimately, a CEO can earn our trust with an idea that meets certain criteria:



It's all about data. Data on people is the segment we see moving the fastest as we evaluate companies. In the world of extreme tension over highly skilled workers, a company's ability to find and attract the most skilled person for a position is extremely valuable. More and more people will look to showcase skills on the data they provide to the world. We're very interested in startups that make that data usable to companies and then allow them to evaluate that data. The differentiation here will be the ability to lock down a feedback loop from the customer to consistently evaluate the predictive nature of your technology. Was the candidate actually a good fit? Were they compensated appropriately? One component of this that will be extremely interesting will be the tenure of the candidate. In a fluid workforce, the ability to identify desirable candidates likely to be retained will be solid gold.



Aim to make things better. It's a simple notion, but companies that strive to make life better or easier are much more likely to succeed. One area that we include in our work platforms segment is software that workers use to make their work better. While outside the talent piece of the category, we find that it fits perfectly into our investment thesis. We're investors in Stream.io, whose technology allows companies to easily incorporate fees into their web and mobile applications. That's a fantastic work platform; it allows for developers to focus their efforts on building the technologies that matter to the success of the company while making a non-differentiated technology easy to access. The use of these types of technologies will also begin to differentiate companies as they attract talent. Why go work for a company that doesn't utilize the tools that make your job both easier and more challenging?



Look beyond recruiting. There is incredible opportunity for HR technology to transform beyond hiring and retention. As CRM becomes a much bigger piece of the HR puzzle for many organizations, the opportunity is ripe for emerging CRM innovators to disrupt the space. Looking even beyond sales, so much work is being done outside of traditional company/employer constructs; constructs that may not even exist today. We look for platforms that can show both ends of the equation: what's valuable and how to communicate with one another. Training is a significant piece of this. We're investors in Grovo, a platform that enables companies to effectively train workers at all levels of the company. Taking a look at how that training influences performance is critical as companies move forward.

Charles Smith is a Venture Partner at Social Starts. He has been an angel investor since the mid-1990s and has invested in more than a dozen companies, while working for or sitting on the boards of 10 more.



Finding Recruiting Success in the Algorithm Age

I have been in the staffing industry for more than 18 years as a researcher, recruiter and an executive who currently leads a global team of more than 60 IT recruiting professionals. Part of my job is to demo and review the hundreds of new service offerings and platforms that have hit the talent acquisition landscape in the past couple of years.

After participating in more than 75 new product demonstrations, let me simplify and summarize the sales pitch I hear most frequently:

- Product ABC is going to boost efficiencies in your most inefficient process in your enterprise:
Recruiting and Hiring
- Product ABC is best in breed and is battle tested
- Product ABC has a great UI/UX that your users will love and integrate seamlessly into their tool kit.

At this point, I usually ask a simple question: “What differentiates Product ABC from some of your competitors?” I receive the same answer 95% of the time: “Our Proprietary Algorithm.”

“Algorithm” is by far the most over utilized word in talent acquisition space. As a refresher, an algorithm is a procedure or formula for solving a problem.

And there you have it. The sales rep is basically telling me that Product ABC has the **BEST** formula for solving my problem: finding and hiring talent! I feel much better now! I am ready to sign the contract!

All kidding aside, algorithms have advanced and helped many of us in the recruiting field. Search technology is better and more robust than 10 years ago. Recruiting professionals are able to search through 1000s of applicants in nano-seconds for certain skills, educational backgrounds etc.

However, what is often under reported is how profoundly technology and algorithms have changed the job seeker experience. An active candidate—and I believe that 90% of all people are active and willing to listen to new job opportunities—has never had more powerful tools to help find a job. Job aggregators like Indeed, plus traditional job boards, have harnessed these algorithms in ways that have made the role of the recruiting professional that much more important. Candidates are being constantly bombarded with job alerts and applying to jobs has in many cases never been easier. It’s hard to imagine anyone being “passive” in this environment.

Recruiting professionals currently occupy the bridge from algorithm to successful talent acquisition. I believe that all of this technology has actually made the role of the recruiter MORE important than ever.

Any recruiter is able to utilize technology to get to a potential pool of candidates. The **SUCCESSFUL** recruiter is able to engage with candidates outside of email, build relationships with talent, take personal interest in their careers, and leverage that relationship for referrals, leads, and turn a transactional interaction into a more meaningful long term affiliation. As the war for talent intensifies these skills will only become more important.

Fortunately, I am not aware of any algorithm that is capable of doing ALL of that! And that is why I am more confident than ever that recruiting professionals will never be replaced by technology. They will be augmented, they will be enhanced, but they will continue to be cornerstone of any successful talent acquisition strategy.

Matthew Franklin is the Director of Recruiting at Mitchell Martin, Inc. He is responsible for leading the recruitment function for MMI’s national account delivery team, sourcing contract and full-time IT professionals across the United States.



The Marriage of Technology and Marketing

Important things are happening in talent acquisition as we begin 2016, for sure: More companies see the competitive edge gained by providing a positive candidate experience, more companies are focused on building authentic employer branding rooted in a compelling EVP, more companies are getting serious about recruitment marketing as a highly effective method of attracting much-needed talent. But while these pioneers are making strides in the ongoing war for talent, the majority of companies are still stuck in the endless source-hire-repeat cycle inherent in a reactionary recruiting model.

There are many limiting factors at work here—some within our control, others beyond—but my hunch is that the most immediate obstacle talent acquisition faces is fundamental: We need to evolve how we evaluate recruiting performance; we need to redefine measures of hiring success. The continued maturation of recruitment marketing (and CRM in particular) is just the ticket we need to get us there.

Going well beyond talent attraction

For many recruitment marketing pioneers, talent attraction has been the primary goal of marketing campaigns and brand initiatives. “Fill the funnel,” we say, “and then let the recruiters do what they do best.” While this used to work for post-and-pray tactics, this really doesn’t work in recruitment marketing. These campaigns are designed to increase engagement, not generate

applications. What can a recruiter do with a ‘like’ on Instagram or a ‘favorite’ on Twitter? As it turns out, not much. Does that mean social marketing and employer brand aren’t worthwhile elements of talent acquisition? Hardly.

Key practices in recruitment marketing have always drawn from elements of consumer marketing, and engagement has never been a cornerstone of consumer marketing. The glaring difference between B2C marketers and recruitment marketers, however, is that consumer marketers (good ones, anyway) can quantify the value of engagement. They can (and do) correlate engagement with brand strength, they evaluate engagement to build more compelling CTAs, they foster deeper engagement through drip marketing campaigns, etc. We’re attempting to do the same in recruitment marketing, but with varied results.

As recruitment marketing continues to mature, some more modern hiring organizations are wising up to the notion that tallying new applications isn’t the best way to measure success. For the rest, however, the scope of measurement in recruitment marketing (and talent acquisition in general) is still severely limited. The problem for talent acquisition teams, however, is that the systems we have to manage recruiting weren’t designed to support modern recruitment practices, including correlating activities and outcomes with modern measures of success. And this is where I see two major trends colliding to drive meaningful change in the coming years.

Kyle Lagunas serves as Principal Analyst at Lighthouse Research & Advisory and has extensive talent acquisition and technology experience with organizations including Brandon Hall Group, Gartner and Independent Insights.



TALENT TECH LABS

We want to hear from you! If you have information you would like us to share with the talent acquisition technology community please reach out to us:

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