

The push and pull of talent acquisition specialist suites and human capital management/talent management suites continues. Specialist suites have an opportunity to redefine the pace of innovation for recruiting functions and elevate within the competitive ecosystem.

# Enhancing Agility and Speeding Innovation Through Talent Acquisition Specialist Suites

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## Introduction

The talent acquisition (TA) technology ecosystem is crowded with new vendors frequently appearing, offering niche capabilities to complement existing recruiting technology suites. Point solutions provided by emerging vendors often offer capabilities that address tactical areas of the hiring life cycle. These capabilities may include onboarding tools, internal mobility platforms, recruitment marketing, candidate relationship management, and interview solutions.

While competition encourages innovation within the ecosystem, the continued emergence of new vendors increases the complexity of the market and ultimately the burden of choice for buyers in understanding the ideal tech stack for their talent acquisition needs weighed against their organization's tolerance for multiple vendors and contracts.

The continued development of holistic talent acquisition suites, either from vendors that specialize in the field or from vendors that offer talent acquisition as part of a broader human capital management (HCM) capability, adds to buyer consternation on selection. There are advantages to both avenues, but buyers must consider their own unique needs when making a purchasing decision.

## Definitions

- » **Applicant tracking system (ATS).** The ATS is a critical system of record for recruiters that acts as repository of candidate information and tracks a candidate's journey through the hiring process. ATS providers often include multiple other recruiting functions to clients, providing a suite approach that includes capabilities such as recruitment marketing, candidate relationship management, and analytics.
- » **Candidate relationship management (CRM) platform.** CRM platforms provide a means for recruiters to enhance the tracking of candidates that basic ATS functionality provides. These platforms provide a means for communication with existing candidates while nurturing potential future candidates. CRM platforms are critical tools to ensure recruiters can maintain a healthy talent pipeline and ensure a faster hiring capability.

## AT A GLANCE

### KEY TAKEAWAYS

- » 61% of organizations adopted new talent acquisition solutions in the past year, while 14% replaced existing solutions.
- » Human capital management/talent management suites and talent acquisition specialist suites each approach the market with unique differentiators.
- » Pace of innovation, flexibility, and scalability are benefits to organizations that select talent acquisition specialist suites.

- » **Talent acquisition specialist suite.** TA specialist suites offer a wide selection of recruiting solutions. Often provided with the option of all-in-one or à la carte purchase, TA specialist suites offer recruiters a high degree of flexibility in terms of technology applications. Providers within this space usually specialize strictly in the talent acquisition space and do not provide technologies for other HR functions.
- » **Human capital management suite/talent management suite (TMS).** Human capital management suites offer technology solutions that span the employee life cycle from hire to retire. These solutions include recruiting, performance management, payroll, core HR, succession planning, and learning solutions. Talent management suites offer similar technologies but typically do not offer core HR or payroll.

## Talent Acquisition Ecosystem Dynamics

Navigation of the talent acquisition ecosystem is dependent upon organizational needs and how much an organization prioritizes improving its recruiting capabilities. From a budgetary perspective, there is a trend of increasing tolerance for and understanding of the need for technology and services solutions. 75% of talent acquisition professionals expect to spend more on recruiting technologies and services through 2022 and beyond, identifying over 10 different capability areas as a priority. 47% expect spending to increase by at least 10% from previous years (IDC's *Talent Acquisition Survey*, November 2021). Armed with additional budget, buyers must now decide how to build their recruiting capability.

ATS vendors provide a point solution that's often the system of record for other vendors and technologies to draw from to inform and enable recruiters. Applicant tracking is provided primarily by vendors of talent acquisition specialist suites, which specialize in recruiting, and vendors of human capital management/talent management suites, which comprise solutions in areas such as performance management, compensation, and payroll in addition to recruiting technologies.

The push and pull between these two vendor types revolves around an all-in-one employee life-cycle solution as offered by HCM/TMS providers and the speed of innovation and knowledge base offered by TA specialist suites, which are laser focused on the hiring life cycle. HCM/TMS providers would also proffer that investments in TA specialist suites would incur an additional vendor on the tech stack. While true, TA specialists often boast dedicated integrations with major HCM providers, minimizing the impact on end-user organizations. 24% of talent acquisition professionals consider tech stack consolidation a top priority in selecting a new ATS vendor (IDC's *Talent Acquisition Survey*, November 2021). However, the converse interpretation of that result indicates that three out of every four organizations are prioritizing other factors for their recruiting capability, such as advanced technologies that offer intelligent search or robust career sites.

Before delving into the expansive point solution landscape, buyers of TA solutions must decide on their core ATS provider.

## Benefits of Talent Acquisition Specialist Suites

Talent acquisition specialist suites provide a strong set of solutions for recruiters, and buyers should consider the following when deciding upon their core ATS vendor:

- » **Pace of innovation.** Usually 100% focused on the recruiting function, specialist vendors' product road maps and solution updates revolve around improving recruiting capability, while HCM/TMS providers may split attention between recruiting and other elements such as performance management. In fact, 22% of talent technology buyers cited infrequent innovations as a reason for switching from their talent management suites (IDC's 2021 *SaaSPath Survey*). Organizations seeking an agile and frequently innovated function may want to consider the pace of innovation of specialist providers.

- » **Flexibility.** TA suite specialist providers often go to market with flexibility in mind for their clients' solution selection. Buyers of technologies from specialists can be as tactical or as broad as their budgets and business require, creating a highly personalized recruiting solution that can be more easily aligned with organizations' recruiting strategies. The "build your own" approach particularly resonates within organizations that have advanced recruiting functions.
- » **Scalability.** Dovetailing on the build-your-own approach, the ability of specialist vendors to offer customized internal solution stacks to their customers provides the added benefit of scalability. As organizations need to ramp up or ramp down recruiting budgets in response to events such as recessions, specialist suites can reduce reliance on tactical solutions without dismantling core ATS functionality. This allows organizations to weather downturns without vendor upheaval.
- » **Dedicated integrations.** Recognizing that the purchase of their solutions will still necessitate engagement with HCM/TMS providers, specialist suite providers often offer dedicated integrations with major providers. The success of the specialist business relies upon its ability to provide reliable integrations with core HR functionality, and providers in this space have taken extra steps to ensure the process is seamless for the end user.

Talent acquisition specialist suites provide an opportunity for an agile and rapidly innovating recruiting solution without significantly increasing technology stacks for organizations.

## Considerations

While there are clear positives to investing in TA specialist solutions, organizations should factor in additional considerations. For example, suite vendors may reduce tech stacks, but niche providers will still be needed, especially as an organization grows beyond a small business into a midsize or large enterprise. One such case is the growing need for compensation intelligence, which is often not provided in-depth from TA suites at this point. The rapid pace of innovation of TA suites likely means they will be upgraded frequently, however, as they evolve to include the latest demands of the recruiting community.

Additionally, HCM/TMS providers continue to offer a strong value proposition in all-in-one solutions for buyers that seek the most streamlined approach for employee life-cycle management in terms of procurement and IT tasks. TA suite specialist providers must prove value above this all-in-one approach to excel in the competitive space.

## Key Trends

The competition between HCM providers and TA specialist suite providers falls against the backdrop of overarching trends within the recruiting space:

- » **Adapting to the "new normal."** The COVID-19 pandemic and the Great Resignation highlighted the need to adjust capability up or down rapidly, which spurred vendors to offer scalability as a core functionality. This capability will continually serve organizations well as they react to future upswings and downturns, such as the potential recession leading into 2023. Recent years have demonstrated the persistence of the "new normal" that organizations must contend with, and this pattern will likely continue for the foreseeable future.

- » **Making the business case.** TA buyers require help understanding their total talent acquisition technology needs as the market shifts and evolves quickly. Part of the competitive proposal process necessitates an assessment and an understanding of a client's unique needs, tailoring the solution set to meet those needs to remain cost effective for the buyer and ensure future renewals. Vendors must assist buyers in making the business case to their organization's leadership, particularly as the cast of decision makers for procurement actions continues to grow. As additional actors such as CMOs, CXOs, and chief diversity officers (CDOs) increasingly come into play, TA leadership teams should be clear about their objectives and how their desired technologies will assist them in meeting goals that will improve outcomes while also meeting the expectations of the additional buying personas that may not be as familiar with the nuances of a strategic recruiting function.

## Conclusion

The push and pull of TA specialist suite and HCM/TMS providers will continue as the recruiting function continues to elevate within organizations and product choices grow in complexity. Buyers must consider the flexibility and scalability of their solution sets against organizational objectives to make an informed decision about the type of vendor needed. While the all-in-one employee life-cycle solution set from HCM/TMS providers is a strong value proposition, TA specialist suites' high degree of innovation and agility provides a compelling counter to organizations with particular interest in elevating recruiters to talent advisors while remaining ahead of the curve in future proofing the workforce.

## About the Analyst



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Matthew Merker is a Research Manager for Talent Acquisition and Strategy. Mr. Merker's core research coverage includes the evolution of ATS platforms, candidate relationship management, and talent acquisition technology strategies. Blending services and technology, Mr. Merker's research focuses on the improvement of candidate and recruiter experience as the war for talent continues to adapt to the new paradigm of work.



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