Future of Work

Workforce Solutions Ecosystem
Defining the Staffing industry and Other Workforce Solutions

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The Workforce Solutions Ecosystem: 2018 Update

This report is the third update to Staffing Industry Analysts’ Workforce Solutions Ecosystem, initially released in September 2015. It aims to highlight interconnected networks comprising the Staffing Industry and other types of Workforce Solutions and notes the changes to the industry over the last 12 months.

In nature, an ecosystem is a community of living organisms and non-living components interacting as an environmental system. Similarly, businesses operate in a broad and complex network of related and unrelated products and services which interact and compete with each other.

Workforce Solutions are third-party products and services relating to the sourcing, engagement and development of employed and non-employed (including contingent) workers. Workforce Solutions includes the Staffing Industry and five other important segments; Talent Acquisition Technology, Process Outsourcing, Payrolling/Compliance, Direct Work Engagement and Other Workforce Solutions.

Our 2018 update contains two major revisions to the Ecosystem;

• New classifications within the Talent Acquisition Technology segment to reflect the categories established within our Talent Acquisition Technology Landscape published in February 2018. Advances in technology have created whole new categories of software to aid talent acquisition and our update better reflects the market as we understand it.

• The addition of the sub-category ‘Robotics and Robotic Process Automation’ in recognition of the increasing penetration of technology to perform work-related tasks. The addition of this new category has meant that we have reitled the ‘Contracting/Consulting’ segment as ‘Direct Work Engagement’.

Improvements in technology combined with economic and demographic trends means that, today, the Workforce Solutions Ecosystem is undergoing a period of turbulent change. We are confident that the Ecosystem provides a good representation of the market as it exists today, but we are equally confident that it will require further reviews and updates on a fairly frequent basis, owing to the rapid evolution of technology and globalization.
The chart on the right highlights interconnected components of the Staffing Industry and other types of Workforce Solutions. It comprises six primary segments:

- Staffing
- Process Outsourcing
- Payrolling/Compliance,
- Direct Work Engagement,
- Talent Acquisition Technology, and
- Other Workforce Solutions

The Talent Acquisition Technology segment includes a number of important sub-segments such as Job Boards and the Human Cloud (see pages 17 to 21).

We have placed the Staffing Industry at the core of this Ecosystem though, of course, we realize that this will appear to be a somewhat biased perspective if the center of your particular universe lies elsewhere. Within each segment are the products and services that comprise the segment which are defined on pages 6 to 24.
Staffing Industry Analysts estimate the net revenue of the entire Ecosystem at USD 1.1 trillion. We have used net revenue (rather than revenue) to calculate the size of each segment so as to fairly compare the relative sizes of each segment. This means we have had to break with tradition in calculating the size of the temporary staffing market which normally includes the salary of the temporary workers, taxes and social charges, not just the staffing company margins. We calculate that the size of the global staffing market on a net revenue basis is USD 86 billion which relates to our 2017 revenue estimate for the market of USD 461 billion. We only plan to use this methodology for the Workforce Solutions Ecosystem, not for our other research estimates.

According to our estimates, staffing (temporary staffing and place & search) is only the fourth largest segment and accounts for 8% of the total net revenue within the Ecosystem. Direct Work Engagement, Process Outsourcing and Other Workforce Solutions are the largest three contributors to aggregate net revenue.

Talent Acquisition Technology is the smallest segment though likely the fastest growing given the ongoing development of the Human Cloud and other technology provision.
The Workforce Solutions Ecosystem: 2018 Update

The following pages provide definitions for each of the Workforce Solutions segments and sub-segments, including detailed explanations of the new definitions within the Ecosystem.

- Staffing
- Process Outsourcing
- Payrolling/Compliance,
- Direct Work Engagement,
- Talent Acquisition Technology, and
- Other Workforce Solutions
Staffing

The staffing industry affords flexibility for business and serves as a bridge to permanent employment for the unemployed and inactive workers. As international labor markets become increasingly complex, volatile and unpredictable, the industry is well placed to provide the vital support businesses need to grow and prosper.

Staffing Industry Analysts estimates the global staffing market to be worth USD 461 billion in 2017. Adecco is the largest player globally, followed by Randstad and ManpowerGroup with the three largest firms accounting for 15% of the market while the top 10 represent 25% of total revenue.

The eighteen largest national staffing markets accounted for 90% of global staffing industry revenue in 2017. The US is the world’s largest staffing market with USD 142.8 billion of annual staffing sales, almost a third of global market size.

Japan is the next largest market with staffing sales of USD 67.5 billion representing 15% of global sales. The UK remains the third largest staffing market worldwide (9% of global sales) and the largest market in Europe. Alongside the UK, the largest European staffing markets are Germany, France and the Netherlands.

Definition: Staffing – Major sectors of the Staffing Industry include Temporary Staffing and Place & Search with the commonality of sourcing workers for a client. Place & Search is comprised of three activities: Direct Hire (or Permanent Placement), Retained Search and Temporary-to-Permanent conversions. (See following page for service segment descriptions.)
Definitions: Staffing by Service/Product Line

- **Place & Search** – incorporates certain activities of staffing firms and executive search firms. The ‘Place’ part of the definition ‘Place & Search’ refers to the bringing together of a job seeker and a prospective employer by a third party staffing firm for the purpose of effecting a traditional employment relationship, for a fee. Also refers to the process of arranging such a relationship. This term is often substituted by the terms ‘direct hire’ (in the US) and ‘permanent placement’ (elsewhere).

The ‘Search’ part of the definition ‘Place & Search’ refers to any one of a variety of unbundled sourcing research services provided by third-party executive search firms (sometimes referred to as ‘headhunters’) involving the identification of potential candidates at competitive firms, pre-screening, reference-checking, and other search-related research. ‘Search’ could also refer to the hiring activities undertaken directly by corporate recruiters though our definition of ‘Place & Search’ refers exclusively to those services provided by third-parties.

Temporary-to-Permanent (or ‘Temp-to-Perm) conversion is also feature of Place & Search and refers to the transition of a temporary worker to permanent employment status.

- **Temporary Staffing** – provides temporary help and related staffing services to businesses and other clients. The temporary staff provided are recruited, screened, possibly trained, and employed by the temporary staffing provider, then assigned to client organizations. Although the customer typically assumes supervisory responsibility for these workers, in certain service arrangements coordination or supervisory functions may be provided by the supplier.
Process Outsourcing

Business drivers for process outsourcing which enable organizations to focus on their core competence(s) have long been clear. They range from reducing costs, mitigating legal risks and conforming to compliance standards, improving quality, and providing access to technology.

Outsourcing became an increasingly prominent business strategy during the 1980’s with low cost overseas markets competing for their share of the development of offshore expertise.

As well as outsourcing or offshoring non-core skills, organizations also seek to outsource certain processes including those relating to the sourcing and management of employed and non-employed labor, i.e. HRO, RPO and MSP.

As a result, process outsourcing is an increasingly crowded and complex industry with large service providers co-existing with significant numbers of much smaller, specialized vendors. Low barriers to entry and relatively low-cost models has created fierce competition and, as a result, an opportunity for buyers to reap further business benefits.

Definition: Process Outsourcing – Use of an outside business services vendor (and its supervised personnel), either on the customer’s premises or off-site at the vendor’s location, to perform a function or run a department that was previously staffed and supervised by the customer-directly. (Sometimes, but not necessarily, limited to situations where some or all of the customer’s previous staff performing that function are hired by the outsourcing vendor. For our purposes, Process Outsourcing describes the use of an outside vendor to perform part or all of the role of a Human Resources department or a specific work output. Partial solutions would include Recruitment Process Outsourcing (RPO) where a vendor takes on responsibility for an organization’s hiring requirements (to some degree) and Managed Service Provision (MSP) where a vendor manages an organization’s staffing suppliers. It could include outsourcing certain aspects of human resources (HRO) or outsourcing a whole work function/department such as telesales, catering or security (BPO). Such outsourcing could be done locally or offshore and sometimes, but not necessarily, limited to situations where some or all of the customer’s previous staff performing that function are subsequently hired by the outsourcing vendor. (See following page for service segment descriptions.)
Definitions: Process Outsourcing by Service/Product Line

- **Human Resources Outsourcing (HRO)** – HRO is an outsourcing relationship in which a third-party vendor is hired to take over part or all of a client’s human resources functions. Within our Workforce Solutions Ecosystem, HRO is defined as the outsourcing of at least three HR processes and, therefore, includes those vendors that provide a portfolio of services (sometimes referred to as multi-process HRO) and allow companies to pick and choose which services will be outsourced and which will be managed in-house. A multi-process HRO engagement could include any combination of benefits administration, employment process outsourcing, hiring/recruitment, HR/Personnel management, payrolling, RPO, staffing services, talent and human capital outsourcing, training and staff development, and workforce consulting and management. We define a number of these processes (staffing, payrolling, RPO) separately within the Workforce Solutions Ecosystem as, while they might be part of an HRO engagement, they are primarily procured as standalone services and provided by firms specifically focused on these individual processes. HRO also differs from the services of a Professional Employer Organization (PEO) (see definition) which takes care of all HR functions.

- **Managed Service Provision (MSP)** – is a service whereby a company takes on primary responsibility for managing an organization’s contingent workforce program. Typical responsibilities of an MSP include overall program management, reporting and tracking, supplier selection and management, order distribution and often consolidated billing. The vast majority of MSPs also provide their clients with a vendor management system (VMS) and may have a physical presence on the client’s site. An MSP may or may not be independent of a staffing supplier.

- **Business Process Outsourcing (BPO)** – is the use of an outside business services vendor (and its supervised personnel), either on the customer’s premises or off-site at the vendor’s location, to perform a function or run a department that was previously staffed and supervised by the customer directly. (Sometimes, but not necessarily, limited to situations where some or all of the customer’s previous staff performing that function are hired by the outsourcing vendor.) In Europe, certain legal obligations are placed on the outsourcing company. For example, a formal Transfer of Undertakings Procedure (TUPE) applies to outsourced functions whereby the contracts of employment of all staff within the affected area are automatically transferred to the new employer, which then takes over all rights and obligations arising from those contracts of employment, except criminal liabilities and pension obligations.

Outsourcing can be undertaken in a different country, usually to leverage cost advantages and this activity is more commonly referred to as ‘offshoring’. While many offshore projects are outsourced to third party intermediaries, a company can offshore activities using facilities/resources it owns/controls in another country, such that the term does not necessarily imply outsourcing.
Definitions: Process Outsourcing by Service/Product Line (continued)

- **Recruitment Process Outsourcing (RPO)** – is the partial or full outsourcing of the internal recruitment function to a third-party specialist provider, which serves to provide the necessary skills, activities, tools, technologies, related recruitment supply chain partners and process methodologies to assume the role of the client’s recruiting department for direct hire (permanent workers) by owning and managing its recruitment process and related recruitment supply chain partner relationships. RPO is more commonly used as a method for employers to recruit direct-hire personnel, particularly in the US. In Europe, contingent workers will also be included within that scope in some instances. Note that staff augmentation, where recruiters are sitting alongside client based recruiters and following the client recruitment processes is not considered RPO. RPO can include short term Project RPO as well as longer term ongoing RPO engagements.
Payrolling/Compliance

Due to the variety of regulations by country, the global payrolling and IC compliance landscape is complex and diverse. Staffing Industry Analysts use the term “contractor payrolling” to define any arrangement in which a provider serves as the employer of a contingent worker on an assignment with another company, and is not responsible for recruiting. This common definition links together substantially different business models across the globe, such as the typical US payrolling model and umbrella services found in the UK and some other European markets.

In the US, it is fairly common for companies to offer both contractor payrolling and staffing (i.e. Kelly Services, Randstad, Act-1). In Europe, it is not typical for a company to provide both umbrella and staffing services, as accounting is considered core to one and staffing is considered core to the other.

Definition: Payrolling/Compliance – industry segment of the Workforce Solutions Ecosystem comprising a range of payrolling and compliance services. Payrolling and compliance services may be offered by one company or by separate companies. (See following page for service segment descriptions.)
Definitions: Payrolling/Compliance by Service/Product Line

- **Independent Contractor Compliance** – describes the ability to act legally, following a set of rules so that parties are not exposed to any specific legal and/or financial risk related to the sourcing, recruiting, hiring and/or management of contingent workers. Compliance services will evaluate processes and worker status to ensure that companies have commercially viable risk mitigation programs in place with regard to the classification of independent contractors. Depending on the legislative environment within a particular country, employee misclassification risk (and the liabilities imposed) can vary as it relates to the independent contractor, the staffing intermediary and the end-user.

- **Payrolling** – is a business service that provides payroll processing, paycheck writing, and payroll tax administration, for a fee. Payrolling is normally provided on the basis that no co-employer or joint employer relationship exists; it is plainly an administrative function. The service can be provided by specialist payroll companies or, sometimes, directly by staffing companies.

As it relates to contingent staffing, payrolling is the provision of (usually) longer-term temporary workers to a customer where the workers have been recruited (possibly interviewed, tested and approved) by the customer. In this case, the workers become, in effect, employees of the supplier providing the payroll services. This may occur in an instance when only the customer has the proper knowledge and experience to properly evaluate potential workers. Payrolling arrangements usually only involve a specific client function or position, not all or a significant portion of a client’s workforce as in a ‘PEO’ relationship. The term “contractor payrolling” defines any arrangement in which a provider serves as the employer of a contingent worker on an assignment with another company, and is not responsible for recruiting. This common definition links together substantially different business models across the globe, such as the typical US payrolling model and the UK/European model where contingent payrolling is often provided by ‘umbrella’ companies as part of a broader compliance service when staffing firms use independent contractors to fill temporary positions. As part of the definition is that the payrolling provider be the worker’s employer, the engagement of independent contractors (ICs) does not apply to contractor payrolling. Payrolling services are typically billed at significantly lower mark-ups than traditional temporary staffing because the staffing firm has not incurred any recruiting costs.

- **Professional Employer Organization (PEO)** – primarily used in the USA, a PEO assumes, via contract, a significant portion of employer responsibilities and associated risk for either part or all of a client’s workforce. In this situation, employees are typically employed by the PEO but work on an indefinite basis under the control and direction of the client organization. PEO arrangements can be similar to HR Outsourcing though it is distinguished by a direct employment relationship between the workers and the PEO firm. While this is not a familiar service outside the US, it is known in certain countries such as the Netherlands.
Direct Work Engagement

This segment is retitled from the original ‘Contracting/Consulting’ segment. Direct Work Engagement covers categories of directly sourced ways of completing work. These may take various forms, from directly sourced contingent workers, SOW consulting services or even robots and artificial intelligence that automates process (RPA). A common theme is that none of the above are sourced via third-party intermediaries operating in other parts of our Workforce Solutions Ecosystem (i.e. temporary workers sourced via a staffing agency and freelance or crowdsourced workers sourced via the Human Cloud).

Directly Sourced Contingent Workers include independent contractors/consultants, temporary workers sourced from an internal pool and others such as summer interns and seasonal workers. We define an independent contractor as a self-employed individual performing services for a company under contract; rather than as an employee, either on- or off-site. (Also referred to as freelancers, consultants, and, in the United States, “1099s”.) Unlike employees, independent contractors (ICs) are free to perform their work as they see fit.

Within any SOW engagement model, there is a high degree of variability in the nature of the services provided, number of individual consultants assigned, timeframe and value of the contract.
Definitions: Direct Work Engagement by Service/Product Line

- **Directly Sourced Contingent Workers** – Contingent work is used to describe work arrangements that differ from regular/permanent, direct wage and salary employment. Contingent workers are primarily distinguished by having an explicitly defined or limited tenure. The ‘contingent worker’ label applies to all workers of any skill type or experience level who meet this definition, including those in professional, blue-collar, or office/clerical roles. A service segment of the Contracting/Consulting Industry, Directly Sourced Contingent Workers include independent contractors/consultants, temporary workers sourced from an internal pool and others such as summer interns and seasonal workers.

  The term ‘Contingent workers’ would normally include a number of other categories however, within our Ecosystem, these workers are supplied via third parties (and appear elsewhere in the Ecosystem) hence the addition of the phrase ‘Directly Sourced’ to eliminate these categories, namely temporary employees provided by an outside staffing agency and freelancers, and crowdsourced workers sourced via suppliers operating in the Human Cloud. Also for the purposes of this report, we have stripped out SOW Consulting Services which appears as a separately defined category (see below).

- **SOW Consulting Services** – a service segment of the Contracting/Consulting Industry, SOW Consulting Services are provided under a Statement of Work (SOW) contractual arrangement. In contrast to agency consultants, SOW consultants are typically, but not always given a regular, consistent salary by their employer and continue to receive this salary when off project assignments (i.e., “benched resource”). While SOW consultants are typically employed by consulting firms, a host of technology and other staffing firms have also entered the solutions space for its greater margins (the theory being that you are paying for the firm’s proven methodology and chemistry of the team). At times “rogue” managers have used an SOW arrangement in order to avoid restrictions on the use of temporary workers or agency consultants.

  The statement of work itself is a document that captures the work products and services, including, but not limited to: the work activities and deliverables to be supplied under a contract or as part of a project timeline. In contrast to a typical temp or contingent work arrangement which is billed based on time worked, SOW agreements are sometimes billed based on a fixed price deliverable or for hitting specific milestones. Like typical contingent arrangements, they may also be billed based on time, including arrangements where there is a time-based billing that is capped at some “not to exceed” level for time and materials.
Robots and Robotic Process Automation: New addition for 2018

A new addition to the Ecosystem this year is ‘Robots and Robotic Process Automation’ as a sub-category of the newly redefined ‘Direct Work Engagement’ (formerly ‘Contracting/Consulting’) segment.

Robotic Process Automation (RPA) is defined by IRPAAI (Institute for the Robotic Process Automation & Artificial Intelligence), as ‘the application of technology that allows employees in a company to configure computer software to capture and interpret existing applications for processing a transaction, manipulating data, triggering responses and communicating with other digital systems’.

RPA is technology that emulates work that people could carry out and is best suited for processes with repeatable, predictable interactions with IT applications. RPA uses artificial intelligence (AI) and machine learning capabilities to handle high-volume, repeatable tasks including queries, calculations and the maintenance of records and transactions. Although RPA uses the term ‘robotic’ it does not refer to a physical robot, hence our addition of ‘Robots’ to the full definition of this new category.

HFS Research estimates of size of RPA at $1 billion in 2017 while the market is forecast to grow at over 20% per annum over the next three years. Leading vendors of RPA technology include Automation Anywhere, Blue Prism, UiPath and WorkFusion.

It should be noted that RPA is also being used to some extent within the ‘Talent Acquisition Technology’ space (specifically within the ‘Candidate Discovery’ and ‘Candidate Engagement’, sub-segments). Our definition of RPA within the ‘Direct Work Engagement’ segment applies specifically to technology being used to perform work tasks in areas not related to talent acquisition.

Source: Quora
Robots and Robotic Process Automation: New addition for 2018

The other part of our new sub-category refers to physical robots which have actually been part of the manufacturing workforce since the 1960’s. However, advances in technology mean that the use of robotics is now expanding much more widely beyond simple, repeatable manufacturing applications.

Transparency Market Research estimates the size the robotics market at $40 billion and forecasts compound annual growth rate of 17% between 2017 and 2025.

The giants in the robot world are companies such as FANUC which claims to have sold 500,000 robots (up to 2017) which would make it the largest global producer of robots with Yaskawa and Kawasaki following closely behind.

Additionally, it seems likely that the staffing firm of the future will be offering their clients both human and non-human solutions to help them get work done. In fact, a small number of firms have already embarked on this path. Innovative providers have emerged such as Robots of London where you can buy or hire a robot to perform work tasks in much the same way you’d buy (perm) or hire (temp) a human worker from a staffing firm. HOBIJ is a Dutch staffing provider that provides humans or robots to perform warehouse duties while US firm, Knightscope, provides both human and robotic security staff.

Three out four US tech industry CEOs believe automation and machine learning are likely to replace at least 5% of their manufacturing, technology, sales, and marketing workforce by 2019 (Source: KPMG - The changing landscape of disruptive technologies). The development of these solutions will continue to have a huge impact on the future development of the Workforce Solutions Ecosystem.

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Talent Acquisition Technology

Talent Acquisition Technology has become a critical tool for most large and medium sized organizations and has been a key driver of the enhanced efficiency, compliance, cost rationalization, and transparency of the modern contingent workforce.

Talent acquisition technology can be grouped into five broad functions that mirror the candidate hiring lifecycle. These functions are:

- Systems of Record
- Candidate Discovery
- Candidate Assessment
- Candidate Engagement
- Candidate Verification

What makes up each function is outlined on the following page.

There are thousands of talent acquisition technology companies. Many are focused on a particular point solution or niche, while others combine a variety of solutions and may operate across multiple categories.

This segment is focused on talent acquisition technologies used directly by firms to source talent, and not on technologies that are primarily designed for workers or by intermediaries as included in other parts of the Workforce Solutions Ecosystem (such as staffing firms), though some technologies are used by both firms as well as their intermediaries to source talent.

Please refer to SIA’s Talent Acquisition Technology Ecosystem and Artificial Intelligence in Talent Acquisition reports for fuller definitions and a deeper look at this landscape.
Talent Acquisition Technology Redefined

- Applicant Tracking Systems (ATS)
- Vendor Management Systems (VMS)
- Software Integrators
- Workforce Analytics
- Psychometric Assessments
- Skills Tests
- Interviewing Platforms

- Texting/Email Technology
- Recruitment Chatbots
- Engagement Platforms
- Background Check Verification
- Social Media Screening

- Online Job Advertising
  - Job boards
  - Job aggregators
  - Social media job sites
  - Community sites
  - Online classifieds
  - Programmatic job ads/job distributors
  - Job post optimizers

- Human Cloud
  - Online staffing
  - Crowdsourcing
  - Online work services
  - Resume Parsing/Search-Match Tools
  - People aggregators
  - Sourcing process automation platforms
  - Intelligent sourcing management systems

- Sourcing Automation
  - Resume Parsing/Search Match Tools
  - People aggregators
  - Sourcing process automation platforms
  - Intelligent sourcing management systems

- Employee Referrals
- Recruitment Aggregators

- Candidate Discovery
- Candidate Engagement
- Systems of Record
- Candidate Verification
- Candidate Assessment

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Definitions: Talent Acquisition Technology by Service/Product Line

- **Candidate Discovery** technology includes companies that help clients find candidates, whether through a client’s own database, a website where an applicant has posted a resume, or an online marketplace where companies and individuals freely buy and sell contingent labor. It includes all variants of online job advertising platforms, the Human Cloud, sourcing automation technologies, employee referral technology and recruitment aggregators.

  Candidate discovery technology is arguably where most innovation and transformation is happening in the talent acquisition technology ecosystem today given advances in technology, big data methodologies and growing skills shortages, which have intensified the need for innovative solutions.

- **Candidate Assessment** – Once a candidate has been discovered, the recruitment process generally moves to validation. Is the candidate qualified for the position? Do they have the requisite skills and experience? Will they work well with the team that plans to hire them? Do they fit the hiring organization’s culture? Will they pass a background check? There are a host of talent acquisition technology solutions designed to help firms with this phase of the talent acquisition process. We group these solutions into three categories: psychometric assessments, skills assessments, and interviewing platforms.

- **Candidate Engagement** is unique in that it isn’t necessarily a particular “step” in the talent acquisition process; good companies should be keeping candidates engaged from initial outreach through placement and redeployment. However, organizations often fall short in keeping job candidates happy, productive, and engaged through the hiring process. Well-designed engagement campaigns can make organizations more efficient and productive, freeing up time for recruiters to focus on higher value-added activities. Candidate engagement technologies are grouped into three further sub-categories; texting/Email technology, recruitment chatbots and engagement platforms.

- **Candidate Verification** – Once a candidate has been identified and selected, the last step before onboarding the candidate is performing verifications. This might consist of checking any criminal history, eligibility for employment, and other relevant aspects of a candidate’s background, which has historically been a manual and labour-intensive process due to the fragmented nature of record keeping standards in different jurisdictions. We have split these types of services into two sub-categories; background check verification and social media screening.
Definitions: Talent Acquisition Technology by Service/Product Line

- **Systems of Record** are typically the foundation of a firm’s overall talent acquisition efforts. Their primary function is to track and maintain information about candidates as they progress through various stages of the recruiting lifecycle, often serving as the “central hub” for talent acquisition activities. Many organizations use an applicant tracking system (ATS) as part of their sourcing strategy for direct hires. ATS is often used as a standalone product and there are many niche providers operating in this space. However, some organizations might use a human resource information system (HRIS) or human capital management system (HCMS), which are robust suites of general HR software that often include ATS functionality. As HRIS and HCMS software suites mostly comprise functionality post-acquisition of talent (time and attendance, payrolling, and benefits administration), this category of software is not included in our talent acquisition technology ecosystem (save for the ATS module).

We also include vendor management systems (VMS) within the systems of record category. While end clients use VMS technology to procure temporary staff and manage temporary staffing suppliers, it is primarily used as a tool to track spend, suppliers, temporary workers, and the data relevant to each of those categories. Furthermore, as VMS technology increasingly integrates with other types of talent acquisition technology (such as human cloud vendors), it is also increasingly used as the system of record for tracking worker engagements across platforms.

Finally, software integrators are companies that help different technologies “talk” to each other. For example, a firm might use Salesforce, Workday, Beeline, and Upwork -- solutions which each have their own unique technology stack and workflows, though ideally the systems would interact and share data as necessary and in an automated fashion.
Automation Potential of Recruitment Activities

LinkedIn have created an easy-to-use reference chart that maps the automation potential of recruitment activities (from High to Low) in the X-axis against the Value added with Human Touch in the Y-axis (see below). The bottom left quadrant refers to those activities that add little incremental value with human touch and the top right quadrant refers to recruiting activities where human touch is required to interpret or augment AI-driven information.

**Diagram Description**
- **High Value Added with Human Touch**:
  - Pre-screening/Assessments
  - Candidate propensity signals
  - Nurture marketing
  - Social profile aggregation
  - Interview scheduling/Bots
  - Resume collection/ parsing
- **Low Value Added with Human Touch**:
  - Hiring manager in-take meeting
  - Candidate ranking
  - Assessment based on code depositories
  - ATS Updating
  - Offer creation
- **High Automation Potential**:
  - Gauging interpersonal skills
  - Detecting diversity indicators
  - Gaining strategic talent Insights
  - Candidate matching
- **Low Automation Potential**:
  - Data-driven Story telling
  - Making the close
  - Negotiation/Persuasion
  - Re-skilling
  - Nuanced understanding of candidate’s needs
  - Understanding team culture
  - Differentiated candidate experience

**Source:** LinkedIn
Other Workforce Solutions

The ‘Other Workforce Solutions’ segment serves as a complement to other segments of the Workforce Solutions Ecosystem.

Due to the complementary nature of this segment, some of the largest global staffing firms offer services in this segment, in particular within the outplacement service segment, such as ManpowerGroup (Right Management) and Adecco (Lee Hecht Harrison).

Firms operating in the Process Outsourcing segment will also frequently offer one or a combination of services in this segment in order to complement their core outsourcing services.

Although not directly related to the sourcing or hiring of workers, these services help to develop people in their careers in order to fulfil their potential and also to manage career transition. Whereas staffing helps find candidates who are prepared to interview for open jobs or temporary positions, outplacement, for example, helps candidates find and prepare to interview for open jobs.

Definition: Other Workforce Solutions –
A broad grouping of employment-related services including employee benefits services, insurance, retirement services, employee development, motivation/engagement, outplacement, HR consulting, testing, training, relocation services and any other ancillary HR services not found elsewhere in the Workforce Solutions Ecosystem. These services are not directly related to the sourcing or hiring of workers but focus on other facets of managing a workforce. (See following page for service segment descriptions.)
Definitions: Other Workforce Solutions by Service/Product Line

- **Ancillary HR Services** – includes all other workforce related third-party services not captured elsewhere in the Workforce Solutions Ecosystem. Examples include retirement services, compensation and benefits, relocation services as well as data and analytics providers.

- **HR Consulting** – is a specialist form of management consulting. HR Consultancies are hired by organizations in order to achieve a better outcome for their human resources-related activities. It differs from HR Outsourcing in that clients pay for an advisory/consulting recommendation rather for a specific HR-related service. HR Consulting firms can advise clients on important strategic issues such as performance management and alignment, HR technology selection/implementation, HR transformation (i.e. Mergers & Acquisitions, redundancy programs), talent management, and staff analytics. HR Consultancies perform needs assessments or audits and make recommendations or proposals, coordinate the creation and implementation of an action or corrective plan, and when required, organize and coordinate cross-functional HR teams to assist with developing and implementing performance improvement corrective plans, programs or processes.

- **HR Tech** – software solutions that can be deployed post-sourcing of workers in order to better manage, engage, and motivate these workers. These solutions are sometimes offered as a standalone activity (or point solution) but more often as part of a suite of Human Resource Management System (HRMS) solutions. The solutions include technologies that facilitate onboarding, personnel administration, benefits administration, performance management, learning management system (LMS), time & attendance, expenses management and engagement/recognition. Within our definition, HR Tech excludes technologies used to acquire talent (such as ATS and VMS) as these appear in their own right within our Ecosystem. It also excludes payrolling which, again, features as an independent category within our Ecosystem. While we might categorize them separately, some vendors do include these services within their wider HRMS portfolios. A number of important vendors bundle HR Tech to provide a comprehensive suite of human capital management tools as part of their wider ERP offerings.

- **Outplacement** – is a service to guide a terminated employee of a company to a satisfactory new position or career through the provision of short- or long-term counselling and support services, on a group or individual basis, most often paid for by the terminating employer.
Definitions: Other Workforce Solutions by Service/Product Line (continued)

- **Testing** – is the practice of administering written, oral, or other tests as a means of determining the suitability or desirability of a job applicant or for evaluating the suitability of an existing employee. These may include the evaluation of hard skills such as performance assessments and job knowledge tests but also soft skills by way of personality examinations using various psychometric techniques. Pre-employment screening undertaken before someone is offered a job or temporary position may also include background checks and drug testing which are commonly conducted for hiring in safety critical roles such as heavy machinery or driving and government agencies although there is a growing trend for tests to be administered in a wider range of industries.

- **Training & Accreditation** – a service segment of the Other Workforce Solutions Industry, there are many forms of work-related Training provided by third-party experts. Some may relate to a very particular job role such as electrical engineering, accounting or nursing, some provide education on broader skill sets such as sales techniques, public speaking/presenting, health and safety and leadership, while others help workers develop better skills on a particular software program. Many staffing firms will provide training where it can improve the skills (and, therefore, the value) of a temporary worker and, in certain countries, such as France, such training is a legal obligation. Training could be provided through via a learning management system (LMS) though where the training delivery is primarily automated, we would classify this as HR Tech (see definition). Accreditation refers to the formal, third-party recognition of competence to perform specific tasks which many training vendors award upon conclusion of a training program.
About SIA (Staffing Industry Analysts)

Founded in 1989, SIA is the global advisor on staffing and workforce solutions. Our proprietary research covers all categories of employed and non-employed work including temporary staffing, independent contracting and other types of contingent labour. SIA’s independent and objective analysis provides insights into the services and suppliers operating in the workforce solutions ecosystem including staffing firms, managed service providers, recruitment process outsourcers, payrolling/compliance firms and talent acquisition technology specialists such as vendor management systems, online staffing platforms, crowdsourcing and online work services. We also provide training and accreditation with our unique Certified Contingent Workforce Professional (CCWP) program.

Known for our award-winning content, data, support tools, publications, executive conferences and events, we help both suppliers and buyers of workforce solutions make better-informed decisions that improve business results and minimize risk. As a division of the international business media company, Crain Communications Inc., SIA is headquartered in Mountain View, California, with offices in London, England.

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