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## **Experts Talk Trends in Technology, *SI Review* June 2010**

2010 and beyond

*By Jeff Reeder*

**Staffing firms have a new interest** in investing in technology, and it's a great time to be looking, as staffing software has made strides in recent years in terms of integration, more robust systems and more tools to help staffing firms maximize their searching, placing and billing.

We recently surveyed the software industry and asked vendors and other experts to share their thoughts about trends and what they are seeing in their industry, particularly front and back office automation. First, we'll take a look at the landscape and then examine some of the top trends we are seeing, with interactivity a common theme. While software needs are different for firms depending on size, these trends are likely to affect most staffing firms.

### **The Landscape**

Staffing firms have been understandably hunkered down during the recession, but now are looking at software and technology options.

In our most recent survey of staffing firms, 51% plan to invest in technology this year.

Says Steve Taylor of VCG, "As for companies using this time to look at or rethink technology, I definitely see an upward trend here, not necessarily in decisions being made but at least in companies beginning the process of looking. I think most firms are still hesitant to make a commitment and until such time as there is sustainable confidence in a recovery and a clear picture of the impact that our new government programs will have on business, people will continue to be cautious about making technology changes. We are hopeful that later this year decisions will begin to be made, and 2011 will be a time of recovery."

Says Gray Lyman, president of SkillMatch, "I'm hearing encouraging things from customers ... not getting worse and seems to be getting better." He says he has several new startups as customers, always an encouraging sign.

Says John Long of Avionte, who has been on the road visiting customers and potential clients, "Almost all of the companies we visited have experienced some growth this year."

Art Papas, founder and CEO of Bullhorn, says "the economy is so much better, and people are interested [in technology]. It's very uplifting." He says that during the recession, you had a certain type of buyer -- what he referred to as a "progressive' buyer. Now, with the upturn, there's more general interest.

"There's resurgence in the market and [staffing] companies are looking," sums up Jonathan Herrick of Sendouts. He says today's buyer is more educated and sophisticated, with some moving over from legacy systems. Others agreed with this assessment.

### **The Front Office Is Where It's At**

Many vendors told us that front office software is even more important to staffing firms than ever. "Users live in the front office," says Papas. "Ninety percent of users spend a great deal of time in the front office." It's his goal to make Bullhorn a central hub for his customers to operate within.

To make the front office more efficient, vendors are investing in research and design, partnering with other vendors, and branching into social media.

Says Jonathan Herrick of Sendouts, whose company reinvested in its product and worked extensively with its client base, the company's goal is to have "Everything within Sendouts." This includes integration with all job boards and social networking sites. "Users can stay in Sendouts," says Herrick, "It's not just an

applicant tracking system, but also a customer relationship management system, plus sourcing."

"The front office is the hub of an expanding ecosystem," says Sara Moss, president and cofounder of The Code Works, Inc. and a consultant and vendor to the industry. She points out that the front office is the central workplace for sales and recruiting staff, and a launching point to email, VoIP telephones and automation software, but also has expanded as an access point for job distribution, candidate Web sourcing, verifications, assessments, drug screens and VMS. "And all of these services are on the rise," notes Moss.

The good news? According to Moss, integration with third-party services gets easier all the time. She advises, "Look for and leverage these integrations/partnerships, especially for commodity services such as background checking."

### **Software Expanding to Fit Staffing's Needs**

As clients expect staffing firms to expand their services to include functions that were often done in-house, such as employee screening, staffing firm owners and operators are looking for software that can help them.

"Clients are pushing additional administration functions to their suppliers, including pre-employment steps, paperwork and accountability for compliance," says Moss.

Hugh Albert of ABD says, "Staffing software users are expecting a generational expansion from their technology solution providers. Features that were once considered impossible or inappropriate for automation are popping up in software releases and are being demanded by users who have latched on to the mantra of "if you can think it, you can do it" when it comes to designing and implementing software features. As an example we've released features in Ultra-Staff for electronic delivery of invoices and check stubs, automated matching of time cards and invoices at the time of invoice creation and texting notifications of direct deposit transactions to employees."

Concludes Moss, "In 2010, we hope to see more onboarding and compliance functionality built into leading front office/back office software."

### **Social Media: "The Hottest Thing Out There"**

Social media, and all the networking it conveys, definitely has the buzz right now, as we noted in *S/Review's* cover story in April. As Gregg Dourgarian of TempWorks says, "It's the hottest thing out there."

The secret, of course, is how to use social media wisely. As Albert of ABD says, "While it's becoming increasingly clear that there are considerable benefits to be had, most staffing companies are still groping for strategies to tap into the social networking phenomena. Everyone has heard of Twitter, LinkedIn, Facebook, etc., but few have actually figured out how to leverage these technologies into something useful without creating a whole new set of burdens for already overtaxed staffers."

He continues, "The good news is that staffing software providers have been able to gain considerable traction developing integration with these sites directly into the workflow process of their software. Users can now choose from a menu of social networking sites and employ "predefined" strategies. It also affords staffers the opportunity to "pool" internal and external resources as they race to fill the jobs they get from their clients. By this, of course, I mean using software to sift through, and capturing passive candidates that may post profiles to these sites."

Indeed, many software applications let you manage social networking accounts directly from within their desktop.

And again, the theme of interactivity is present when social media meets staffing as well. Tom Sarach Jr., VP of COATS, says, "The trend toward social media is increasing. COATS partnered a few years ago with Haley Marketing for online Job Posting; hence, our user enters their ad into COATS, and it is sent automatically to the client's job board on their Website. From there the listing is also sent to RSS Feeds, Twitter, Facebook, LinkedIn and Indeed. Monster and other job boards can be included but are based on the client's subscription."

"There's been a huge uptick in social networking," says Sendouts' Herrick. His software allows users to import individuals as candidates or contacts from such sites as Facebook and LinkedIn.

### **Going Mobile**

More and more salespeople and recruiters are working remotely -- sometimes, it seems, 24/7. As such, the use of mobile, wireless technology is rapidly growing as well.

Albert puts it into perspective. "The means of communication [are changing]. Anyone under 50 years of age is more likely to see and respond to a text message than answer their phone or read an email. Cell phones have become ubiquitous, and are to the active set what wrist watches were to our parents' generation. It is therefore incumbent upon firms that succeed through expeditious communication with their inventory to use this highly efficient method to connect with employees. Again, the automation solution is expected to take the lead as staffing firms' software must be able to message this way."

Regarding mobile applications, Taylor of VCG Software says, "I think this is the next big thing as recruiters look for more flexibility and access to their data so they can find candidates and fill jobs when they are on the go."

### **There's an App for That**

The applications market has also come to staffing, where software developments are thriving. For example, Jobsience is built on Force.com and it gets the benefits of Salesforce's robust AppExchange.

Ted Elliott, Chairman and CEO of Jobsience, says the idea is to bring developments in other markets to the staffing world. As an example he mentions Chatter software, which was developed for sales reps by Salesforce.com but is also a perfect tool for recruiters.

And in March, in a move to make more services available to its customers, Bullhorn opened up its platform and launched the Bullhorn Marketplace. In a way this summarizes the themes of interaction and partnership that seem to be the dominant forces in the staffing software marketplace.

The Bullhorn Marketplace enables staffing and recruiting firms to choose from a roster of applications and services, all of which are already fully integrated with the Bullhorn Platform and have been vetted by the company. In an interview, Papas compared the idea to Apple's Apps, where smaller companies can bring ideas into the Bullhorn fold.

Papas used HarQen, a voice screening technology, as an example. Other partners, some more well known than others, include: Broadbean, CAL Business Solutions, CareerBuilder.com, Daxtra, First Advantage, M5 Networks, Monster Worldwide, RealMatch, The Code Works, Virtual Software and ZoomInfo.

Solutions are in the sourcing, client prospecting, VMS and telephony areas.

### **In the Clouds**

Everyone is talking about cloud computing these days, but as Lyman points out "many definitions exist."

James Harris, managing director of Cloud Computing at Accenture, says, "Executives need to have a keen understanding of what it all means. Cloud computing allows an organization to bypass the expense and bother of buying, installing, operating and upgrading its networks and computers. Instead of licensing software, users tap into a service, when needed, for as long as necessary. Bargain prices are a big part of the allure, with organizations realizing savings from the cost of servers, software licenses, maintenance fees, data center space, electricity and IT labor, and the benefits of replacing a large upfront capital expense with a low, pay-for-use operating expense."

He continues, "The complexities of cloud computing notwithstanding, the bottom line is that the major burdens and expenses of IT power are not the company's problem."

According to AMR Research, "Cloud computing is the next-generation of software as a service, in which a complete software environment is licensed as a subscription from a software vendor and low-cost, secure, and dependable IT hardware infrastructure is "rented" from a utility-computing provider on demand. The customer has complete control over its own secure and private IT environment at a very low cost and without the hassle of procuring and managing its own data center. It can quickly scale IT resources up or down as computing needs change. And [the customer] has complete freedom to customize the solution as it sees fit and complete control over upgrade cycles and all other aspects of its IT environment."

Bond International Software released a new version of eEmpACT's On Demand staffing with cloud computing as its delivery model. This means that eEmpACT handles all server, backup and upgrade responsibilities via a site with dual-power generators, multiple Internet feeds and redundant cooling.

Explains Tim Giehll, "Cloud computing-based SaaS is also Web-based, but the server is not at the vendor. It is typically at a separate Cloud facility such as Amazon, Google, ect. The "cloud" refers to the hardware/software infrastructure of the server, Internet connection, application and backup, while SaaS refers more to the billing/pricing model where the user is billed one lump sum every month for unlimited

access to everything, including support. It is just like paying your monthly cable bill, where usage is not measured. Someday, software may move to a usage based billing system like your electric bill, but that will probably be the 5th Generation in 2020."

Other vendors told us that cloud computing is just software as a service (SaaS) by a different name, and that they've been providing this service for years. "Is this what we are calling it now?" said one facetiously.

"There is a lot of hype around hosting applications 'in the cloud'," notes Moss, "but it turns out that hosting applications in the cloud is relatively easy and cheap, giving small software vendors or staffing firms phenomenal reliability and performance for their applications."

John Weston of Newbury Consulting Group, an Oracle/PeopleSoft services partner focused on professional service industries including staffing, says that cloud computing is a huge trend, and one that generates real savings for staffing firms. He says that subscription software services hosted on cloud technology allow staffing firms to buy software such as PeopleSoft that they couldn't afford before.

### **Seamlessness Is the Goal: Integration**

Says Taylor, "Integrated systems continue to be an important offering, and many staffing companies still see this as a competitive advantage. Being able to seamlessly access any piece of information in one application gives a staffing company a distinct advantage over systems that are interfaced. Integrated systems are more flexible and stable as all the information is contained within one database. I don't think the need will diminish for those companies that generate a high volume of payroll and billing. In addition, smaller companies that want to streamline their operations will gravitate to a true integrated solution."

Sums up Sarach, "True integration in staffing creates a seamless environment and powerful data management tools."

Says Lyman of SkilMatch, "Integration is the only way to go. We've always had totally integrated software functionality ... on one server, front to back office, search through General Ledger ... suddenly, now everyone seems to get it."

Papas says his company is striving to wire everything together through business-to-business collaboration, with the overarching goal to reduce friction.

Steve Russell, Bond International Software CEO, speaking of On Demand, outlines the big picture: "This release is a step toward the integration of Bond's solutions for corporate HR and staffing firms -- enabling a seamless human capital supply chain. The convergence of products will culminate in an integrated suite of human capital management software that will help organizations improve business processes and secure a competitive edge in the recruitment, motivation and reward of talented people."

Of course VMS integration is one topic and deserves a separate article in itself. "There are many opportunities for integration across the front and back office, but the hottest area of integration in 2010 is VMS," says Moss of The Code Works, makers of VMS Express. Accelerating VMS adoption and order flow is creating an acute need for staffing companies to eliminate the duplicate data entry of jobs, candidates and time between VMS and staffing software and vendors are responding by rolling out front and back office integrations with VMS.

Weston of Newbury Consulting Group says that MSP/VMS integration in the front and back office is the hottest topic for bigger staffing firms.

### **Metrics in Real Time**

More good news for staffing firms centers on metrics. With integration between front and back office systems, staffing firms can have real-time data to help drive their business decisions. Jim Morganstern is SVP of sales and marketing at new staffing vendor Erecruit LLC, an integrated front and back office system. He says that in the highly competitive, highly transactional world of staffing, hands-on information is critical. "Reports tell you what happened," he says, "but with analytics -- live data -- you can have real outcomes."

Sendouts has a new dashboard which boasts both an individual view and a global view, and three-dimensional charts, data, workflows and tasks at the user's fingertips.

Bullhorn with its partner Cognos and other firms are strong in this important area as well, as is Bond.

Many other vendors told us that with growing user sophistication, the demand for this data has increased.

"Staffing firms must report their performance in terms of client-specific metrics and reports," says Moss. At the same time, "Staffing firms need to be able to analyze their own performance in near real-time, so that they are aware of their own performance before they hear about it from their clients."

### **The Macro View**

There are many changes in the software market today, and there are great opportunities for staffing firms to maximize efficiency through technology. But software is just one aspect of leadership and decision-making ... the bigger picture is to embrace change that will allow your company to grow.

Perhaps Long of Avionte sums it up best: "Bottom line -- if you are a staffing owner, your #1 job might be to break down your and your staff's walls regarding change. I'm not talking about massive changes or even new software changes -- just new processes. For every process, really make sure you are considering best practices, not just what is the easiest path."

David Reiss of Applied Systems Technology agrees it is time for leadership to step to the fore. "This is a time where the soft skills, specifically the attitude that business owners and senior executives have towards technology as a key driver, will be key to financial growth." He continues, "With margin pressures continuing into the future and less demand for services nipping at the financial health of the industry, we are encouraging our clients to look below line to make up for lost profits. Staffing firms have been slow to embrace channel strategies to streamline their operations and reduce the cost of operations. There are many functions that can now be jettisoned from the staff to either the Internet or in-house portals, whether it is delivery of electronic invoices (saving paper, labor and postage), online applications or kiosks -- Internet time entry ... the list goes on. This is a critical time for operators to move technology and business process from a tangential role to a core business strategy and key financial driver."

### **Social Media and Security**

*With social media* having such a major impact on job searches, it's important to make sure that you are doing your screening above-board. Particularly when researching a candidate's profile online, staffing firms need to be wary.

Rob Pickell, VP of customer solutions for HireRight, the on-demand employment screening company, says hiring companies have several options:

- Provide notice to the applicant and ask permission to check the social media sites.
- If accessing the sites without notice, then provide the applicant an opportunity to respond to what the company finds on the sites.
- Don't access the applicants' social media sites at all -- even if the company uses social media sites for recruiting.

Accessing the applicants' social media sites without notice, and without providing the applicant an opportunity to respond to what the company discovers, may well be the most dangerous course of action.

### **A Paperless Office?**

*With all the talk* of integration, mobile workers and interactive metrics online in real time, are we close to the green nirvana of a paperless office? According to Sara Moss, we are "inching" along in that direction.

She points out that with back office, candidates and clients are becoming more accepting of online time entry and approval, that mandatory electronic pay policies such as direct deposit are becoming acceptable, that email/PDF invoicing options are becoming common and that VMS further automates the payment process.

With the front office, staffing firms have green initiatives and social responsibility goals, and some are using e-signatures and e-forms. There's also been an increase in the virtual/remote workforce.

Moss says that these initiatives make good business sense and are finally gaining more widespread market adoption.

"Develop your incremental plan that results in a paperless front and back office," she suggests.

John Weston of Newbury Consulting Group agrees that while very few staffing firms have accomplished a paperless office, it is more attainable in an affordable way today.