



TALENT TECH LABS

TALENT ACQUISITION TECHNOLOGY ECOSYSTEM 8 EXPLAINED



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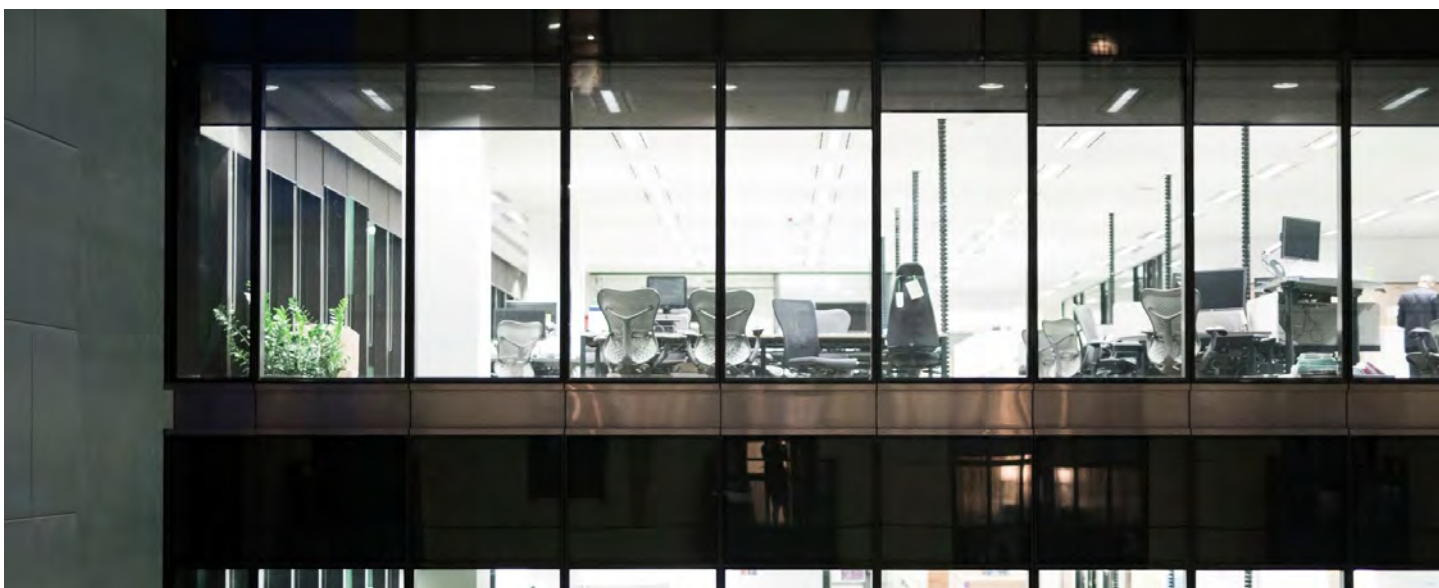


The 8th edition of the Talent Acquisition Technology Ecosystem highlights the latest and most innovative and influential companies in the industry today.

Our Ecosystem is organized by Hiring Stage, sub-vertical, and whether the tools are more focused on the employer or the candidate. In each stage -- Source, Engage, Select and Hire -- the Talent Acquisition market has experienced tremendous shifts, driven by changes in technology, candidate and client preferences, the economy, and recruiting practices. Our survey data suggests that companies are having the most trouble sourcing qualified candidates and engaging them, and, unsurprisingly, these two areas were the parts of the ecosystem where we saw the most growth.

The overall structure of the ecosystem is largely unchanged from the previous one (we made several definitional and semantic changes to increase clarity, and added two sub-verticals). The biggest change is the significant revisions to the actual companies highlighted in the ecosystem: 74 companies were cut from the ecosystem and 110 were added. We could have added significantly more.

74 COMPANIES WERE CUT FROM THE ECOSYSTEM AND 110 WERE ADDED. WE COULD HAVE ADDED SIGNIFICANTLY MORE.



TALENT ACQUISITION TECHNOLOGY ECOSYSTEM INFOGRAPHIC TAXONOMY

The Talent Acquisition Technology Ecosystem is divided into four stages. Each stage consists of verticals and each vertical consists of sub-verticals. For each of these stages, the distribution of verticals along with their respective sub-verticals can be seen below.



SOURCE STAGE

INDIVIDUAL CAREER MANAGEMENT

CAREER ADVICE & COACHING



SOCIAL CV RESUME BUILDER



JOB SEARCH ORGANIZER

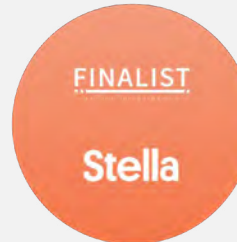


PEER TO PEER RECRUITMENT

REFERRAL TOOLS



SHARED TALENT NETWORK



SOCIAL NETWORKS & SEARCH

SOCIAL SEARCH



SOCIAL NETWORKS



ONLINE STAFFING

CROWD SOURCED RECRUITMENT



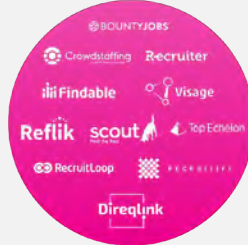
E-STAFFING



TEMPORARY LABOR MARKETPLACE



RECRUITMENT MARKETPLACE



JOB DISTRIBUTION



JOB BOARDS



JOB BOARD AGGREGATORS



JOB ADVERTISING

PROGRAMMATIC ADVERTISING





SOURCE KEY HIGHLIGHTS:

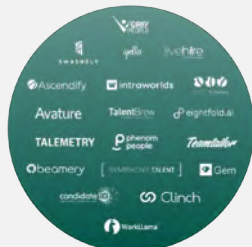
- ✓ The **Career Advice & Coaching and Job Search Organizer sub-verticals** remain challenging sub-verticals for firms to build sustainable businesses, and we've seen high levels of vendor churn in both.
- ✓ The **Job Board sub-vertical** continues to be a pillar of the Talent Acquisition space, though it is highly fragmented with thousands of niche sites. The **Job Board Aggregator sub-vertical** has matured with a dominant player in Indeed.
- ✓ Many of the companies within the **Social CV and Resume sub-vertical**, although candidate-facing and lacking a B2B component, are still able to remain relevant and in some cases grow. However, we predict this sub-vertical won't be able to evolve on its own without becoming a platform. The need for these to mimic a social network or job board will be necessary for continued success. The key will be to stay vertically focused.
- ✓ **Social Networks sub-vertical** continues to be significant in the Talent Acquisition Technology Ecosystem, especially for niche communities where we see the most success.
- ✓ There's been significant interest in the **Programmatic Advertising sub-vertical**, with a number of firms making acquisitions.
- ✓ We're seeing continued growth in the **E-Staffing sub-vertical** as this model has proven to work by the acquisition of Vetterly from the Adecco Group. The combination of tech and human touch is a force to be reckoned with here.
- ✓ The **Temporary Labor Marketplace sub-vertical** showed signs of maturing, as two of the larger firms in the category went public (Upwork and Fiverr). The firms in this sub-vertical continue to focus on growing their enterprise business, and are increasingly looking to compete directly with staffing firms.
- ✓ **Recruitment Marketplace and Crowd Sourced Recruitment sub-verticals** have seen little innovation within the recent update, one exception being Scout Exchange, which raised 100 million in 2018 and has become almost a crowdsourced "vendor management system" for permanent placement/staffing firms.



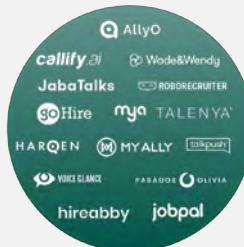
ENGAGE STAGE

CANDIDATE ENGAGEMENT

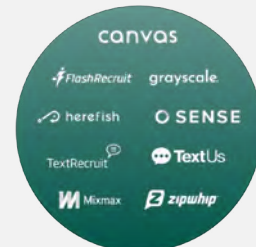
CANDIDATE RELATIONSHIP MANAGEMENT



BOTS



CANDIDATE COMMUNICATION



EMPLOYER BRANDING

EMPLOYER REVIEWS



JOB POST OPTIMIZATION



EMPLOYER BRAND MANAGEMENT



ENGAGE KEY HIGHLIGHTS:



Though still early stage, the **Bots sub-vertical** continues to attract interest from clients and investors. We saw an increasing number of RFPs for Bots, while some firms raised a record amount of money. We see Bots eventually diverging into conversational AI and Recruitment Process Automation (RPA).



It is commonplace to check out a potential employer online before applying or accepting a job offer. Indeed's acquisition of Glassdoor proves how valuable the **Employer Review sub-vertical** really is.



When the **Candidate Relationship Management sub-vertical** was first formed, companies lacked budgets to invest in this technology. Now, larger players are securing market share and making it harder for new entrants into the market. We've seen other sub-verticals, such as the **Social Search Tools and ATS sub-verticals**, adding CRM functionalities as they try to solve for candidate engagement.



We've added a new sub-vertical! **Candidate Communication** vendors have grown in use and popularity as companies look to engage candidates throughout the hiring process and reactivate passive talent pipelines.





SELECT STAGE

INTERVIEW PROCESS

INTERVIEW MANAGEMENT TOOLS



VIDEO INTERVIEWING



MATCHING TECHNOLOGY

MATCHING SYSTEMS



RESUME PARSING SOFTWARE



ASSESSMENT TOOLS

BEHAVIORAL ASSESSMENT



SKILL ASSESSMENT



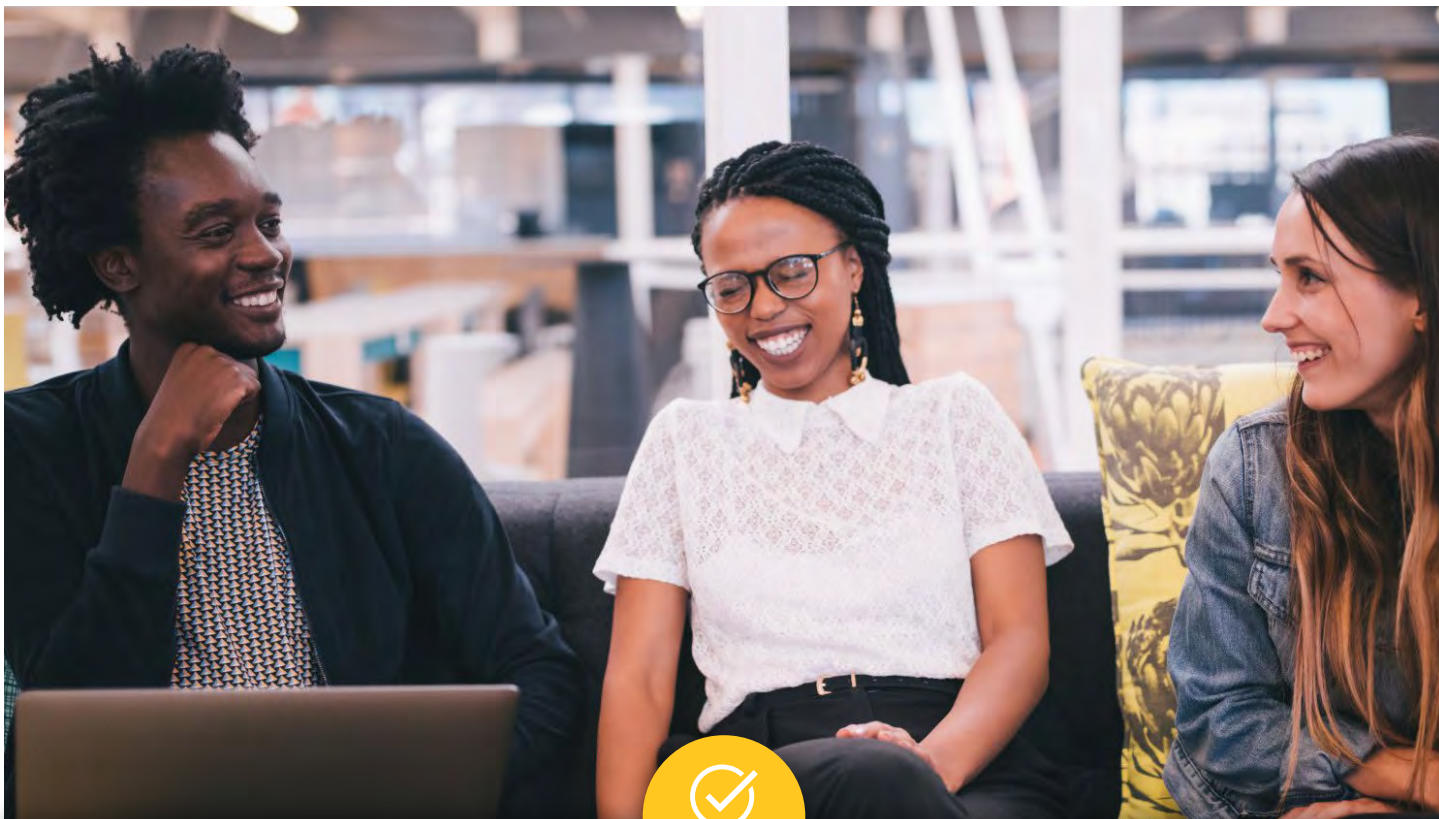
RECOMMENDATIONS & REFERENCES

BACKGROUND CHECKS



REFERENCE CHECKS





SELECT KEY HIGHLIGHTS:



In the **Behavioral Assessment sub-vertical**, we've seen a rise in game-based behavioral assessments and technologies that are able to align performance and assessment data to make smarter hiring decisions. We think there are more vendors in this category than the market can support, and expect to see some consolidation in the future.



The **Matching Systems sub-vertical** is becoming more advanced as Artificial Intelligence capabilities evolve and Machine Learning and Natural Language Processing become more readily available to Matching Technology.



We've added a new vertical! **Recommendation & References** with 2 new sub-verticals **Background Checks** and **Reference Checks**. Reference Checks have differentiated their offerings to the point we thought it necessary to create its own sub-vertical. These firms specialize in digitizing the reference check process and in some cases enhancing it via AI or blockchain.



The **Background Checks sub-vertical** saw some action since the last update, with Checkr raising \$100 million. The firm originally grew alongside ridesharing giants (who do lots of screening for new drivers), but has expanded aggressively into corporate recruiting and the staffing industry.





HIRE STAGE

PLATFORM TOOLS

ANALYTICS



API CONNECTORS



ATS - STAFFING COMPANIES



ATS - CORPORATIONS



DEPLOYMENT PLATFORMS



TRACKING SYSTEMS

FREELANCE MANAGEMENT SYSTEMS



VENDOR MANAGEMENT SYSTEMS





HIRE KEY HIGHLIGHTS:



Deep analytics is crucial for any well oiled TA function. We see the **Analytics sub-vertical** becoming key in the future. While we have seen interesting innovation here around established players like Brightfield Strategies (who recently raised \$53 million), we expect more growth and innovation in this area. Some larger ATS vendors noted increasing use of 3rd party analytics vendors among their client base.



The **API connectors sub-vertical** remains under-served, possibly as this functionality is beginning to be done by bespoke bots.



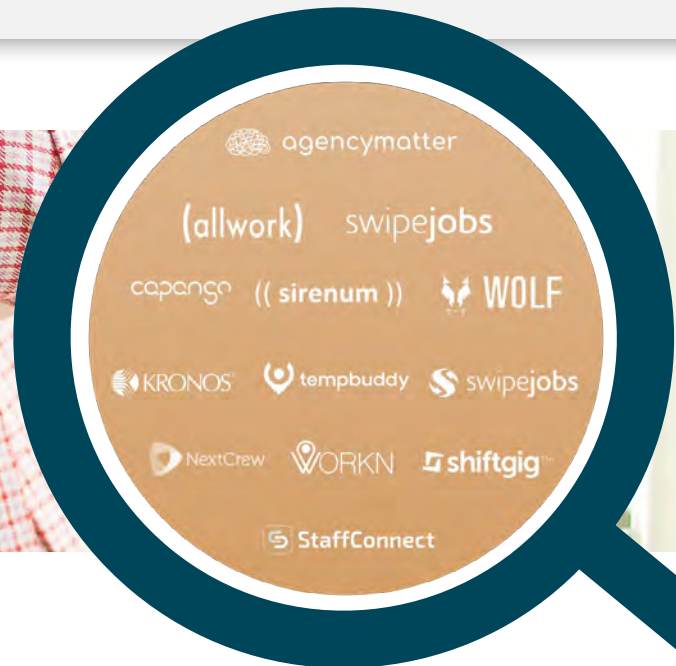
We added a new **sub-vertical** to the **Hire Vertical: Deployment Platforms**. These platforms bring on-demand digital workforce deployment capabilities to the staffing industry (and to corporate clients looking to better manage their internal workforce), and are the center of many firms' broader digital transformation efforts.



SHIFTS IN THE TALENT ACQUISITION TECHNOLOGY ECOSYSTEM EXPLAINED

In a candidate-driven market, the need for employers to find the right people and keep them engaged in the hiring process is greater than ever. We believe this has contributed to the extensive growth and disruption happening in the Source and Engage stages.

That said, with the exception of some updated nomenclature and the addition of a new sub-vertical, Deployment Platforms, the overall “structure” of the ecosystem was not radically changed, though as you will see there is enough exciting action going on in many of the categories. The biggest change in the ecosystem was in the actual vendors that make it up. New vendors have emerged, some have pivoted or created new offerings entirely, while others have become less relevant.



A New Sub-Vertical: Deployment Platforms

We’ve added Deployment Platforms as a new sub-vertical to the ecosystem in the Hire Stage. These companies build and license software primarily to staffing companies that lets them “Uberize” their workforce, deploy candidates to shifts on demand, and provide clients and candidates with a digital app/mobile experience where they can accept work, clock in and out, and manage their calendars. While the technology is used by some corporate clients to manage their own hourly or shift-based workforce, it is primarily designed for staffing companies to enable them to offer marketplace technology to clients and candidates. Many firms are using this technology as the centerpiece of their digital transformation efforts.



Activity in the Programmatic Advertising Sub-Vertical

Programmatic Advertising technologies like [Appcast](#), [Recruitics](#), [Ontame.io](#) and [Perengo](#) help recruiters make sense of their campaigns and find hidden value in recruitment marketing tactics. By leveraging big data, these technologies help companies maximize the ROI of their online advertising budget. Posting job advertisements used to be limited to job boards but has now expanded to digital ads through pay-per-click (PPC), display ads, and retargeting ads through paid search campaigns. The need for programmatic platforms to be custom-tailored to job advertising is growing as recruitment marketers need rich insight to make smarter budgetary decisions.

There were a number of acquisitions in the Programmatic Advertising sub-vertical. The large European-based job board conglomerate Stepstone acquired Appcast in July 2019, Recruitics acquired KRT Marketing in July 2019, Indeed acquired ClickIQ, and TMP Worldwide acquired Perengo in July 2019. As better managing recruitment marketing has become more valuable, these offerings could be increasingly important differentiators for job boards and recruitment marketing companies.

Did you know? 22% of Talent Acquisition Tech vendors in a Talent Tech Lab's survey stated they use chatbots in their system.



Bots Diverging into Two Separate Solutions

Bots promise to offer significant scalability in terms of candidate engagement as well as cost savings from automation. Riding on that promise, we've seen an increase in interest in bots from both clients and investors. Though overall utilization is still low in aggregate (low double digits, many of those in pilot stage), we saw a substantial increase in the number of RFPs and pilots in 2019. We expect this to be an area of growth for years to come.

We see the category evolving in two distinct ways. One set of companies will specialize around conversational AI and candidate interactions; these firms will continue to build out robust natural language processing capabilities specific to the recruiting space allowing them to “converse” with candidates about their jobs, careers, and aspirations, eventually becoming AI-driven sourcers and recruiters. Another set of companies will specialize around updating systems information and connecting the different systems of record that corporations leverage in the recruiting process. We call this second category Recruitment Process Automation (RPA). There wasn't enough evidence of RPA as a standalone solution in the recruiting space yet for us to justify a separate sub-vertical, but we think this could change in the near future, and is something we are keeping our eyes on.

While bots are currently marketed as “Conversational AI”, most are just robustly programmed conversation trees. That said, firms are investing heavily in conversational/natural language processing technology, and in the future we expect these bots to be able to “learn” from the tens of millions of conversations they facilitate.



Brand Creation Becomes Job Post Optimization

In the last ecosystem update, we separated Brand Creation and Brand Management into two separate sub-verticals. The Brand Creation sub-vertical houses the technologies used to create a branded experience by optimizing the job posts seen by job seekers, applicants and candidates. [Ruutly](#), [VideoMyJob](#), [Textio](#) and [Nextwave Hire](#) are emerging solutions used in creating better career pages or job advertisements, for example.

Companies like [The Muse](#), [Pathmotion](#), [Meritocracy](#) and [Brazen](#) make up the Brand Management sub-vertical which consists of technologies used to manage your entire online reputation or engage with talent in a branded environment.

We decided to change the name of the Brand Creation sub-vertical to Job Post Optimization, as that is primarily what these companies do. They take a job post and optimize it by either changing its text, content, or format, to make it more appealing to candidates. While merely a semantic change, we think the new name makes it clearer what the vendors in the sub-vertical do, and makes it easier to understand the overall ecosystem, and in particular the difference between Brand Management.



SUMMARY

From bots that call applicants themselves, to tools that build bespoke candidate databases 100s of million strong, to the newest ways for companies to leverage one another's talent pools, the Ecosystem 8 showcases the most innovative and influential in the Talent Acquisition Technology marketplace today.

**DOWNLOAD AND SAVE YOUR
VERY OWN COPY OF THE
ECOSYSTEM 8.**

