

# Executive Summary

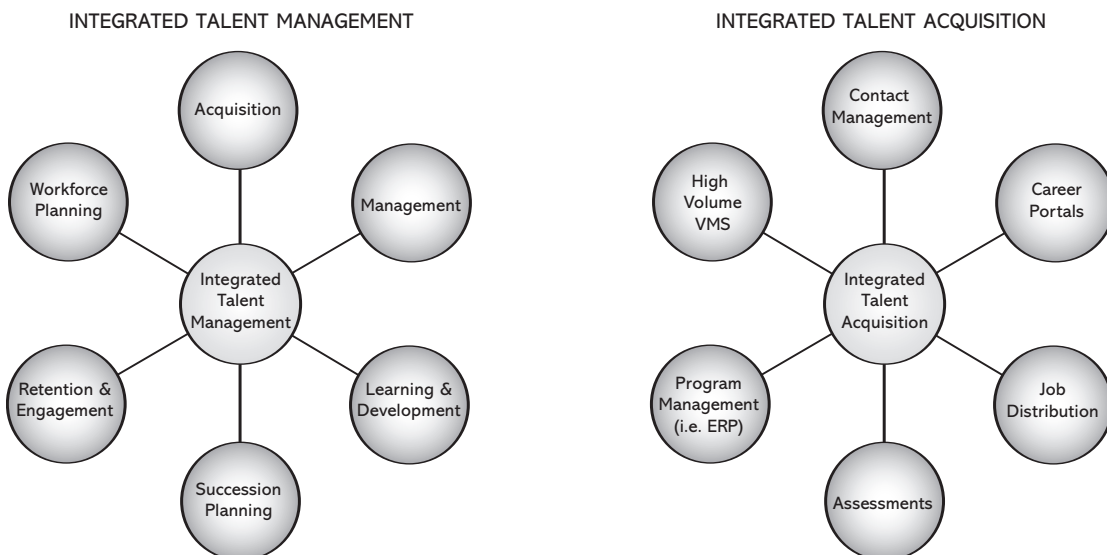
The buzz around the human capital management community these days is talent acquisition. Yet, after attending various HR conferences and watching companies attempt to embrace this new terminology, the majority of individuals seem to be asking the same question, “What exactly is talent acquisition?” The misperception in the market around *talent acquisition* and *talent management* is a result of conflicting points of view and lack of a clear definition. The purpose of this report is to define these terms and to examine how today’s leading organizations are using technology to help attract top talent more effectively and efficiently.

Over the past ten years, the traditional role of HR has evolved into *talent management*, a plan of action that views an organization’s employees as its greatest asset. As a result, the short-term reactionary approach to managing employees has been replaced with a long-term strategy aimed at identifying, developing, and retaining top talent. Companies looking to gain competitive advantage are using software automation solutions to help achieve this goal.

## TALENT MANAGEMENT VS. TALENT ACQUISITION

Talent management includes the entire employee lifecycle from the pre-hire to the post-hire stages. Talent management integrates workforce planning, talent acquisition, learning and development, compensation, succession planning, and retention and engagement. These areas that had functioned in silos in the past are now integrated with one common goal of attracting and retaining a high-performing workforce.

Talent acquisition, one component of talent management, includes planning, sourcing, assessing, hiring and onboarding job candidates. Just as in talent management, integration is the cornerstone of any effective talent acquisition strategy. A solid talent acquisition strategy includes the integration of contact management, career portals, job distribution, assessment, program management and high-volume recruiting.



## TALENT ACQUISITION SYSTEMS

Just as the terminology behind the process of identifying quality candidates has evolved, the talent acquisition technology has also improved. With the recent consolidation in the market and the increase in number of talent management systems, technology used to track a candidate from the beginning of the recruiting process (the requisition) to the end (onboarding) is no longer what it used to be. ERE has responded to these shifts in the market by renaming the “Applicant Tracking System: Industry Analysis and Buyer’s Guide” the “Talent Acquisition System 2007: Industry Analysis and Buyer’s Guide.” Talent acquisition involves more than just tracking an applicant. It includes candidate acquisition, including posting jobs to career sites and searching for candidates; tracking the candidate through the interview and testing process; interacting with candidates; and reporting on metrics that represent this activity such as cost per hire, time to fill, and source of applicants.

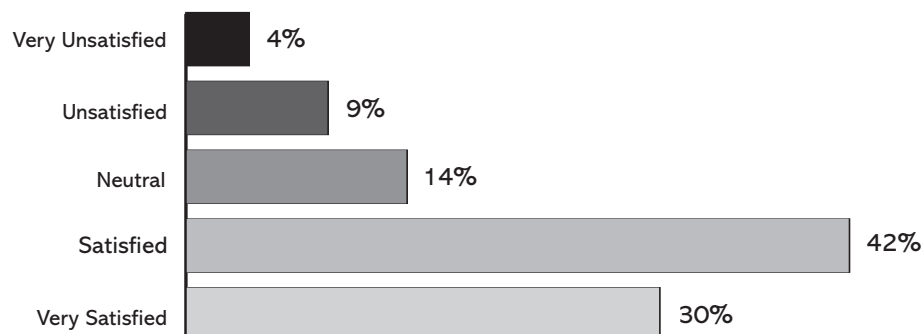
Talent acquisition systems also include company career site branding, candidate self-service applications, online employee referral programs, pre-screening questionnaires, global capabilities, integration with third-party recruiting services, candidate relationship management, EEO tracking and compliance with OFCCP rules. Some solutions have extended their offerings into the hourly talent acquisition arena, as well as the selection, ordering and tracking of contingent workers.

Automating talent acquisition for an hourly workforce is critical for industries such as retail, hospitality and food services. In order to address differences with hourly and salary recruiting, many solution providers are offering solutions with separate modules for hourly and contingent talent acquisition. The most fundamental difference is that hourly recruiting manages applications instead of resumes and requisitions. Due to the high turnover rate among hourly workers, integration with other aspects of talent management, such as performance management and elearning is not a necessity. Hourly recruiting is often confused with high-volume recruiting which includes recurring requisitions, volume hiring, tax credit screening and processing and kiosks. When asked about their companies’ high-volume recruiting capabilities, survey respondents rated their solution as the following: 13% Excellent, 17% Good, 11% Fair, 6% Poor and 3% Very Poor.

The legacy ATS systems of the past were limited to resume searching and scanning. The TAS systems of today can accommodate a company’s unique hiring needs. These systems offer companies a variety of tools they need to identify quality talent. After conducting follow-up interviews with survey respondents, ERE research found that companies automating the recruiting process are seeing a greater return on their investment.

## CUSTOMER SATISFACTION

The one area that has not changed over the past decade is customer satisfaction and the number of companies that seem disgruntled with their TAS. Companies seem dissatisfied with everything from configurability to implementation. Overall, the general sentiment about customer satisfaction seems bleak. Our research, based on survey data and follow-up interviews with long-term TAS customers, offers a contrary view. The majority of companies are satisfied or very satisfied with their current TAS provider.



A company’s likelihood to recommend their TAS and the lifespan of their investment are both clear indicators of customer satisfaction. The majority of companies are both likely to recommend their current TAS provider and have also invested in their solution for over one year with little plans or no plans to change providers. Thirty-four percent of respondents have already recommended their TAS provider to other customers, 16% were very likely to recommend, 20% were likely to recommend, 13% were neutral, 7% were unlikely, 8% were very unlikely and 3% were not applicable.

The lifespan of a TAS solution is also encouraging. Sixty-five percent of companies surveyed have been using their TAS for over one year. Over the past five years, 65% of companies have invested in only one TAS system, 32% have invested in two systems, and 3% have invested in three solutions. Sixty percent of companies surveyed expect the lifecycle of their TAS to last for five years or more. This data reveals that companies are not switching solution providers and reinforces the argument that companies are satisfied with their TAS.

**CREATING A LIST OF REQUIREMENTS**

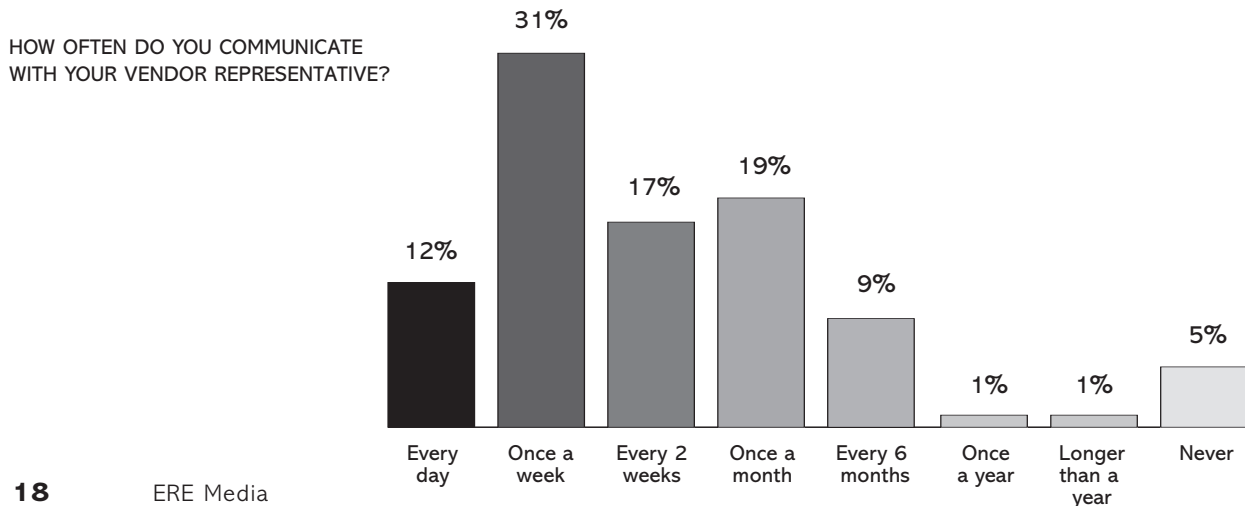
Potential buyers of a TAS need to carry out due diligence when defining their “must-haves” and their “nice-to-haves”. However, with a plethora of solutions in the market and new functionality introduced each month, the task of selecting a solution is daunting. Vendors distinguish themselves through customer support and pricing models. These factors typically fall under the “must-haves” of a company’s selection process. Other key differentiators that typically fall under “nice-to-haves” are integration, contact management and tracking applicants from a third-party staffing agency. As the market matures, these differentiators will become increasingly important for companies in the selection process.

**CUSTOMER SUPPORT**

“Customer support makes up for any of the system’s shortcomings.”

—Director, Talent Acquisition, Manufacturing; 5,000–9,000 employees; 5–9 recruiters

Customer support includes, but is not limited to, phone support, online support, a dedicated account representative, user groups, back-office support, non-English language support, and implementation. ERE’s survey results indicated that 31% of customers speak to their account representative or vendor contact once a week. Twelve percent communicate with their vendor every day, 17% every two weeks, and 19% once a month, and 9% every 6 months. Communication with a vendor can be interpreted as either positive and negative; positive if the vendor is available to handle issues and negative if the number of issues that the customer is experiencing outweighs the benefits. Customers should expect a good amount of hand-holding when implementing the technology, but a large amount of communication can also indicate problems with the solution. Communication is a two-way street and should be coming from both the vendor and the customer. The 1% of respondents that have not communicated with their vendor in a year, the 1% that have not responded in over a year, and the 5% that have not communicated in over five years indicate that the TAS failed after implementation.

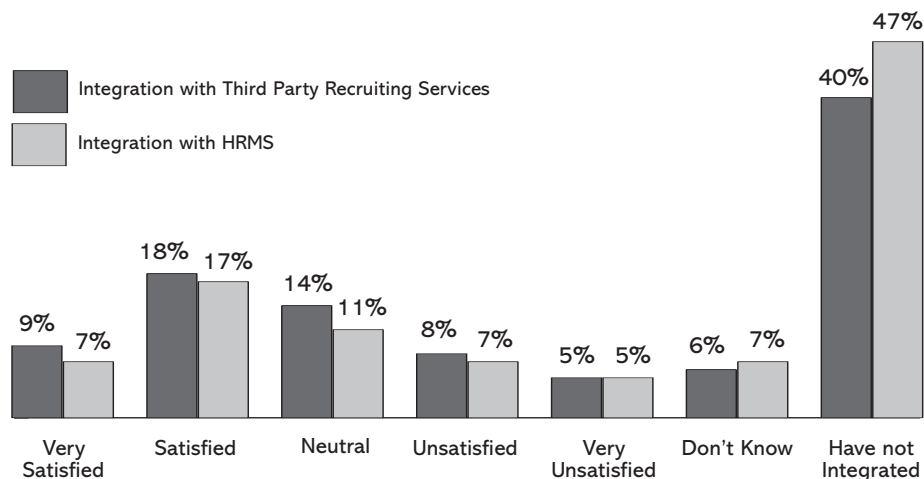


## PRICING

Affordable pricing, along with customer support, is also a “must-have” for many companies facing budgetary restrictions. That being said, one would assume that key decision makers and members of a selection committee would be fully aware of pricing information, including additional costs. However, survey results indicated that 37% of respondents did not know how much they were paying for their TAS. Fifty percent of companies surveyed indicated that the extra costs associated with their TAS are minimal, 20% indicated that there were no unexpected costs, and 16% indicated more costs than expected.

## INTEGRATION

One component of customer support focuses on integration, a major trend in talent acquisition systems this year. A strategic long-term approach to identifying, developing and retaining talent comes from integration with both third-party recruiting services and HRMS. Many companies have long-standing relationships with these services and need to be integrated with a TAS in order to be more effective. The vendors included in this guide provide partnerships with technology, consulting and sourcing vendors to help make integration run smoothly. Integrations are either defined by the customer or provided through the vendor’s integration toolset. In a customer-defined integration, customers face a challenge of firewalls and data privacy. In a vendor integration toolset, a predefined set of tools to standardize integrations across multiple customers, the challenge lies in the fact that a toolset that might work for one customer might not work for another customer. So, as vendors continue to make integration more available, why aren’t more companies taking advantage of it? Forty percent of companies surveyed have not integrated with third-party recruiting services and 47% of companies have not integrated with HRMS. Most companies do not recognize the impact of integration and purchase a TAS when faced with a crisis and are in need a “quick-fix”. These companies need to rethink their TAS purchase as a long-term approach where integration will play a vital role. Many customers seem more concerned with integration with MS Outlook for scheduling and contact management than with third-party recruiting services or HRMS. One customer stated “The solutions could have better application integration with outlook, ical, or apple mail.”



## CONTACT MANAGEMENT

Although integration is not a top priority for many TAS customers, contact management and tracking candidates seems to be gaining steam. Contact management technology is a method of keeping information on people and tracking all activities and tasks connected to them. Tracking candidates from third-party staffing agencies can help companies manage these relationships. Fifty-six percent of companies surveyed indicated that they use their TAS to track candidates supplied by third-party staffing agencies and 54% of companies use their TAS provider for contact management.

**REPORTING AND METRICS**

Key Performance Indicators (KPIs) reveal how companies are measuring their investment in a TAS. The vendors included in this book offer a wide variety of both standard and ad hoc reporting tools and the majority of companies are not maximizing these tools. Although 77% of companies are measuring time to hire and 76% are measuring time to fill, only 27% are measuring quality of hire. More companies should also use ad hoc reporting tools to track percentage of applicants that turn into hires and percentage of clicks that turn into applicants. As solution providers continue to strengthen the reporting and analytic tools offered, customers should be better informed and prepared by expanding the KPIs they measure.

Time to hire	77%
Time to fill	76%
Job vacancies	73%
Total acquisition cost per hire	50%
% of applicants that turn into hires	31%
Quality per hire	27%
Average new hire tenure	21%
% of clicks that turn into applicants	12%

**CONCLUSION**

Investing in a talent acquisition system is a top priority for any company looking for a more effective and efficient way to identify a high-performing workforce. As the war for talent continues to grow, automating the recruiting process from beginning to end is imperative for today’s leading companies. With a myriad of solutions to choose from and new features announced every month, the challenge of finding the right solution can feel overwhelming.

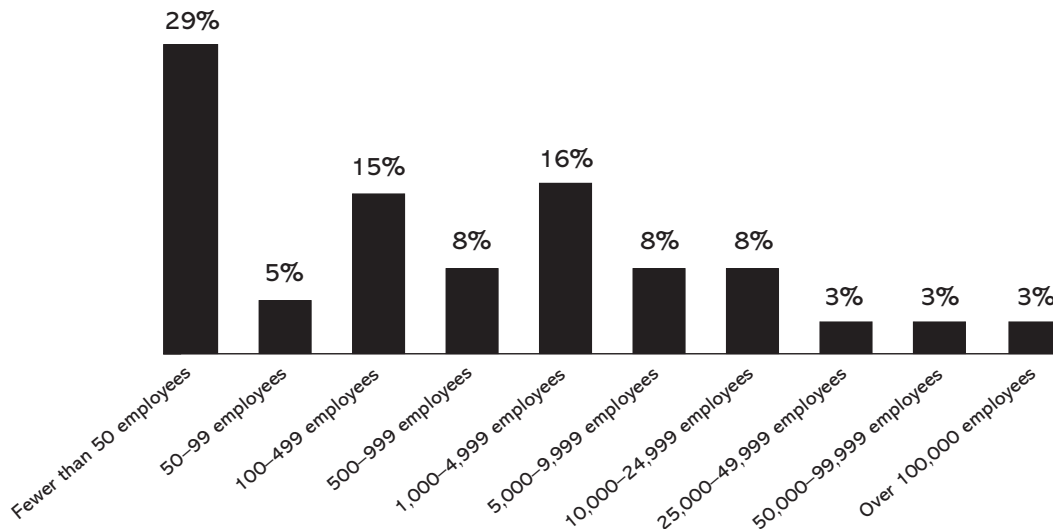
Despite the claims that most companies feel that they made the “wrong” decision in selecting a TAS, the majority of companies are satisfied with their solution. Customer satisfaction is supported by the number of companies investing in their TAS for a longer period of time and likely to recommend their solution provider.

While customer support and pricing are critical factors in the selection process, companies will be better prepared to identify, develop and retain their talent by integrating their TAS with third party recruiting services and HRMS, taking advantage of contact management, and tracking leads from third-party staffing agencies.

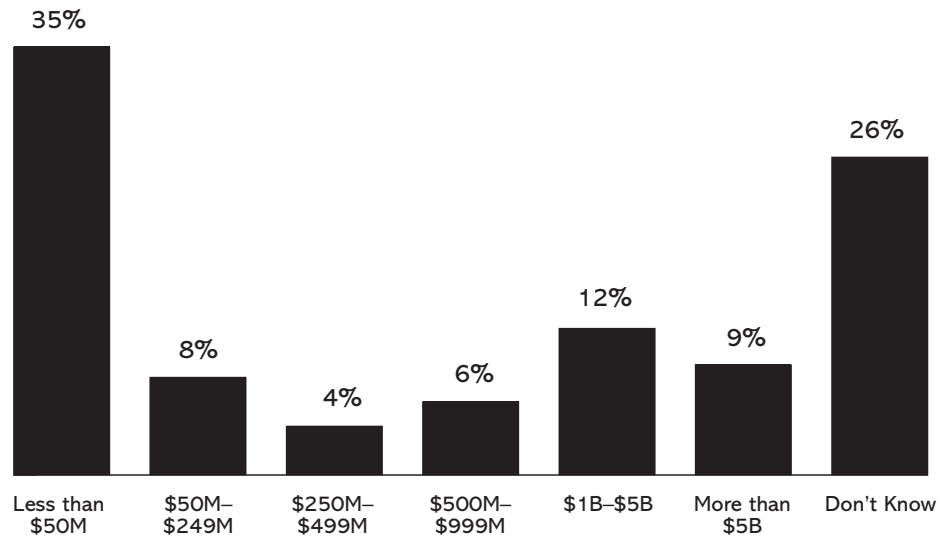
**SURVEY RESPONDENT DEMOGRAPHICS**

The Survey Respondent Demographics are as follows:

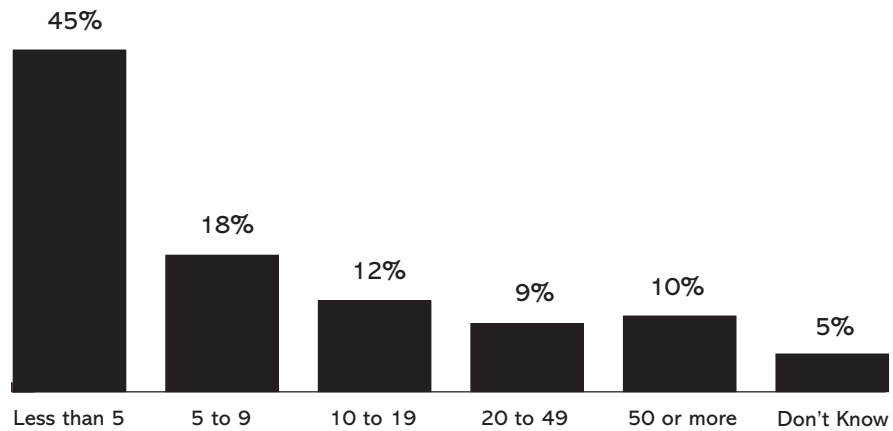
**SIZE OF ORGANIZATION**



## ANNUAL REVENUE



## NUMBER OF RECRUITERS



NUMBER OF NEW HIRES

