TALENT TECH LABS

PROVIDER INSIGHT REPORT

THE CASE FOR A UNIFIED TALENT INTELLIGENCE PLATFORM FOR TALENT MANAGEMENT & ACQUISITION

INTRODUCTION

Historically, the role of talent acquisition and talent management has been siloed. Though undeniably related (acquisition and retention of great talent = successful company), the goals, processes, systems, and administrative functions for each have evolved separately.

Over the past few years, we have seen these silos being tackled and systems come to market that enable a more holistic and strategic approach to both talent acquisition and management. This evolution had already been well underway but has been accelerated by secular shifts resulting from the COVID-19 pandemic.

Organizations have invested in solutions to address specific facets of the talent journey, like ATS, HRIS, career site, and countless more point solutions. As a result, organizations have acquired significant amounts of information that, when consolidated and consumed by AI, can help deliver outsized value to the organization, workforce, and candidates.

We think there is a significant advantage and competitive differentiation to be had by combining talent acquisition and management functionalities into one platform for the following reasons: the interconnectedness of talent acquisition and management, the need for strategic planning and execution across the talent spectrum, and the ability to leverage the rich treasure trove of talent data typically fragmented across different systems and tooling.

This paper lays out the business case for a "Unified Talent Intelligence Platform" for Talent Acquisition, Talent Management, and Talent Intelligence. We describe what this platform looks like operationally, discuss important considerations for decision-makers, and provide best practices for getting started. We also include early market examples and results of companies that have adopted this strategy.

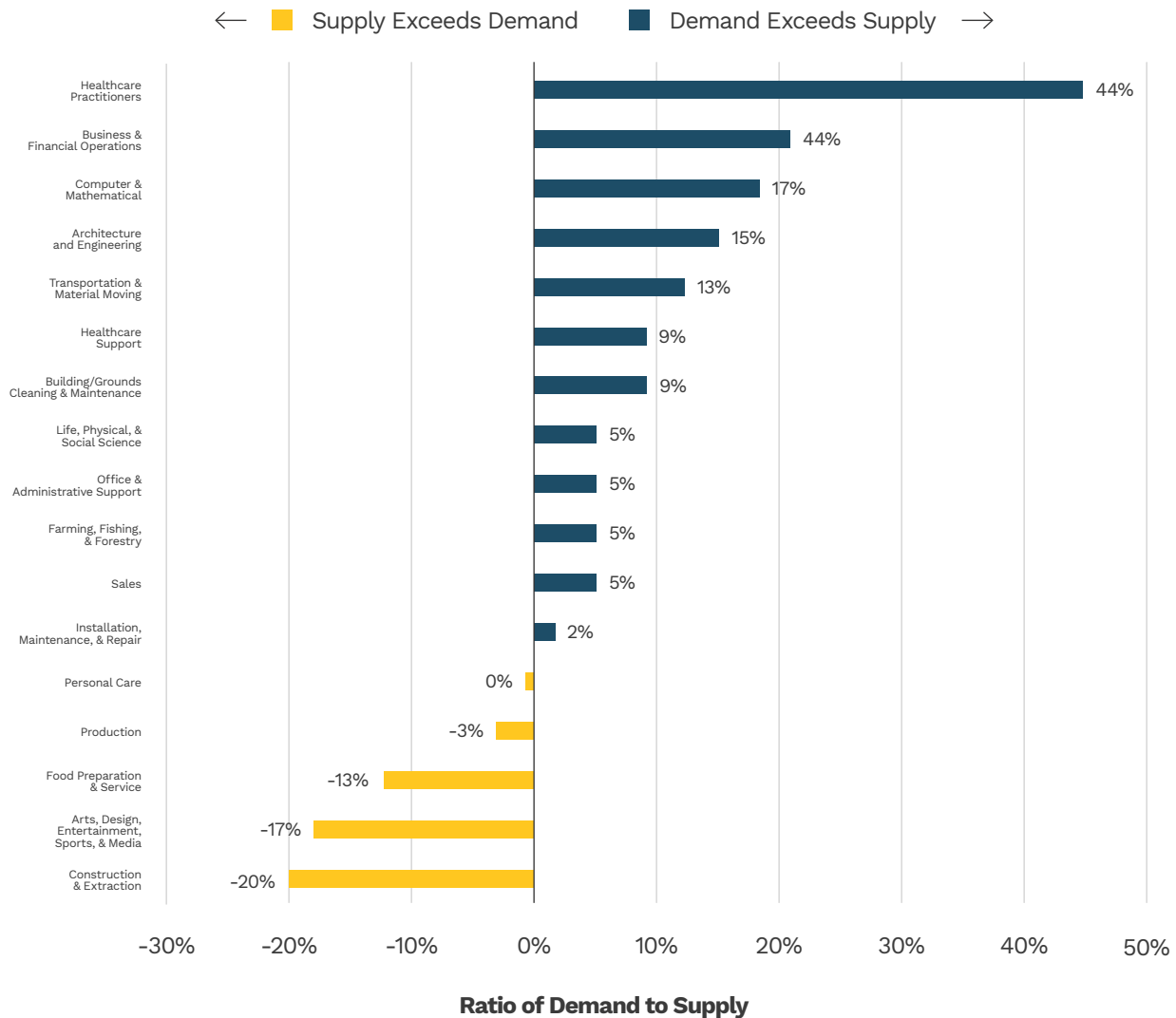# Why Now: Secular Changes Driving a Single Platform Approach

Before we jump into strategies and operations, it's important to consider the secular changes and trends that have been unfolding for more than a decade, as well as the more sudden systemic shocks that happened over the last 12 months but will have lasting implications. These secular shifts provide the underlying context for today's hiring landscape and underpin the need for a more intelligent and holistic approach to talent strategies.

Fast-Changing Skills Requirements and Capabilities Landscape

The previous decade was exemplified by a massive shift in the roles and skillsets in demand by employers, driven by changes in the economy, most notably the drive of most businesses to be digital-first. As the pace of innovation appears to be accelerating, we expect the skills gap to intensify over the coming decade.

Demand/Supply Ratio by Occupation

← Supply Exceeds Demand   ■ Demand Exceeds Supply →

Occupation	Ratio
Healthcare Practitioners	44%
Business & Financial Operations	44%
Computer & Mathematical	17%
Architecture and Engineering	15%
Transportation & Material Moving	13%
Healthcare Support	9%
Building/Grounds Cleaning & Maintenance	9%
Life, Physical, & Social Science	5%
Office & Administrative Support	5%
Farming, Fishing, & Forestry	5%
Sales	5%
Installation, Maintenance, & Repair	2%
Personal Care	0%
Production	-3%
Food Preparation & Service	-13%
Arts, Design, Entertainment, Sports, & Media	-17%
Construction & Extraction	-20%

Ratio of Demand to Supply

Source: 2018 Burning Glass Technologies

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Extreme Increases in Hiring Volatility and Velocity:

Even prior to the pandemic, career trajectories had been undergoing radical transformation. Where once a "career" ostensibly meant ten to twenty years at a single employer followed by retirement and a juicy pension, today's employment landscape is increasingly defined by a series of "mini-careers" or sprints at various organizations and roles. This meant companies have increasingly had to hire at an elevated rate, to fill both new demand as well as to account for an increasingly competitive talent landscape.

The pandemic shifted this hiring volatility into overdrive. As companies reacted to shelter-in-place initiatives and economic activity declined in certain sectors (while booming in some others), employers laid off unprecedented numbers of workers, which was then followed by substantial hiring activity as things "normalized" to a certain degree.

US Employment (000s), Jan 2000 - Dec 2020
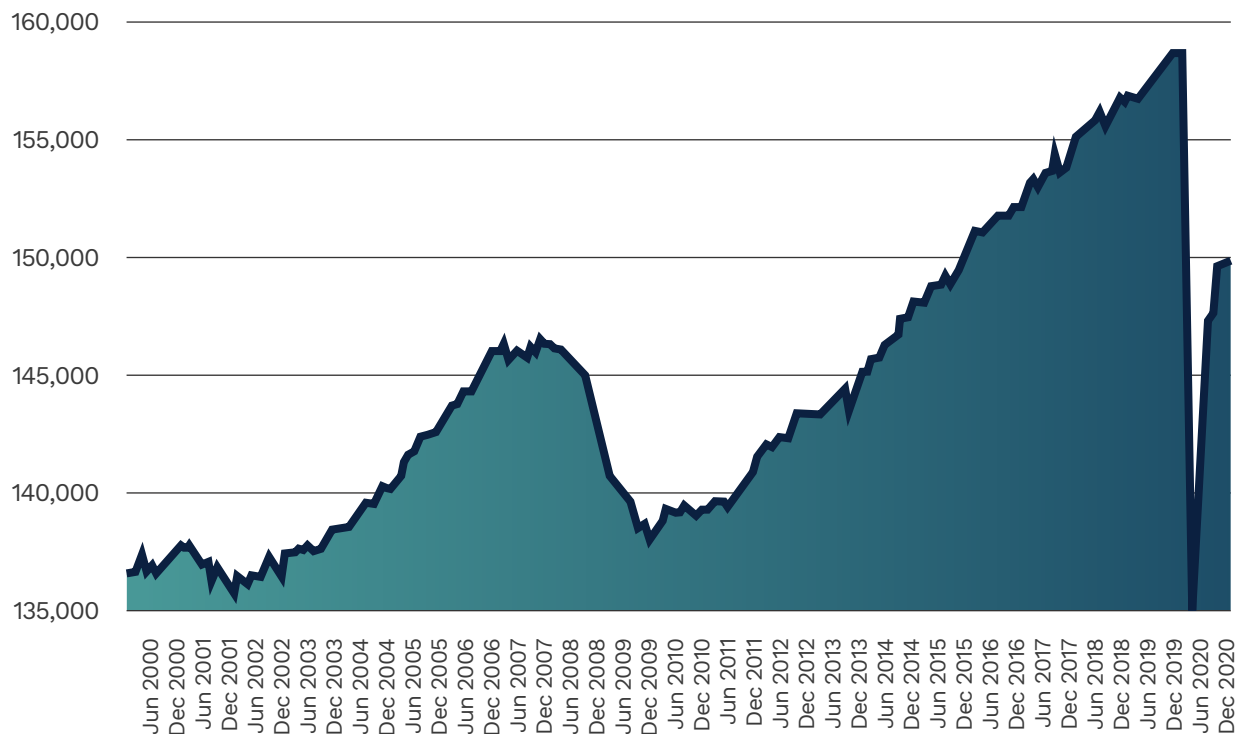
Source: BLS

Coming out of the pandemic-led recession, the employment situation remains extremely volatile and fluid. Employers find themselves in a situation today where they need to address current and future skills gaps, need to staff for new business initiatives possibly outside their traditional realm of expertise and navigate a dynamic global talent pool of candidates with evolving skillsets.

Candidates Have More Options

Job seekers have access to more channels for exploring career opportunities in the marketplace via the Internet, social networks, career sites, and emerging marketplaces for jobs. In addition, it has become much easier for persons to pursue part-time gigs as well as contingent work, all while benefiting from more options to work remotely (including for full-time employment). At the same time, many sectors have and will continue to experience a war for talent, where hiring for experience, skills, capabilities, and potential is fierce.

Across the board, persons will benefit from technology that proactively highlights relevant opportunities across channel.

Technology Enabling New Strategies

One of the biggest macro trends that will impact the talent function over the next five years will be leveraging AI solutions to supercharge decision making. AI will play a central role in enabling organizations to hire at scale, pursue retention strategies, and implement business strategies with greater agility. Fundamentally, AI enables employers to better understand what talent is capable of, what talent will be successful (either internally or in the marketplace), and analyze talent across worker types, e.g. for employees, candidates, and contractors.

More importantly, AI will prove essential in helping mitigate bias from talent decisions, enabling organizations to provide/recommend career opportunities independent of unconscious bias.

DEFINING THE TECHNOLOGY FOR TALENT ACQUISITION AND TALENT MANAGEMENT

Talent Acquisition technology is generally concerned with all candidate sourcing and engaging activities up to the point a hire is made. It includes categories such as candidate sourcing (e.g. Job Boards, Social Networks), engaging (e.g. Candidate Relationship Management, Recruitment Marketing, Employer Branding), selection (e.g. Assessments, Matching Technology, Interview scheduling, Interviewer preparation), and the core hiring systems of record that support candidate tracking and hiring.

Talent Management technology is generally used to engage, develop, evaluate, and administrate internal employees of the organization. The core of a talent management technology stack is typically a Human Capital Management system or HRIS that performs core HR functions such as payroll, benefits administration, or stock plan administration. This stack is commonly bolstered with other standalone solutions for internal mobility, measuring productivity, performing career and succession planning, powering compensation management, or with tools for upskilling the internal workforce.

As companies increasingly look to their own organizations as a source of talent (particularly given more constrained budgets due to COVID-19), compelling areas of synergy between Talent Acquisition and Management systems are gaining attention. For example, any organization looking to make new hires should first consider whether it already has the talent to meet that hiring need. Even an organization looking to staff a short-term project might find they have skills available in their own four walls. As another example, candidate engagement technology can just as easily be turned inward to internal employees; why pay for two systems that provide essentially the same service to two audiences?

Further, every employee retained is one less candidate that needs to be recruited, creating an employee experience that encourages retention and fends of recruitment efforts by competitors can actually be viewed as an important component of a talent acquisition strategy. Since employees themselves typically view their careers as a single journey, having a system that supports the needs of the individual whether they are currently a candidate or employee better aligns with their preference (as opposed to merely the needs of the employer).

Why Pay for Two Systems That Provide Essentially the Same Service

Candidate engagement technology can just as easily be turned inward to internal employees.

This overlap and synergistic nature between talent acquisition and talent management technology is one of the main drivers for taking a holistic talent approach. The following section describes in more detail what a unified system looks like, and the strategic drivers for adopting such an approach.

STRATEGIES AND DRIVERS FOR A UNIFIED APPROACH TO TALENT ACQUISITION AND MANAGEMENT

The rationale for a single Talent Intelligence Platform for both talent acquisition and management is that the two systems and strategic talent questions they address are related and are best addressed with a common system and strategy. In short, companies need to start at the top with what talent, skills, and capabilities exist in the organization today (whether utilized or not), what talent, skills, and capabilities are needed in the near and long-term, and how best to plug those gaps using talent acquisition, internal employees, or external sources of talent.

Below, we discuss in further detail the components of a unified platform, with an eye towards what specific challenges they address.

Business Leaders:
What to Re-Evaluate vs. What to Solve For

Questions Business Leaders Must Consistently Re-Evaluate

- What talent do I need to be successful?
- What is my workforce capable of?
- Where are my talent gaps?
- How do I fill gaps in the short term?
- How do I fill gaps in the long term?

VS

What Business Leaders Are Solving For

- Understanding Needs of the Business
- Benchmarking Workforce Potential
- Assessing Organizational Ability to Execute
- Engaging Resources That Can Help Immediately
- Investing in the Development of Talent

Source: Eightfold.ai

Understanding Capabilities and Gaps

The foundation of a holistic talent strategy starts with understanding internal capabilities and current and future needs. This boils down to understanding what talent your organization needs today, what talent you currently have, and identifying and correcting the gaps between those two states.

What Talent Does Our Organization Need Today to Be Successful?

This is essentially a macro analysis of hiring needs based on the business's unique requirements and demands. It describes the end state an organization wishes to achieve. However, it doesn't yet prescribe how to get there. Before a company starts down talent acquisition activities, it first needs to understand in a detailed way its current state.

Understanding Internal Capabilities

Analyzing internal capabilities manifests itself as an internal organization-wide talent graph. Technology that supports this should, at a minimum, be able to facilitate internal talent profiles (like an internal company LinkedIn), including current job responsibilities and all associated skills, even those not leveraged in an employee's current role. Another layer of internal capabilities is understanding employee potential and mapping where they want to go. That is, firms should be able to track employee's career goals and progressions, determine what they are capable of, and enable them to better plan their careers.

This lets companies understand the talent they have internally as it is currently utilized and where that talent may be best leveraged in the future, whether getting there via short-term projects or as part of a candidate's long-term career trajectory that aligns with their interests and skillset.

Once an organization's internal capabilities have been identified, it can then be married to the expected future state to identify talent gaps. These can generally be segmented into "short-term" and "long-term" gaps, which can then be strategically managed.

Solving for Short-Term Gaps

To solve short-term skills gaps, companies can leverage a marketplace-like technology for finding internal talent with the skills and desire to contribute. Historically, companies have looked externally for such talent. However, a single Talent Intelligence Platforms can be the go-to source for both internal employees and project stakeholders to connect.

Enabling such internal "gig work" can also help internal employees find opportunities they may never have found outside their functional area of work and can be used to keep individuals engaged.

Solving for Long-Term Gaps

Solving for longer-term gaps in skills capabilities is a more strategic exercise in understanding current skills availability versus future skills needs. Usually, this will help dictate hiring priorities and internal reskilling initiatives, both of which may be tracked via the platform. For example, a firm may identify a skills area where it is currently weak, or heavily leverages external contingent workers and may identify an internal population of workers to offer training to help meet that gap, or to prioritize hiring individuals with needed skills for the coming year.

The use of AI in such a solution can help recommend uncommon career paths and related skills that a human might otherwise miss. In this way, the AI can help identify gaps and proactively recommend individuals or populations that would be high ROI targets.

There are two other notable strategies we are seeing emerging. The first is experiential learning, where course learning is tied to and applied to company projects to deliver learning in a real-world application. This combination of the "theoretical" and the "practical" tends to have a high impact on skill attainment and mastery. The second is creating more work-based networks across the organization (as opposed to social networks) where individuals can more easily cross-functionally collaborate.

Putting It Together

The power of an AI-powered unified Talent Intelligence Platform for talent management and acquisition is that it enables organizations to understand these dynamics at scale. Answering the questions above for most organizations would likely be a months-long endeavor. However, with a Talent Intelligence Platform, they can be answered in real-time, enabling better strategic planning and allowing firms to be more agile to changes in market dynamics such as those experienced over the last 12 months.

When Done Correctly, Companies Navigate the
Best Way

In short, when done correctly, a unified Talent Intelligence Platform strategy lets companies see where they are at today, where they want to go, and provides the plumbing to navigate their ship in the best way possible.

USE OF AI IN A
HOLISTIC TALENT STRATEGY

One of the biggest areas of innovation in recruiting has been the application of artificial intelligence (AI) in recruiting systems to better enable organizations to make smart hiring decisions. While most AI applications in recruiting solve a niche problem, we have advocated what we call an **"AI-first" approach to recruiting**, which describes using solutions that take advantage of AI throughout the process.

In a holistic talent approach, this means being able to leverage AI not just to understand external candidate capabilities and fit against an open position but also internal capabilities and potential. This lets companies do much deeper workforce analytics and drive meaningful decisions that take into account all available data and are not siloed by function. In short, AI in a unified talent platform can potentially supercharge a holistic talent strategy by unearthing insights across the talent spectrum.

We call it out here because we think being able to leverage AI in a single talent intelligence platform strategically is potentially one of its most powerful features. Siloed data is one of the biggest challenges today for organizations looking to best leverage AI. Using a unified talent intelligence platform approach provides a powerful potential solution.

Examples and ROI

To date, using a unified talent solution is the exception rather than the rule. As mentioned before, areas of synergy between Talent Management and Acquisitions are gaining attention, and forward leaning organizations are embracing the opportunity to have a single talent platform. As this strategy will be greenfield territory for a majority of organizations, we thought l to provide some examples and learnings from early adopters.

TriNet

TriNet is a publicly-traded (NYSE: TNET) cloud-based professional employer organization for small- and medium-sized businesses. The company has around 16,000 customers and manages 23,000 worksite employees. They hire around 400 people per year, primarily in frontline sales and customer service roles, from entry-level (individual contributor) to executive-level.

Business Challenges

The company wanted to simplify the number of point solutions that they used for recruiting, better enable employees to manage their careers, create a "business tool to enable hiring" that recruiters and hiring managers could "live in," and enable a data-driven approach to career progression and performance reviews.

✓ Results

The company was able to rationalize their recruiting tech stack, letting a number of bespoke solutions expire, including Linkedin. As part of an internal change management process, the company launched an internal training site and leveraged internal "influencers" to help advocate the tool and train new users. Hiring managers (up to executives) went from viewing Linkedin resumes to an internal candidate profile via an anonymized link, which also surfaced information on candidates' relative ranking against one another.

The company saw an improvement in its average time-to-fill and time-to-submit ratio and began tracking how many hires were made internally versus externally. They also initiated benchmarking on diversity metrics, which was enabled via the tools' AI capabilities. Finally, they've begun incorporating data to help support career progression decisions, e.g., skills, activities, and training surfaced in the tool are leveraged in assessing candidates vying for the same promotion.

Large, on-Demand, Food Delivery Service Company

Before implementing a talent platform, a large, US-based on-demand food service company had been operating its people function haphazardly. The company, which had been experiencing rapid growth, initially went from laying off 12% of its ~800 strong headcount to implementing a new people strategy underpinned by a talent platform and hiring more than 700 net new employees.

✓ Business Challenges

The company had four main issues to address. The first was that, as a high-flying startup, its talent function was highly reactive and never had a strategic direction. The company was essentially tasked with scaling its people operations as the company went through hypergrowth. Second, its approach to technology was disorderly; hiring managers and recruiters who requested a budget for a tool were indiscriminately given it, which led to many different tools being used in a one-off manner (lots of which provided essentially the same functionality). Third, the company's bar for hiring was low, and candidate pipelines were driven by referrals, which led to many hires being made not based on quality, but because they already "knew someone at the company." Finally, the company was inundated with applications as it was a high-profile startup but did not have a good way to filter for quality.

✓ Results

The company brought on a talent leader, who set up a formal operating structure for its Talent Function. The existing tech stack was formally reviewed, and a number of point solutions were shuttered. The company implemented a Talent Platform with the primary goal of increasing candidate quality and reactivating the applicants in the company's ATS.

There was initial pushback from recruiters (who formerly got to pick their tech stack), but over time the company was able to get adoption to desired levels. The company saw its application volumes increase, particularly for re-activated candidates, and it was able to better filter for truly qualified candidates and surface this intelligence to leadership. The company saw more than $2 million in savings from agencies and automated sourcing tools (e.g., Hired, Vettery, Gem, Entelo). Finally, the company implemented a DE&I dashboard that enabled talent leadership to see internal demographics and where candidates were coming from to identify and address gaps relative to the market.

Case Study:
Large, on-Demand, Food Delivery Service Company

PROBLEM	RESULTS
• Career site applicant rate was not performing at desired levels • Diversity hiring was not meeting goals	• Eightfold helps to understand a candidate's potential, rather than just matching based on what's on that resume today • **94% of candidates** who start an application complete it vs. **benchmark of 10.5%** • **46% increase** in strongly matched candidates year over year

53%
of career site
visitors apply

50%
of applicants
meet or exceed the
job requirements

91%
increase in female
applicants year
over year

30%
increase in Hispanic
and Black applicants
year over year

Source: Eightfold.ai

BRINGING IT TO MARKET

How can an organization adopt a unified platform approach to their talent acquisition and management? Below we highlight some best practices and important considerations for getting started.

1 ### General Learning 1:
Go to Market With a Business Case

A theme we repeatedly heard in client interviews was having a solid business case was key to getting buy-in from the organization. The business case will vary based on organizational needs, but common areas we heard about were tool rationalization (e.g., saving money by not using so many point solutions), savings on agency costs and media spend (e.g., job boards), increasing the number of internal hires or retention rates at the company, increasing the candidate and employee experience (measured in NPS scores), increasing the quality of hire or implementing a diversity hiring strategy. One firm built its business case on mitigating promotion disputes; since the data in the tool would be one of the primary sources of making promotion-related decisions, it lessened the ability for managers to favor certain employees.

Regardless of the specifics for your business, building a relevant business case is key to buy-in and will provide goal-posts against which performance can be measured.

2 ### General Learning 2:
Be Prepared for Organizational Change

One of the most powerful features of a single, "Unified Talent Intelligence Platform" is that it can enable strategic decision-making across all functional talent areas - internal employees, potential candidates, and contingent workers. That said, most organizations today operate and manage these functions in a siloed manner, and so bringing in a unified tool successfully may require organizational rethinking of the talent function. Functional titles may need to change, as may the KPIs that individuals or groups are measured against. The firms that have had the most success with a unified Talent Intelligence Platform typically re-architected their talent function so these areas did not operate in silos, typically with functional management of each area reporting into a Head of People Operations role.

3 ### General Learning 3:
Candidate Rediscovery One of the Most Powerful Uses of AI in a Unified System

The ability to rediscover candidates and activate them to apply is an emerging trend (in some cases, upwards of 40% of hires made post-implementation of a unified Talent Intelligence Platform were "rediscovered" candidates). As the economy recovers in 2021, this has implications for strategies around proactively building talent pools from the coming flood of applicants. One of the most powerful ways to leverage AI in a tool is its ability to rediscover candidates that have already applied to the organization and re-engage/evaluate them against open roles. While the primary use case is on applicants for full-time positions, this will increasingly be an area of growth for hiring contingent workers, enabling organizations to potentially save thousands on placement fees or markups on candidates hired directly.

4 **General Learning 4:**
Have a Change Management Plan

For an implementation to be successful, end-users need to actually use the tool, which typically requires them to change their habits and can be best accomplished with a robust and intentional plan for change management. This may involve a presentation in a town-hall format to employees discussing the rationale for the change, an intranet dedicated to commonly asked questions, bespoke user training, highlighting success stories, forums for employees to share stories or more likely, a combination of all of the above. Employees, line managers, hiring managers, recruiters, sourcers, and other stakeholders need to know "what's in it for them," and the better organizations are able to demonstrate value to end-users, the faster they will see adoption and results.

Moreover, executive backing should be demonstrated. For instance, by having executive sponsors participate in marketplace projects, creating overarching goals for communities - countries or groups - that the CEOs share in open forums. This will ensure that all the extra investment is being noted, appreciated and aligned with the company strategy.

5 **General Learning 5:**
No Tool Is a "Silver Bullet"

A common pitfall in recruiting organizations is the thinking that merely purchasing a new tool will solve all recruiting woes, which often leads to the "spaghetti tech stacks" we see in place at many organizations today. While a unified Talent Intelligence Platform can be the AI-based foundation on which a holistic talent strategy is built, merely purchasing a tool by itself is not a strategy. The organizations that have been most successful with a unified platform approach have been those able to identify the challenges in their recruiting function and re-engineer their people and processes, along with the technology, to execute on the strategic goals they set for themselves.

CONCLUSION

There are compelling synergies from leveraging a single system for both Talent Acquisition and Talent Management. When powered by AI, organizations can more easily understand their internal capabilities and gaps and access talent pools both within and outside the organization.

The Talent Function has never been more important than it is today, nor more complex. While technology itself is not a silver bullet, as organizational requirements around technology grow and become more intertwined, we think adopting a unified Talent Intelligence Platform will be the foundation upon which many a great company of the future is built.

About Talent Tech Labs

Talent Tech Labs is on a mission to elevate the state of the art in recruitment through technology. We do this by equipping top corporate talent executives and staffing company leaders with the right mix of market intelligence, industry insights, human guidance, and decision support.

We are the only research and advisory firm entirely focused on Talent Acquisition (TA) technologies. We are 100% independent, which means our information is free of bias. From an agnostic point-of-view, we demystify the complicated, emerging TA technology landscape, so buyers can make the best decision. Ultimately, we empower buyers to choose the right tools and solutions wisely and confidently in order to attract and hire the talent they need to succeed. To learn more about TTL, visit our website **here**.

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