

## IDC MarketScape

# IDC MarketScape: Worldwide and U.S. Modern Talent Acquisition Suites for Large Enterprise 2019 Vendor Assessment

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THIS IDC MARKETSCAPE EXCERPT FEATURES SMARTRECRUITERS

### IDC MARKETSCAPE FIGURE

FIGURE 1

## IDC MarketScape Worldwide and U.S. Modern Talent Acquisition Suites for Large Enterprise Vendor Assessment



Source: IDC, 2019

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

## IN THIS EXCERPT

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The content for this excerpt was taken directly IDC MarketScape: Worldwide and U.S. Modern Talent Acquisition Suites for Large Enterprise 2019 Vendor Assessment (Doc # US45016419). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figures 1,2, 3, and 4.

## IDC OPINION

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The world is changing. Global paradigms shift as entire industries undergo expansive digital transformation; new services economies emerge, fragment, and grow; enterprises and start-ups do their best to adapt; and human capital management (HCM) broadens in scope to support fast-changing business needs. Among the companies at the leading edge of innovation (and success), there is one constant: their ability to attract, hire, and engage top talent.

For today's talent acquisition leaders, this is a double-edged sword. On the one hand, business leaders have bought into the notions that candidate experience is a fundamental success driver, there is an urgent need to evolve talent acquisition beyond reactionary recruiting, and the recruiting function itself drives tangible business impact (for better and for worse). On the other hand, talent acquisition (and human resources [HR] as a whole) has suffered from years of fatalistic "good enough" performance expectations – and is limited by long-standing operational, technological, and aptitudinal limitations. But as labor markets continue to tighten, recruiting gets more and more difficult – and the business case for upgraded capabilities is stronger than ever.

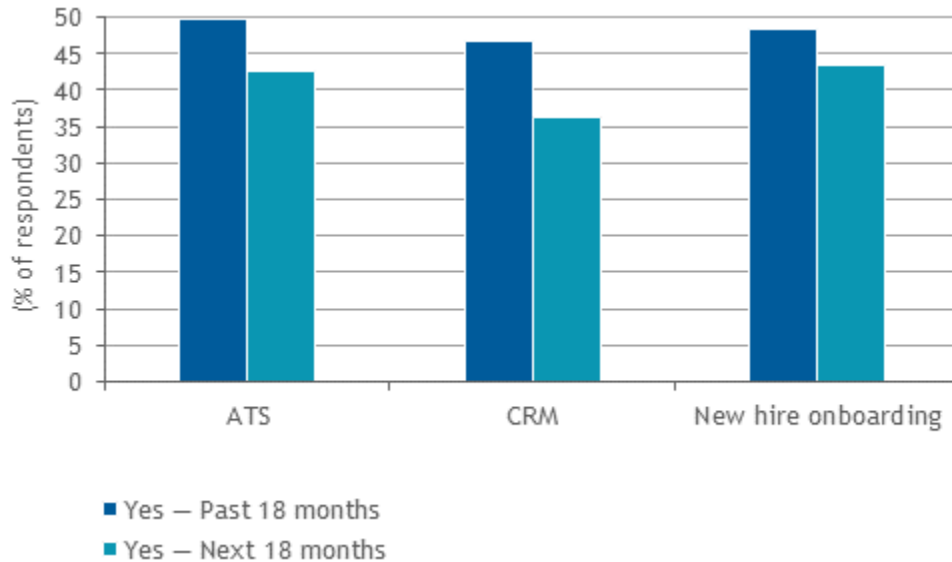
Talent acquisition has rapidly evolved in recent years, and so has its technology requirements. As the concept of a talent acquisition suite evolved from marketing message pushed by key vendors into a reality for any viable solution in the market, the core recruiting system – the applicant tracking system (ATS) – has evolved to meet demand for broader capabilities and deeper functionality. Competitive solutions in this category have expanded their recruiting suites to offer far more than applicant tracking – including candidate relationship management (CRM), new hire onboarding, job marketing and advertising, and advanced analytics.

In a survey of 441 talent acquisition technology buyers, IDC found that about 49% of large enterprises had changed solutions in the past 18 months and an additional 41% of large enterprises were planning to change solutions in the next 18 months. That's a lot of change – and a lot of competition. Best-of-breed solution providers in this space with broader product portfolios and deeper functionality are growing quickly – and moving further upmarket – whereas recruiting systems delivered as part of an integrated HCM suite are leveraging the extended talent management applications to enhance stakeholder value and reduce total cost of ownership. Regardless of how these vendors come to market, it's safe to say the category has evolved far beyond the ATS; the modern talent acquisition suite is here to stay (see Figure 2).

## FIGURE 2

### Recruiting System Satisfaction for Large Enterprise

Q. For each of the following talent acquisition system, what are your plans to change solution providers?



n = 143

Note: Large enterprises are companies with 5,000+ employees.

Source: IDC's *Talent Acquisition Buyer Survey*, December 2018

Of course, there is no silver bullet – and technology can only do so much. Some best-of-breed vendors have plenty of vision for what modern recruiting should look like but are still building out client success functions. Others that are part of a larger, more established HCM vendor are undergoing their own transformation as decades-old customers move to the cloud. To better understand how this category is evolving beyond ATS, what differentiates one system from another, and how they're competing, this IDC study represents a vendor assessment of modern talent acquisition suites through the IDC MarketScape model.

### IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

The criteria for the inclusion of vendors in this IDC MarketScape analysis are as follows:

- Vendors must offer a native talent acquisition system including core capabilities found in a standard ATS (requisition management, job advertising and distribution, career site, online applications, resume parsing, etc.) as well as advanced capabilities found in a best-in-class talent acquisition system (including any modules for candidate sourcing, prospecting, and pipelining; new hire onboarding; CRM; and robust reporting and analytics).
- Vendor offerings may be standalone solutions – or part of a larger HCM suite – but must be native, not white labeled.

- Vendors must manage a minimum of 10,000 job requisitions annually.
- Vendors must generate a minimum of \$10 million annually from their recruiting solution set alone.
- Vendors must have at least 50 clients with 1,000+ employees using their recruiting solutions.

## ADVICE FOR TECHNOLOGY BUYERS

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Today's talent leaders have their work cut out for them. Talent acquisition grows more complex by the day, and modern recruiting technology continues to play a critical role in enabling success at scale. While the same holds true for HR in general, talent acquisition tends to push the envelope a bit further, always trying new tools and tactics to gain a competitive edge. And recruiting continues to be incredibly competitive.

Buyers considering talent acquisition suites are laser focused on several key operational capabilities: strengthening their employer brand, improving their candidate experience, optimizing recruiting processes across disparate business units and geographies, and providing better insight to the business on near- and long-term performance. We're in the midst of a major replacement cycle, and these buyers and the businesses they serve aren't just looking for software. They see technology as the catalyst for much-needed changes in the talent acquisition process and strategy and are willing to pay top dollar for deeper functionality in critical capability areas that they can only find among standalone solutions.

In a world where the pace of innovation is moving at the speed of thought, many talent acquisition functions are long overdue for technology upgrades. According to a recent survey of talent acquisition technology buyers at companies with 5,000 or more employees, 47% anticipate increasing their technology spend in the next 12 months. For these specific buyers, a few distinct priorities outweigh others, as shown in Figure 3.

### FIGURE 3

#### Top Talent Acquisition Investment Priorities for Large Enterprise in the Next 12 Months

Q. Which areas will you be most likely to invest in the next 12 months?



n = 143

Note: Large enterprises are companies with 5,000+ employees.

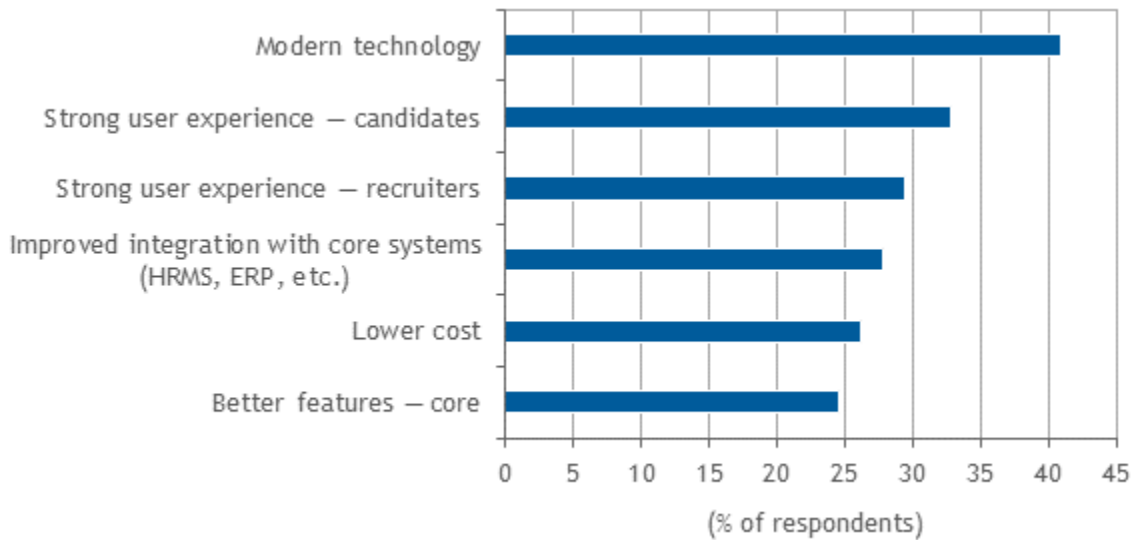
Source: IDC's *Talent Acquisition Buyer Survey*, December 2018

For large enterprise organizations, the highest priority investments include new hire onboarding, candidate experience, and diversity recruiting. Achieving meaningful results in each area requires substantive and lasting change management in the people, processes, and systems that make up a company's existing recruiting operations. On the systems front, these change initiatives require enhancements to user experience (UX), integrations with core HCM systems, and improvements to the core ATS. These requirements are reflected in Figure 4, which provides the most important factors in large enterprise buyers' decisions to change solutions.

## FIGURE 4

### Drivers of Changes for Talent Acquisition Suite Vendors in Large Enterprise

Q. For each of the following talent acquisition system, what is your overall level of satisfaction with the solution you currently use?



n = 143

Note: Large enterprises are companies with 5,000+ employees.

Source: IDC's *Talent Acquisition Buyer Survey*, December 2018

To address these specific needs while also upgrading to a more modern system, some organizations will look to their HCM suite provider to deliver a scalable solution that integrates with other systems like learning and performance. At the same time, a growing number of talent acquisition leaders are making a strong business case for standalone specialized, dedicated solutions.

This IDC MarketScape seeks to inform both buyers, as their problem is universal: the traditional ATS wasn't designed to support end-to-end talent acquisition. They need something more than applicant tracking and requisition management. HCM suite vendors have caught on and are making significant investments in recruiting capabilities, while standalone vendors remain a step ahead in a few key areas like CRM and collaborative hiring. Both types of vendors are building systems that marry innovation with utility to deliver tangible value to hiring organizations in large enterprises, but some are doing so more successfully than others.

With this in mind, it is important to point out that there is no one-size-fits-all talent acquisition system. Some of the products included in this document are primarily designed for small and medium-sized businesses (SMBs), offering hard-coded best practices in candidate sourcing, recruiting workflows, and the interview process. Others are designed for enterprise hiring organizations anxious to bring their recruiting systems into the 21st century and balance consumer-grade UX with extensive configurability and custom reporting. Still others are designed for the recruiting organization of the future and are powered by artificial intelligence (AI) and cognitive capabilities.

Whatever system best fits your needs, be mindful of the elementary truth that too many have learned the hard way: technology alone will never solve some of the fundamental problems inherent in many recruiting organizations. Optimizing your career site and application process for mobile users won't solve for poor candidate experience. A CRM system won't magically turn your candidate database into rich pools of highly engaged candidates. Robust analytics capabilities won't transform talent acquisition into a data-driven business function.

Modern talent acquisition capabilities such as CRM, continuous sourcing, programmatic advertisement, and new hire onboarding are cornerstones of modern talent acquisition. But as a whole, the recruiting industry needs upskilling (and reskilling), stronger business acumen, and significant culture change. And this, more than anything, is driving the most change among talent acquisition suite vendors: every solution has the core functionality we've come to expect from an ATS, but each solution has a unique take on what "good" looks like in talent acquisition.

When evaluating recruiting suites (standalone or otherwise), look beyond the feature list. Compare client success offerings, consider what kind of technical support is needed during implementation *and beyond*, and never take a vendor's word for it when the vendor says it integrates with everyone – vet this yourself. And get to the heart of a vendor's design principles and take the philosophies guiding product strategy into account. In a SaaS world, finding alignment between your vendor's culture and your own is increasingly important.

## VENDOR SUMMARY PROFILES

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This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Vendors were evaluated on 52 different criteria (detailed in the Appendix) spanning current product offering, global support capabilities, breadth of services, and future road map. Some vendors are more visionary, some have proven track records in supporting global talent acquisition operations, and others show immense promise but are still growing. Regardless, all are worthy of consideration – to get a sense of how this category continues to evolve and innovate to support the modern recruiting organization, if nothing else.

### SmartRecruiters

SmartRecruiters is positioned as a Leader in this 2019 IDC MarketScape evaluation of worldwide and U.S. modern talent acquisition suites for large enterprise.

SmartRecruiters Talent Acquisition Suite is used by high-performance organizations to make the best hires through end-to-end functionality to attract, select, and hire the right candidate for each job. It is built on a modern enterprise platform with a built-in marketplace for third-party recruitment services. SmartRecruiters' clients range from companies of size 10 all the way to size 400,000 employees and belong to a wide variety of industries such as technology, retail, and financial services. Companies like Skechers, Visa, Alcoa, and Equinox use SmartRecruiters to make talent acquisition their competitive advantage.

SmartRecruiters helps the modern recruiter with a robust, easy-to-use Talent Acquisition Suite that goes beyond applicant tracking: recruiters can distribute jobs, schedule interviews, send assessments, and report on their sourcing spend, hiring plan and more – all on one platform. SmartRecruiters

centralizes your recruitment stack into one platform for all recruiting needs to deliver better UX, provide superior data quality, and drive better hiring results.

SmartRecruiters is on a rapid growth path. In 2016, the company increased head count by almost 100%, opened several new facilities (Berlin, London, Paris, and Spokane, Washington), closed a Series C round of funding for \$30 million from Insight Venture Partners, acquired Berlin-based start-up Jobspotting, won several Fortune 500 companies as customers (Visa, Avery Dennison, Alcoa, and Bosch), expanded to international markets in Europe and Asia, and consistently maintained a 96% renewal rate on its customers.

SmartRecruiters and its set of prebuilt customizable integrations are designed to make it easier to integrate with prominent HRIS providers, such as Workday and SAP SuccessFactors. SmartRecruiters continues to focus on developing its product to support global clients. This year, SmartRecruiters launched local languages, got ISO 27001 certified, and launched several features to meet the unique needs of global, decentralized organizations to give them the scale and flexibility requirements while adhering to compliance standards such as GDPR.

The product itself is easy to use and features nearly complete end-to-end functionality. Advanced technology creates a more productive and intuitive UX, as SmartRecruiters was designed for the way people actually work: recruiters value the streamlined workflow, hiring managers appreciate the intuitive experience, and candidates are delighted with how easy it is to apply.

With SmartRecruiters, the entire hiring team (recruiters, hiring managers, and interviewers) works together through intuitive tools that support collaboration across all recruiting processes. Whether from the office or mobile devices, everyone can work together more productively – anytime, anywhere. Users are able to screen, engage, and hire – all on the go via a dedicated mobile app that gives hiring managers and recruiters tools to screen, engage, and hire candidates. Designed with mobile access in mind, SmartRecruiters helps organizations build media rich, mobile-optimized career sites and offers one-click apply capabilities for more consumer-grade candidate UX.

## **Strengths**

SmartRecruiters has long been on the front lines of recruiting innovation, pushing the boundaries on the role software plays in supporting the rapidly expanding scope of talent acquisition. Today, their suite of recruiting applications offers extensive functionality and prioritizes several key capabilities: ease of use, embedded analytics, and scale. Among their most notable strengths:

- While the talent acquisition suite has expanded far beyond the ATS, this system remains a critical core component of today's most viable solutions – and SmartRecruiters' out-of-the-box system is best in class. The system integrates easily with other third-party applications, its reporting and analytics are strong, and the platform can support small businesses and large enterprises. Years of deep investments in continuously improving the core product while expanding its other applications has yielded industry-leading customer satisfaction both in the depth and the quality of its offering.
- Whereas any software vendor worth its salt would claim its solution is easy to use, SmartRecruiters is undoubtedly ahead of the curve when it comes to UX. SmartRecruiters is lauded by customers in all aspects of UX: candidate, hiring manager, recruiter, and administrator. The system is mobile responsive, of course, but SmartRecruiters has introduced many mobile-specific capabilities like parsing a resume from a picture on a smart device and a dedicated mobile application for hiring managers.



- Whereas many of the software vendors in the recruiting market are heavily productizing and marketing AI capabilities, SmartRecruiters is taking a different route: it is leveraging cutting-edge technologies like machine and deep learning, robotic process automation (RPA), and natural language processing (NLP) to enhance the core platform – not selling them as premium features. The result is a high-powered and highly viable product road map that focuses on increasing value for its clients rather than growing wallet share.

## Challenges

Competition in this market is fierce – and shows no signs of slowing – and though SmartRecruiters delivers the functionality and scalability to serve companies of all sizes across many industries, winning on all fronts is a constant battle. Clients in large enterprise have different needs and expectations than those in SMB – features that take off among retail industry clients may not stick in healthcare. And competitors in both the best-of-breed category among the HCM suites aren't sitting idle. While SmartRecruiters has strong momentum, there are a few challenges to address:

- Though clients have relatively few complaints about SmartRecruiters' Talent Acquisition Suite, the problems they cited could quickly become problematic. For example, SmartRecruiters offers clients a very straightforward interface for configuring, recruiting, and hiring workflows, but clients want more regarding the system's overall configurability. The platform packs a lot of punch, but talent acquisition processes vary widely. SmartRecruiters' ability to accommodate specific needs is a critical success factor as it competes both upmarket and downmarket.
- SmartRecruiters doesn't currently offer a native new hire onboarding module and has been noncommittal regarding its plans on this front. Though it partners with several best-of-breed onboarding solution providers, clients that are accustomed to SmartRecruiters' best-in-class UX find most of these solutions lacking. For SmartRecruiters, this creates friction with key stakeholders (recruiters, candidates/new hires, and administrators) that will need to be resolved sooner than later.

## APPENDIX

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### Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

For this IDC MarketScape, the weights for capabilities and strategies was shifted in favor of capabilities today (60%) and strategy for tomorrow (40%). Although some players have been in this space for over a decade, the talent acquisition suite is itself still a budding category. As such, the evaluation was more heavily focused on what vendors are currently offering – both in product and in service. Those with more robust capabilities (offering all core functionality identified as standalone, supporting clients in change management and strategy optimization, etc.) rated more highly than those that are still early in their journey. As the category matures, the weights may change.

## IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

## Market Definition

IDC defines talent acquisition as those functions that serve to attract, source, engage, and assess candidates as well as to select, hire, and onboard new hires. The scope of talent acquisition has rapidly expanded in recent years, and the function itself has evolved accordingly – as has its technology requirements. As a result, the core recruiting system, the applicant tracking system (ATS), has evolved to meet demand for broader capabilities and deeper functionality.

Competitive solutions in this category offer far more than applicant tracking to include modules for new hire onboarding, candidate relationship management, and even internal mobility. This IDC study represents a vendor assessment of the modern talent acquisition suites offered for large enterprises (defined as 10,000 or more employees) through the IDC MarketScape model.

## Strategies and Capabilities Criteria

IDC evaluated a broad set of criteria in both strategies and capabilities as part of this IDC MarketScape – 52 to be exact. Evaluation spanned solution offering, breadth and depth of services, global capabilities, and client success.

Some of the most heavily weighted criteria are:

- Ability to fully support end-to-end talent acquisition operations at scale – from marketing and advertising to interview and selection through hire and onboarding – and provide detailed analytics throughout
- Overall customer satisfaction and tangible commitment to client success (quantified by a combination of anonymous customer surveys and 1:1 client interviews)
- Product road map that continues to pave the way for today's most forward-thinking talent acquisition functions, delivering both utility and innovation
- Plans for future growth – both in terms of new client brands and in global business

- Specific plans on development and deployment of advanced capabilities including predictive analytics, machine learning, and other elements of AI.

## LEARN MORE

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### Related Research

- *IDC Market Glance: The Emerging Employee Experience, 1Q19* (IDC #US44940119, March 2019)
- *IDC PlanScape: Digital Transformation for a Strategically Aligned Workforce* (IDC #US44505518, December 2018)
- *Market Analysis Perspective: Worldwide Talent Acquisition, 2018 - Talent Acquisition Leads the Digital Transformation in Human Capital Management* (IDC #US44322718, September 2018)
- *Worldwide Talent Acquisition Technologies and Services Forecast, 2018-2022* (IDC #US43522918, August 2018)

### Synopsis

This IDC study seeks to inform buyers how talent acquisition suites are evolving beyond ATS and how solutions that are part of HCM and talent management suites differ from best-of-breed solutions. In a world where the pace of innovation is moving at the speed of thought, many talent acquisition functions are long overdue for technology upgrades. According to IDC's 2018 *Talent Acquisition Buyer Survey*, 49.7% of large enterprise organizations changed ATS vendors in the past 18 months and an additional 42.7% were planning to change in the next 18 months. Some organizations will continue to look to their HCM suite provider to deliver a solution that integrates with other systems like learning and performance, but a growing number of talent acquisition leaders are making a strong business case for standalone solutions. This research is intended to inform both buyers and their colleagues in IT and HR.

"Talent acquisition continues to evolve in form, function, and scope at a breakneck pace," says Kyle Lagunas, research director for IDC's Emerging Trends in Talent Acquisition and Staffing program. "As organizations prepare to embark on digital transformation journeys, acquiring talent has become a critical success factor – and having the right system in place to enable more modern practices is essential. Each talent acquisition suite provider is working with clients to adapt to today's highly competitive hiring environments, offering more advanced capabilities than their ATS vendors have in the past."

## About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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