



Talent Acquisition Systems 2010

Executive Summary

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TABLE OF CONTENTS

| | |
|---|-----------|
| Introduction | 4 |
| Summary of Key Findings | 5 |
| 1. Today's Talent Acquisition Systems Providers Are Responding to the Market by Offering More Innovation in Advanced Features and Strategic Partnerships. | 5 |
| 2. Although Many of Today's Solution Providers Are Offering Full Talent Management Suites, Organizations Are Slow to Embrace One Platform for Both Recruitment and Employee Development. | 6 |
| 3. Organizations Need to Consider Integrating Their Talent Acquisition Systems with Their Human Resource Management System (HRMS) and Third-Party Recruitment Providers during the Implementation Stages. | 6 |
| 4. Customers Are Demanding More Web 2.0 Capabilities and Social Networking Integration from Their Talent Acquisition Providers. | 8 |
| 5. Global Support Needs to Encompass More Than Multilingual Configuration Including Compliance to Local Regulations, Currency and Time Zone Support. | 9 |
| 6. Market Churn Is a Constant in Today's Talent Acquisition Marketplace. | 10 |
| 7. Solution Providers Are Experiencing an Uptick in Customers from High-Volume Industries, Such as Retail and Hospitality. | 10 |
| 8. Contact Management Needs to Be a Priority When Considering Talent Acquisition. | 11 |
| Conclusion | 12 |
| About Us | 13 |
| About This Research | 13 |

Introduction

The talent acquisition technology market is one of dramatic change and innovation. Both during strong and weak economies, investment in talent acquisition systems remains a priority for best-practice companies looking to gain a competitive advantage and secure a solid talent pipeline¹ of both active and passive candidates. Unlike other areas of talent management that are not continuously driven by external pressures, the state of talent acquisition systems continues to evolve.

Organizations at both the enterprise and midmarket level recognize both the short- and long-term value in this investment. Yet, with recent consolidations and a new crop of providers entering today's talent acquisition market, making the right decision around recruitment technology can feel daunting. Organizations are currently in a precarious position to not only demand more from their existing providers, but also to take advantage of the new innovations in areas, such as social networking, video tools, job-matching and search engine optimization.

The purpose of this research is to give readers insights into the distinctions and overall market trends of the leading talent acquisition systems providers available today. In our research, we explore:

- Various market trends during both strong and weak economies;
- Market growth and potential for talent acquisition systems providers;
- Recommendations for purchasing a talent acquisition system;
- The best practices for evaluating and selecting a talent acquisition solution provider;
- Key concerns during product implementation;
- Global support and configuration;
- Customer satisfaction; and,
- Key partnerships with talent acquisition providers.

¹ "Talent pipeline" refers to an organization's ongoing need to have a pool of talent that is readily available to fill positions at all levels of management (as well as other key positions) as the company grows. At each level, different competencies, knowledge and experiences are required, and (to keep the pipeline filled) the organization must have programs designed to develop appropriate skills sets.

Summary of Key Findings

1. Today's Talent Acquisition Systems Providers Are Responding to the Market by Offering More Innovation in Advanced Features and Strategic Partnerships.

Long viewed as a commoditized market, talent acquisition has experienced a breakthrough in innovation over the past year. Solution providers are not only facing competition from a highly saturated market – but also from a new cast of players aiming to offer new tools and services that replace the résumé and strengthen employer branding. Organizations are taking advantage of today's down economy by reassessing their current talent acquisition processes and investments in technology. Any organization looking to make leaner and smarter decisions around identifying talent needs to reassess its current system and determine what opportunities are available. Traditional solution providers are responding by offering more Web 2.0² capabilities (such as RSS feeds and integration with social networking sites). Other providers are forming partnerships with these new providers (such as Jobs2web, SimplyHired and Jobfox) to offer their customers search engine optimization, social networking capabilities and a standard job application. Organizations looking for new strategies to recruit talent now have options.

² “Web 2.0” refers to a perceived second generation of web-based communities and hosted services (such as social-networking sites, wikis, folksonomies, weblogs / blogs, social bookmarking, podcasts, RSS feeds, social software, web application programming interfaces / APIs, and online web services), which aim to facilitate creativity, collaboration and sharing between users. Although the term suggests a new version of the World Wide Web, it does not refer to an update to any technical specifications, but to changes in the ways software developers and end-users use the web. Source: http://en.wikipedia.org/wiki/Web_2.0#Defining_Web_2.0.

2. Although Many of Today's Solution Providers Are Offering Full Talent Management Suites, Organizations Are Slow to Embrace One Platform for Both Recruitment and Employee Development.

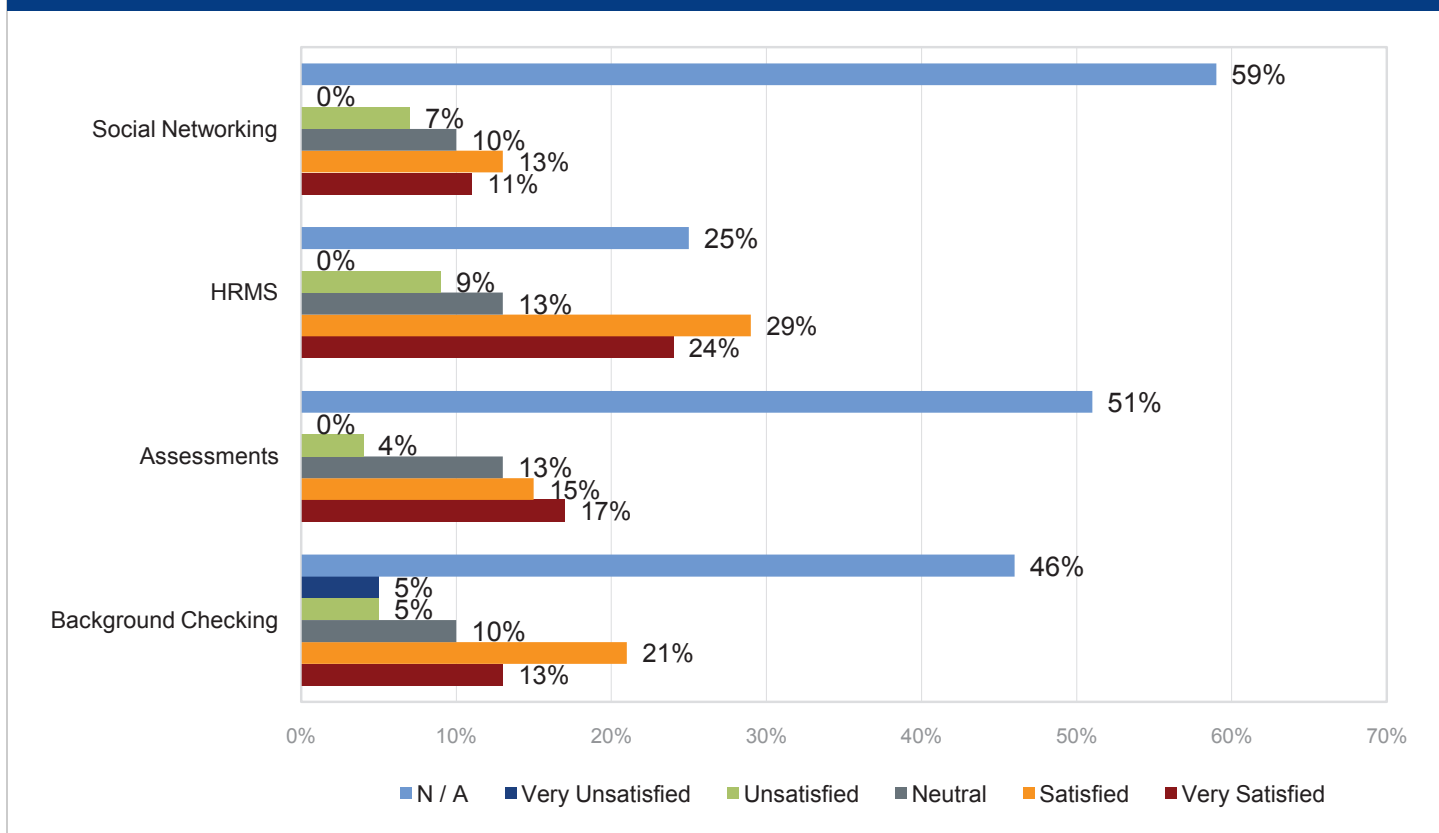
During both qualitative and quantitative research, it became clear that, while organizations in other areas of talent management (such as performance management and succession planning) look to one platform to support these areas, talent acquisition still remains isolated. One reason is that the buyers are a different audience from other areas of talent management. Secondly, many organizations make their decisions about talent acquisition without considering a long-term approach to retaining employees. Talent acquisition departments are looking to find quality candidates in an effective and efficient manner; they are not looking at employee development and retention. Sixty-eight percent of respondents to our survey only use their solution providers for recruiting. The talent acquisition solution providers included in this report are financially stable and have strong customer satisfaction rankings, whether offering a best-of-breed recruitment solution or full talent management.

3. Organizations Need to Consider Integrating Their Talent Acquisition Systems with Their Human Resource Management System (HRMS) and Third-Party Recruitment Providers during the Implementation Stages.

Integration is a critical component of any talent acquisition system and, surprisingly, one aspect that is often overlooked during implementation. More often than not, organizations feel pressure to select and implement a system in a short period of time. In doing so, they fail to think about any long-term implications, such as integration with their existing HRMSs and third-party recruitment providers. Several years ago, the majority of organizations were not considering the process of integration when

selecting and implementing talent acquisition systems. They were making decisions without thinking about a more strategic view of talent. Today, organizations seem to be more mature in their views of identifying, developing and retaining talent, but still are not making integration an initial priority. This is evident in the number of “N / A” responses with satisfaction in integration (see Figure 1). You can assume that these organizations have not integrated their talent acquisition systems with their HRMSs or third-party recruitment providers. We recommend that organizations consider their current HRMSs, talent management providers, third-party recruiting providers and social media when implementing their talent acquisition systems.

Figure 1: Satisfaction with Talent Acquisition Systems Integration

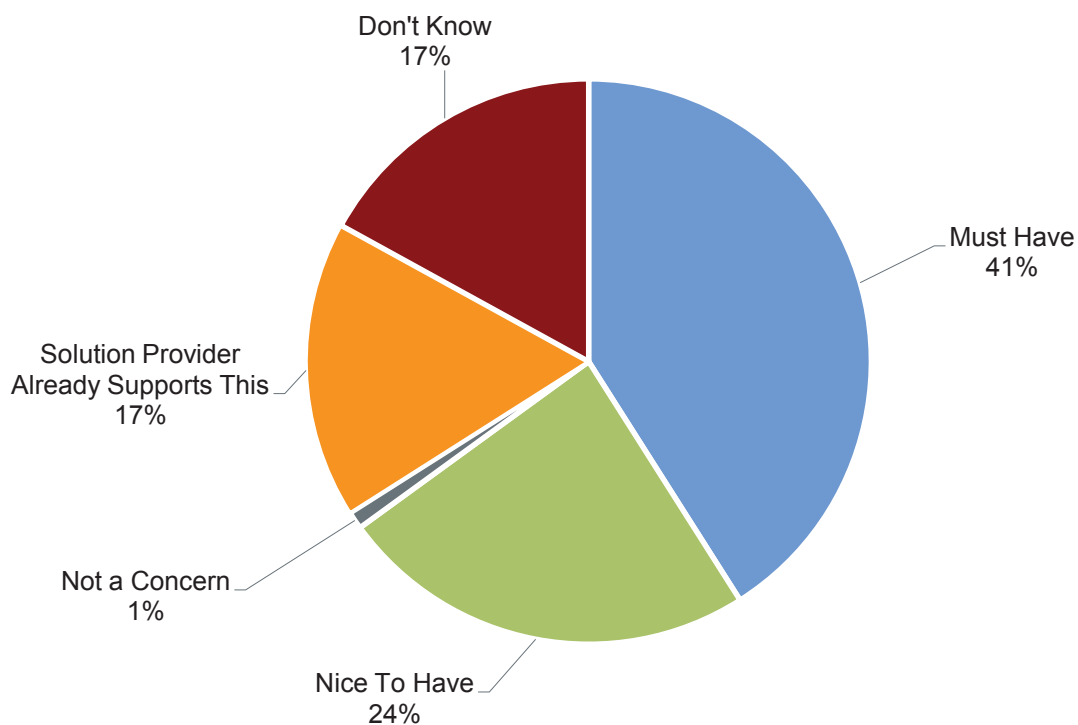


Source: Bersin & Associates, 2009.

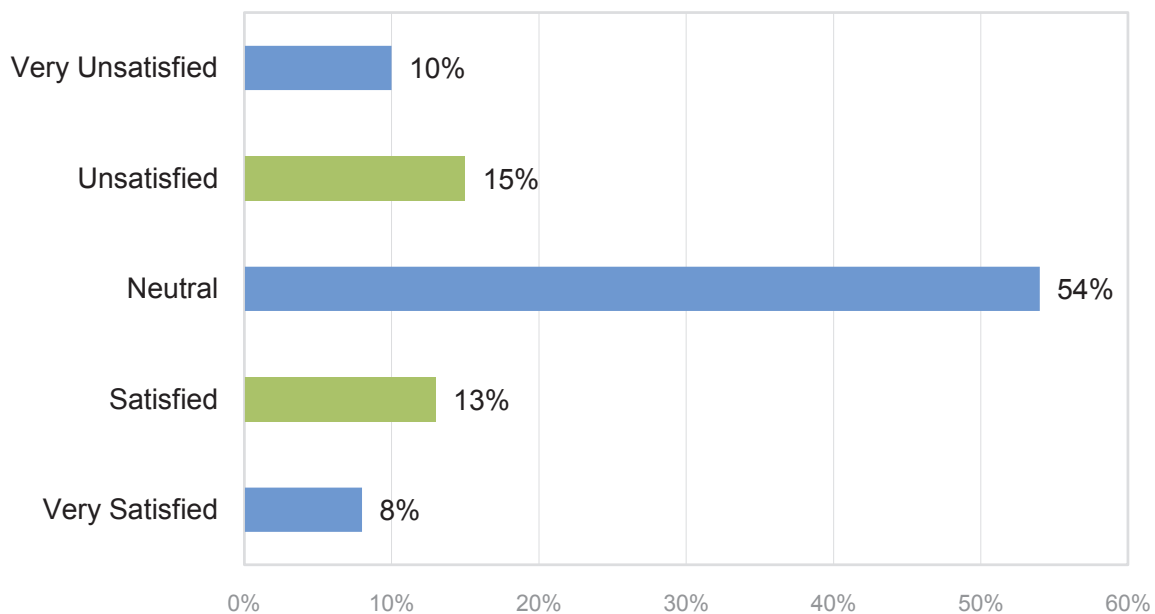
4. Customers Are Demanding More Web 2.0 Capabilities and Social Networking Integration from Their Talent Acquisition Providers.

Social networking has exploded in talent acquisition over the past few years. While most solution providers avoided this topic in the past, they are beginning to recognize a strong demand from their customers to provide more support for features that enable connectivity, such as video, social networking and RSS feeds. According to our research, 41 percent of companies indicated that social networking is a “must-have” when considering advanced features they would like included in their talent acquisition systems (see Figure 2). For many organizations, integration with social networking is even more critical than these advanced features. Not surprisingly, as many providers have been slow to respond to this demand, most organizations are not satisfied with the current level of integration with social media (see Figure 3).

Figure 2: Demand for Web 2.0 Capabilities



Source: Bersin & Associates, 2009.

Figure 3: Satisfaction with Social Networking Integration

Source: Bersin & Associates, 2009.

5. Global Support Needs to Encompass More Than Multilingual Configuration Including Compliance to Local Regulations, Currency and Time Zone Support.

Evaluating, selecting and implementing a global talent acquisition system requires a deep understanding of local needs and regulations. Many of the providers included in this report are able to support global multilingual configurations for both the recruiter and candidate interfaces. The challenge is that not every provider is able to provide support in other areas of a global system, such as local regulations, currency and time-zone support. We recommend that organizations consider and plan for various scenarios that may occur during global implementation, and involve a representative from each region to participate in the selection process. Organizations should conduct customer reference calls with other global organizations facing similar challenges.

6. Market Churn Is a Constant in Today's Talent Acquisition Marketplace.

This reality makes the task of selecting a talent acquisition system more difficult than ever. During market consolidations, many customers lose the level of customer support they had received from their providers. Due to this market consolidation and customer dissatisfaction, organizations have been looking for replacement solutions for their talent acquisition systems. Many questions are often left unanswered and organizations begin to look at other options. According to our survey results, 40 percent of organizations have invested in two or more talent acquisition systems in the past few years. Through our interviews, we learned that many of the customer references provided by solution providers are actually frustrated with their talent acquisition systems and are looking at other options. When considering a talent acquisition system, buyers need to take into account financial viability of the solution providers, as well as the impact of market consolidation.

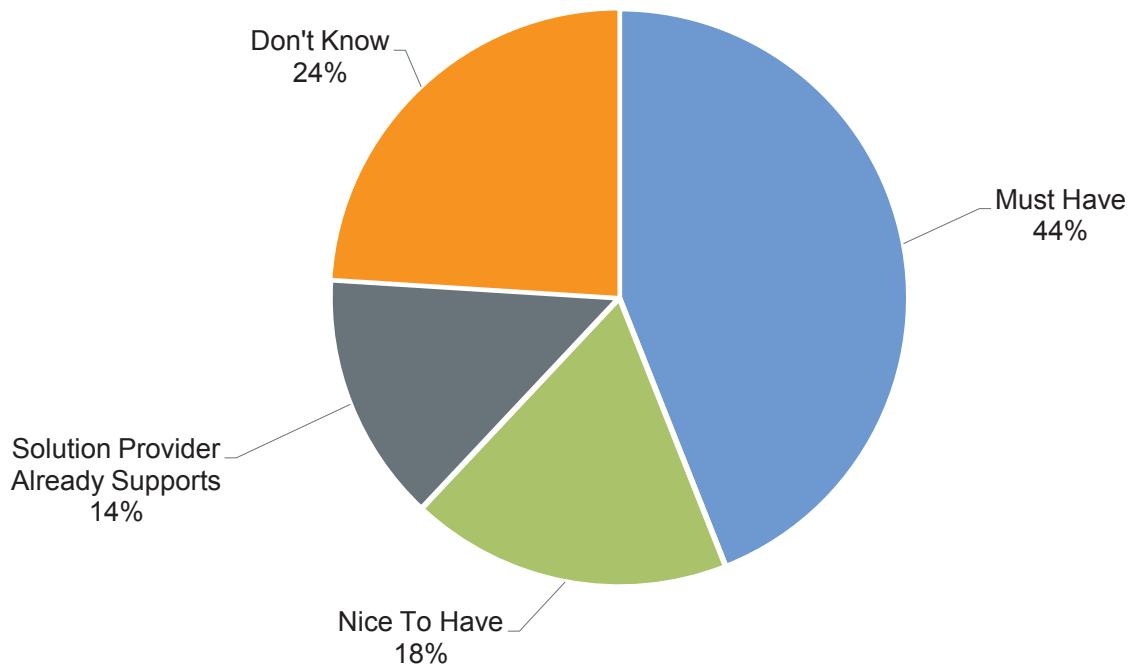
7. Solution Providers Are Experiencing an Uptick in Customers from High-Volume Industries, Such as Retail and Hospitality.

Historically, high-volume industries (such as retail and hospitality) have been slow to adopt technology solutions. One reason is that many organizations are not familiar with the differences involved with recruiting hourly versus salaried workers. Solution providers have recognized an opportunity for growth in these industries (*some providers stated that 40 percent of these organizations still need a talent acquisition system*) and have responded by offering separate modules for hourly workers, interview management tools, and tax and screening procedures. Organizations in retail and hospitality now have options when selecting a talent acquisition system.

8. Contact Management Needs to Be a Priority When Considering Talent Acquisition.

Several years ago, contact management was dubbed an immature area of talent acquisition for solution providers and customers. In today's shaky global economy, things have changed. Contact management needs to be a priority for any organization looking to build a strong talent pipeline, and establish long-term relationships with potential applicants, key stakeholders and former employees. Adopting a strategy that includes contact management will help organizations build an integrated talent acquisition strategy by focusing on connectivity, accountability and interactivity. We found that 41 percent of organizations believe that contact management is a must-have. Even more astounding is that 55 percent of organizations are using their talent acquisition providers for contact management. These organizations are asking more from their providers – and, in return, solution providers are adding this functionality or partnering with companies, such as AIRS to provide this functionality.

Figure 4: Organizations That Request Contact Management



Source: Bersin & Associates, 2009.

Conclusion

The leading talent acquisition systems will continue to develop beyond core functionality (e.g., applicant tracking and candidate requisition) into areas, such as contact management, onboarding, employer branding and performance management. Understanding your organization's needs and considering your company's talent management strategy along those lines will help locate software automation solutions that support those objectives. When considering product differentiators, consider from what position of strength this application developed. Get to know the other customers – you will be able to be a resource for each other. We hope that our report, *Talent Acquisition Systems 2010: Facts, Practical Analysis, Trends and Provider Profiles*³, serves as an educational tool for project teams and their key stakeholders to understand the current state of the market – and can also serve as a framework for solution selection.

³ For more information, *Talent Acquisition Systems 2010: Facts, Practical Analysis, Trends and Provider Profiles*, Bersin & Associates / Madeline Laurano, September 2009. Available to research members at www.bersin.com/library or for purchase at www.bersin.com/TAS.



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