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MOVING FROM A LEGACY ATS:

WHEN YOU NEED A MODERN TALENT ACQUISITION SYSTEM

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INTRODUCTION:

As companies plan for the future of work, evaluating existing TA technology is a top priority. According to Aptitude Research, 51% of enterprise companies plan to increase their investment in TA tech over the next year. Companies looking to effectively compete for talent, improve the candidate experience, and focus on quality of hire, need a modern TA system that will provide both integration and deep functionality. Today, technology solutions exist to meet both those needs.

One in four enterprise companies are looking to replace their ATS this year and 58% are dissatisfied with their existing provider. This decision to replace and modernize a TA system is not always easy, and the decision-making process has become more complex over the past year.

Companies have the following options:



Stay the Course: Companies can continue with their legacy systems and avoid disruption or change management that will inevitably come from a more modern system.



Invest in an HCM Provider: Companies can leverage the recruiting module from their existing HCM system and invest in an ecosystem of providers to fill in the gaps.



Go Best-of-Breed: Companies can invest in a best-of-breed provider that will provide a modern experience and expertise across all areas of TA tech.



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Talent acquisition tech buyers have more opportunities, but they also face new pressures when considering remote work, employer brand, and candidate experience. A modern TA system will give companies a competitive advantage and provide a true partnership. For those choosing to make a change, three core themes are at the forefront:

1 The Best of Breed vs. ERP/HCM Debate Persists: Many talent acquisition leaders still face resistance from IT and/or business leaders when investing in best-of-breed providers over core HCM systems or ERP providers. **According to Aptitude Research, one in three companies state that IT is more involved in talent acquisition technology decision-making today.** Companies don't want to sacrifice depth of functionality for integration. And in today's market, they can have both. Best-of-breed providers are more flexible and creative with their approach to integration through marketplaces, self-service, and support.

2 The ATS Is Not Enough: The modern talent acquisition system is more than a workflow or a traditional ATS. It includes recruitment marketing, CRM, onboarding, and internal mobility. Many providers have enhanced their interview management capabilities, have dabbled with AI-matching, and have made commitments to diversity, equity, and inclusion (DE&I). **The modern talent acquisition system is an end-to-end platform that supports attracting, recruiting, and hiring talent.**

3 The Recruiter Experience Is the Most Critical (and the Most Ignored): According to Aptitude Research, as companies rush to transform with new technology, many have lost sight of their recruiters, the people doing the actual work. The most critical role in talent acquisition success is too often overlooked in decision making around the future of work. **Fifty-eight percent (58%) of recruiters do not believe that leadership understands their role in the organization.** As a result, recruiters are feeling overworked and modern talent acquisition systems are critical to improving their job satisfaction.



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Talent acquisition success is measured by its ability to adjust to change. And talent acquisition leaders face pressure to adopt the latest technology innovations in a short time. The goal of this report is to help enterprise organizations understand the technology landscape better and make strategic decisions around their technology options. It can be used as a guide for companies at any stage of the talent acquisition buying process.

This report is divided into three sections that help companies understand the market, evaluate providers and build a business case internally.

The Current State of the TA Tech Market:

This section helps companies understand the top challenges, key drivers, and benefits of replacing a talent acquisition system. It will help answer the following questions:

Why are companies replacing their legacy TA system?

What is a modern TA system?

What are the benefits of replacing a legacy system?

Replacing a Legacy TA System:

This section provides an in-depth look at each area of technology including trends, requirements, and ROI. It will help answer the following questions:

What are the capabilities of a modern TA system?

What criteria are companies using to evaluate these systems?

What functionality should be included?

A Roadmap for the Future:

This section provides insights into communicating with key stakeholders and implementing and adopting these systems. It also looks at what factors companies should consider for successful evaluation.

What should companies consider for people, process, and technology?

What should companies consider for implementation and adoption?

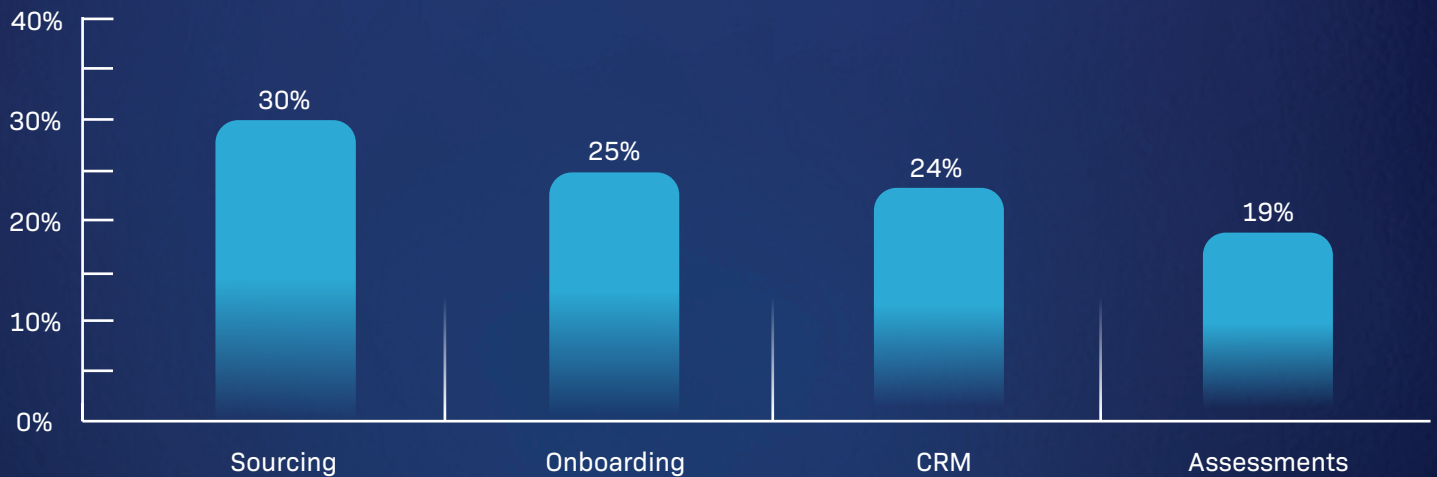
What are the next steps?

PART 1: CURRENT STATE OF TA TECHNOLOGY MARKET



Companies are not only buying more technology this year, but they are also replacing areas of technology. Aptitude Research found that one in four companies are replacing their ATS this year. Outside of the ATS, the top areas of TA tech replacement this year include sourcing solutions, onboarding, CRM, and assessments. This wave of replacements is across all areas of talent acquisition from solutions that aim to fill positions quickly to solutions that help companies find quality talent. Companies are thinking more strategically about which providers will provide true partnerships.

Figure 1: Areas of Technology Replacement



1 in 4 enterprise companies are replacing their ATS this year.



Why are Companies Replacing Their Legacy Systems?

For the past two years, efficiency remained the number one driver of investment in TA tech. Companies look at providers to improve time to fill, increase recruiter productivity and speed, and improve overall decision making in talent acquisition technology. Improved efficiency benefits the candidate as well as the employer by helping candidates receive communications, stay informed, and move through the process. The reality is that recruiters and hiring teams need help.

Although efficiency continues to remain critical to TA, the pendulum is swinging back to quality of hire as the number one driver in TA investments in 2023. One reason is the increased focus on retention. With more business leaders aware of TA tech decisions this year, recruitment serves as the first line of defense for turnover and identifying quality hires early helps organizations prepare for future needs. Quality of hire and efficiency can at times conflict, but companies looking at technology should not have to sacrifice one over the other. Traditional technology systems are not designed for the modern recruiter and lack deep domain expertise into what drives quality and efficiency for recruiting teams. Companies evaluating technology are looking for providers that will help deliver on these outcomes.

Figure 2: Key Drivers for Investing in Talent Acquisition Technology



What is a Modern TA System?

Ten years ago, the talent acquisition technology market was comprised of multiple providers offering stand-alone products in defined categories such as background screening, job boards, ATS, assessments, and onboarding. Today, the market has exploded with thousands of providers and new players entering each month. Additionally, the lines have blurred. Many of these providers offer several solutions in talent acquisition or have created new categories of technology, making the buyer's decision much more complicated.

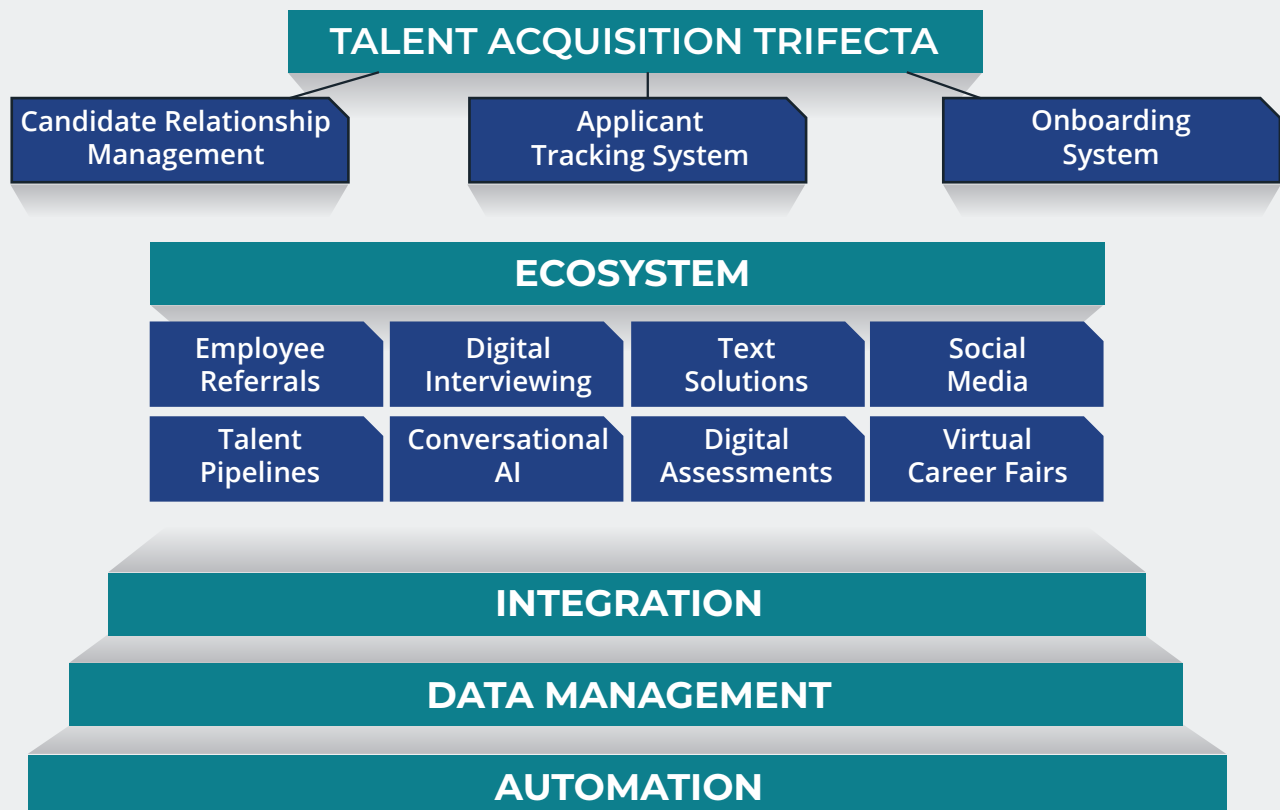
When evaluating technology providers to support talent acquisition, companies should start by looking at what they need and then begin to consider partners.

The modern talent acquisition technology stack includes three layers:

- **Talent Acquisition Trifecta:** Four major technology solutions: CRM, ATS, onboarding, and internal mobility
- **Ecosystem:** An ecosystem of solutions to enhance the value of integrated talent acquisition
- **The Foundation:** The foundation of integration, data, and automation

When combined, these categories represent a holistic approach to strategic talent acquisition.

Figure 3: *The Talent Acquisition Framework*



THE TALENT ACQUISITION PLATFORM

The talent acquisition platform includes the following three systems:



CRM or Recruitment Marketing Platform: Often referred to as the “pre-applicant platform,” this solution manages outbound sourcing, inbound recruitment marketing and employer branding, and integrates with any ATS. A valuable CRM or Recruitment Marketing Platform includes capabilities that maintain the employer brand, foster candidate relationships, and enhance messaging and communication efforts.



ATS: An ATS encompasses the hiring lifecycle including candidate acquisition, requisition management, job postings, search capabilities, interview management, communications, and reporting. These systems foster a positive candidate experience through company career site branding, online employee referral programs, candidate self-service applications, pre-screening questions, assessments, global configuration, social and mobile capabilities, integration, contact management, compliance, and in many cases, support for high-volume recruiting.



Onboarding System: An onboarding system includes forms management, tasks management, and a new hire portal. Forms management is the collecting, tracking, and managing of new hire forms such as W-4s, I-9s, etc. Tasks management ensures that all onboarding activities are completed and automated. A new hire portal engages new hires in the company culture. The onboarding system sets the new hire up for long-term success by providing information on learning and development programs, succession plans, and performance goals.

THE ECOSYSTEM

The Ecosystem includes a wide range of solutions that should integrate with all three systems. This layer of technology will look different for every company dependent on specific business needs. Some of the categories include:



Assessments:

Solutions based on science that look at skills, personality, and behaviors to identify the right fit.



Background Screening:

Tools to check drug use, employment verification, education verification, and criminal background.



Digital Interviewing:

Solutions to support interview scheduling, video interviewing, and branding.



Employer Branding:

Solutions to enhance and strengthen branding through video, communication, and messaging.



Job Distribution:

Capabilities to manage all job posting activities, integrations, and analytics.



AI Matching:

Using AI to match jobs with candidates and candidates with jobs.



Programmatic Job Advertising:

Automating the buying and selling of ads to remove human negotiation, predict performance, and streamline advertising.



Job Search Engine:

Solutions to search millions of job listings across the web.



Online Reference Check Solutions:

Solutions that automate the reference check process and provide a talent pool of passive candidates.



Employee Referrals:

Automation to support the employee referral process.



Conversational AI:

Intelligent chat that engages with candidates and improves efficiency in talent acquisition.



Search Technology:

Ability to search for candidates using keywords or semantic search.

THE FOUNDATION

The foundation layer supports the talent acquisition tech stack and includes integration, data management, and automation. Companies with a foundation that consists of these three areas are more successful with technology implementation and adoption.

Integration:

The practice of successfully integrating new talent technology into existing talent acquisition and HR technology. Without integration, companies lack consistency in experience, data, and delivery.

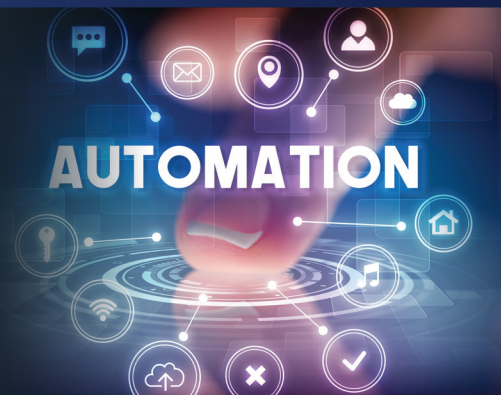


Data Management:

The practice of collecting, maintaining, and using data securely and efficiently to drive talent decisions. Without proper data management, companies face issues with data accuracy, data quality, and trust.

Automation:

The practice of making a system or process operate automatically through technology. Without automation, companies face inefficiency through manual processes. AI gives companies the insights and intelligence to make better decisions and reduce bias.



Why is a Modern TA System Needed?

A modern TA system provides companies with depth in functionality, expertise in talent acquisition, and integration with other solutions. Companies that invest in these systems are better able to compete for talent and prepare for an uncertain future. A modern TA system helps companies with the following:

Competing for Talent:

To compete for talent, companies need to have innovative technology that will provide a more efficient process and better candidate experience. Candidates are dropping off at every stage in the process and one reason is challenges with the technology.

Communicating with Candidates:

According to Aptitude Research, 58% of candidates never receive a response from employers. Traditional systems are not designed to improve the candidate experience. They create roadblocks in the experience.

Retaining Customers:

Talent directly impacts business success. For example, companies that hire better are able to meet customer needs, improve company brand and have higher customer growth, retention and satisfaction metrics.

Improving Quality of Hire:

Companies that do improve quality of hire have three common characteristics: they invest in technology, use data to make hiring decisions, and gather ongoing feedback (see Figure 4).

Figure 4: Strategies for Successfully Improving Quality of Hire



Responding to Business Demands:

Eighty-two percent (82%) of companies stated that business leaders are more focused on talent acquisition this year than in the past. Companies with modern solutions are better able to meet business needs and provide the data and analytics that business leaders need in real-time.

PART 2: THREE LENSES WHEN EVALUATING NEW TA TECH



The talent acquisition technology market is dynamic and staying ahead of trends is becoming more challenging. Organizations need to evaluate providers based on a new set of criteria that encourages partnership and collaboration between the business and the solutions. Today, trust in the provider's product and roadmap is a critical part of the buyer's journey and a key differentiator when evaluating solutions. Companies with legacy systems often experience delays in response times, lack of understanding of needs, and limited functionality.

Companies should start with their business goals and then, consider how they will achieve those goals. This internal assessment involves:



Evaluating how much time it takes to achieve those goals with the resources at hand



Considering how effectively company goals are being achieved today



Measuring the ROI of the investment

Internal Needs Analysis

What It Is:

Internal Needs Analysis is an exploration of an organization's strengths and weaknesses, focusing on internal factors.

Why It's Important:

Companies need to understand what requirements they have before they can begin to know what technology providers they need.

How to Do It:

SWOT analysis, interviews with key stakeholders, assessment of existing technology solutions, budget planning, long-term vision, alignment with corporate objectives, and readiness assessment.

Internal Questions:

What is the formal process for evaluating technology and who is involved?

What is the cost to your organization if you lose talent or do not hire quality talent?

Do stakeholders look at projects individually or as a portfolio?

What is the budget cycle at your company?

What resources do you need and are they available?

Who will be a champion for this project?

What other solutions does this need to integrate with at your organization?

When do you need it implemented?

How will you measure success?

How many TA systems does the organization rely on? Of these, how many are standalone solutions?

Are there activities that are still being done manually? If so, are there systems that can help you automate?

How effectively are these TA systems working together?

External Questions:

How financially secure is your provider?

How do they demonstrate ROI with customers?

What type of customers do they support?

What is the retention of their leadership team and employees?

What is their product roadmap?

What level of customer support can you expect?

How often do they release product updates?

Who do they partner with and how will they expand their partnerships?

Experience Questions:

What will be the experience of working with this provider to your business?

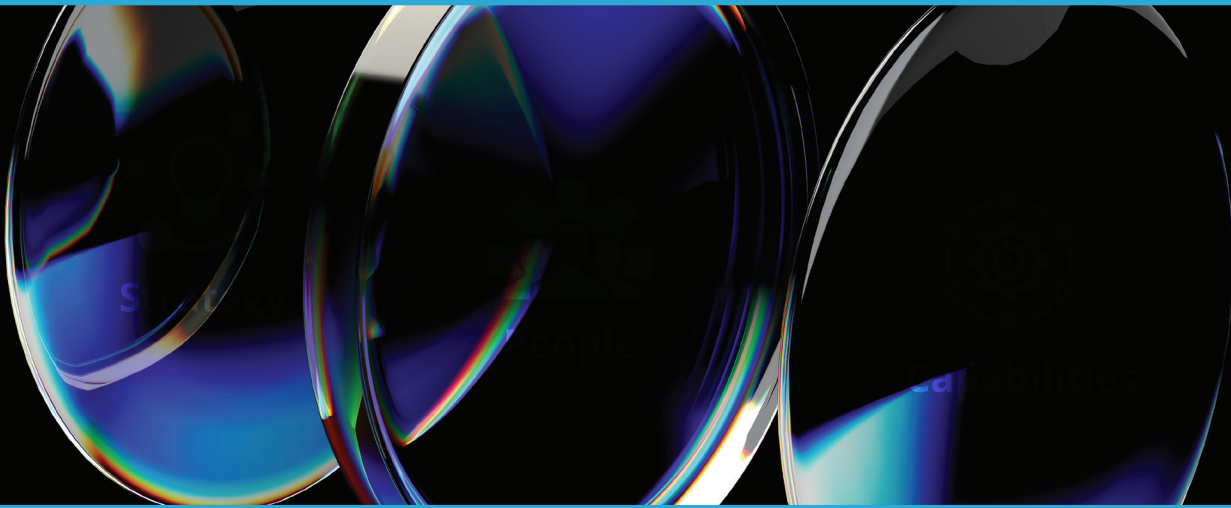
What do existing customers say about this provider?

What will be the experience for candidates? Recruiters? Hiring managers?

Is this solution mobile friendly vs. mobile optimized vs. responsive design?

Does this solution require IT resources?

Now that we have done the internal and external assessment, there are three lenses to evaluate each provider. This section of the report will explore the impact of a modern TA system on business outcomes, which capabilities to consider, and key criteria for selection. It will look at evaluating providers through three lenses: Strategy, People, and Capabilities



Strategy

The most strategic action that a company can take when investing in a new technology or replacing a legacy system is to have a handle on how they measure the ROI of such an investment. As talent acquisition is being held more accountable to the business, being able to show the value and the timeframe is critical. Measuring and demonstrating ROI is a crucial part of any technology decision and does not need to happen after a company makes its investment — it should actually be considered beforehand.

A compelling ROI analysis looks at the financial value of an investment in technology and weighs the costs and benefits. This section of the guide also examines the timeframe for seeing ROI. It also includes several metrics for calculating a comprehensive ROI.

Examples of the measurable benefits of a modern TA solution include:

- Increased recruiter productivity
- Increased pipeline conversion rates
- Increased speed (speed to apply, speed to screen, speed to interview, speed to offer, speed to onboard)
- Improved candidate experience
- Reduced costs spent on ineffective solutions
- Higher quality of applicants
- Elevated hiring manager experience
- Improved diversity, equity, and inclusion
- Reduced bias in the hiring process
- Improved quality of hire

Examples of potential costs include:

- Solution provider costs (products, licensing, services)
- Third-party costs (consulting firms, implementation specialists)
- Total costs of ownership (IT's role in technology integration and data management)
- Internal costs (implementation labor, management, support, training, facilities, etc.)

Examples of timeframes include:

- First month
 - Three months
 - Six months
 - Nine months
 - One year
 - Two years
 - Three years
- 

People

Once companies can demonstrate ROI, they must gain buy-in from key stakeholders.

This section outlines how companies communicate and engage key stakeholders from the early research phase to internal needs analysis and selection. Each of these key stakeholders may have a different set of priorities and metrics to consider.

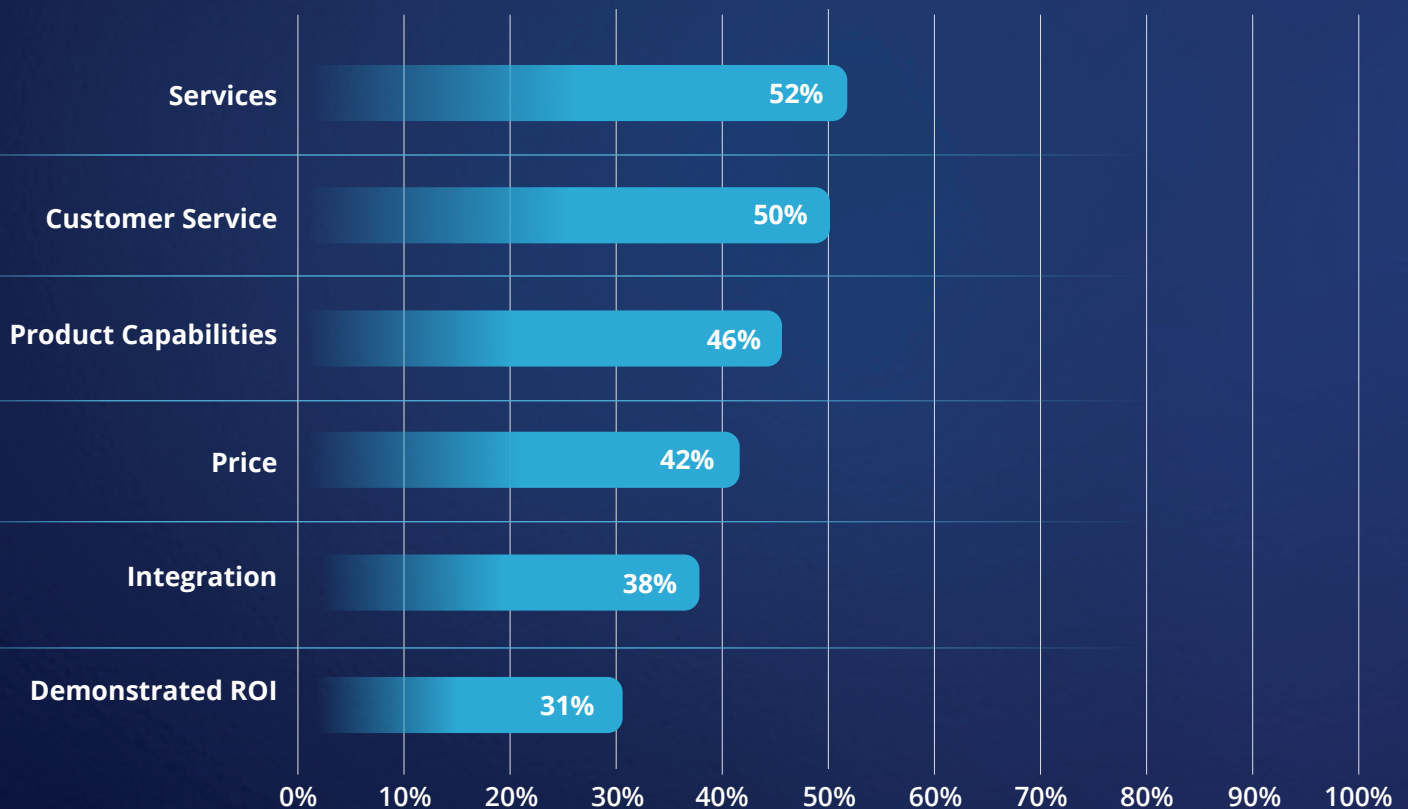
| Key Stakeholder | Priorities | Metrics |
|--|--|--|
|  HR Leaders | Ensuring that quality talent is hired to meet the needs of the business | <ul style="list-style-type: none"> • Quality of Hire • Conversion Rates • Employee Productivity • Employee Performance |
|  Talent Acquisition Leaders | Ensuring that hiring is optimized for speed and efficiency, and that the candidate experience is competitive | <ul style="list-style-type: none"> • Time to Hire • Candidate Experience • Pipeline Diversity • Recruiter Productivity |
|  Business Leaders | Ensuring that they are recruiting, developing, and engaging the best talent | <ul style="list-style-type: none"> • Quality of Hire • Employee Engagement • Cost Savings |
|  IT | Ensuring that solutions are integrated with core HR systems | <ul style="list-style-type: none"> • Compliance • Adoption • Integration |
|  Finance | Ensuring that the system fits into the overall HR budget | <ul style="list-style-type: none"> • Cost Savings • Adoption |



Capabilities

When evaluating what is most critical when selecting a provider, companies identify services, customer support, integration, and product capabilities (see Figure 5). Companies are looking for true partnership and that comes from a commitment to customers, deep domain expertise, and dedicated support. This criteria came to light over the past year as companies adapted to change and needed providers that would be willing to work with them through a time of tremendous transformation.

Figure 5: Key Criteria for Selection



Key criteria for selection and provider differentiators include:

- **Scorecards:** Scorecards to evaluate talent and help improve decision-making.
- **Reporting:** Reporting on key metrics that can be shared internally with key stakeholders.
- **Great UX/UI:** Exceptional user experience to help improve adoption and recruiter experience.
- **APIs:** APIs to help with integration with existing systems.
- **CRM:** Candidate Relationship Management solutions that engage with candidates before they apply for a job.
- **Sourcing:** Solutions to source active and passive talent.
- **Onboarding:** Capabilities to ensure forms, tasks, and new hire socialization in the company culture.
- **DE&I:** Capabilities to reduce bias, provide visibility into diverse talent pipelines, and metrics on DE&I in talent acquisition.

PART 3: A ROADMAP FOR THE FUTURE



Once companies understand the strategy, people, and capabilities of a modern TA system, they will better understand the outcomes and steps needed to successfully implement and adopt these systems.

A modern TA system can dramatically improve TA for an organization. As companies look to mature in their journey, the greatest barrier to transformation is the lack of understanding around what it is and how to get started. The following chart examines the differences between legacy TA systems and a modern TA system.

Legacy Talent Acquisition

“We want to make sure we fill positions as quickly as possible with the best candidates that we can find.”

Modern Talent Acquisition

“We want to make sure our talent goals align with business goals in order to improve efficiencies, quality of hire, and the overall experience and brand reputation.”

Below is an example of a traditional talent acquisition model and a modern TA System:

| | Legacy Talent Acquisition | Modern Talent Acquisition | Talent Outcomes |
|-------------------------------------|--|---|---|
| ▶ CRM/ Recruitment Marketing | Rely on advertising agencies to help with brand and wait until candidates find and apply for a job | Leverage recruitment marketing solutions and proactive solutions to nurture and engage with talent before they apply using talent pipelines, campaign solutions and various digital communication; Programmatic job advertising | <ul style="list-style-type: none"> • Talent pipeline • Candidate conversion rates • Quality of applicant • Candidate experience |
| ▶ Application Process | Paper-based applications and/or online applications through the ATS system | Candidate profiles; Pictures of applications, and resumes that can be parsed in real-time; Mobile apply; Upload LinkedIn profile; Video job descriptions | <ul style="list-style-type: none"> • Candidate experience • Conversion rates • Time to fill |
| ▶ Interview management | In-person interview with little tracking or management | Scorecards; Self-scheduling; Digital interviewing solutions; Chatbots for scheduling and communication | <ul style="list-style-type: none"> • Candidate experience • Hiring manager experience • Quality of applicant/hire • Time to fill |
| ▶ Assessments | Traditional multiple choice skill assessments or personality assessments | Game-based assessments; Interactive assessments | <ul style="list-style-type: none"> • Quality of applicant/hire • Candidate experience • Conversion rates |
| ▶ Reference Checking | Calls to references | Automated survey sent out to references and collected through digital platform | <ul style="list-style-type: none"> • Hiring manager experience • Quality of applicant/hire • Time to fill |
| ▶ Offer Management | Offer letter generated through the ATS or emailed to candidates | e-Signature; Hiring manager mobile apps | <ul style="list-style-type: none"> • New hire experience • Conversion rates • Hiring manager experience |
| ▶ Onboarding | New hire package sent to candidates or provided on the first day | Videos from hiring managers; e-Signature capabilities; Chatbot communication; Social media networking with peers and team members | <ul style="list-style-type: none"> • New hire experience • New hire engagement • New hire productivity • New hire performance • New hire retention |
| ▶ Campus Recruiting | Attend events and follow-up with career centers or through an email | Digital events management; Communication through chatbots; SMS and video, game-based and digital questionnaires and assessments | <ul style="list-style-type: none"> • Quality of applicant • Time to fill • Candidate experience |

Implementation

Most companies are not prepared for implementation – regardless of how many times they may have purchased a solution. Implementation can require additional resources, time, and money. And, too often, companies do not take the time to understand their own requirements before implementing a system. Many solution providers are notorious for misleading customers with unrealistic timeframes or resources that may cost extra or are not available. Over the past year, companies increasingly cited that implementations were not delivered on-time or on-budget, and satisfaction with providers dropped to 20% as a result.

Several ways that solution providers differentiate themselves across implementation include:

- Implementation resources included in the cost
- Implementation support team to help meet expectations and set goals, and be available for customer support throughout the process
- Educational materials to support companies

Adoption

Companies need to look at how their provider will partner with them during implementation, and also how they will make that relationship stick after year one, year two, and beyond. High customer retention rates are a good indicator of a partner that knows how to drive value for adoption.

Below are a few of the ways that providers differentiate themselves for adoption:

- Change management resources
- Customer advisory boards and councils
- Customer feedback sessions and “Idea Labs” where customers voice concerns and connect
- Customer success team

Before evaluating technology options, organizations should conduct an internal needs analysis and be prepared to answer some questions. Companies need to identify and communicate expectations before evaluating solutions. Before signing on with a provider, companies should ask how confident the provider is in meeting these expectations and what plans they have in place to meet and even exceed them.

KEY RECOMMENDATIONS

Talent acquisition functions have had to adjust to new pressures, new requirements, and a new environment. Companies are rethinking the strategies and solutions they have in place to stay more efficient and improve quality. The talent acquisition leader will be challenged with providing more solutions for companies with limited budgets, being able to adjust quickly to unpredictable demand, and offering a better experience. Below are a few strategic considerations for organizations looking into talent acquisition technology:

- To overcome the complexities and improve processes and efficiencies of their talent acquisition strategy, organizations need partners that can support everything from attracting to recruiting to onboarding talent.
- Companies must consider their key requirements and objectives before investing in technology partners.
- Companies must understand what challenges they face internally and what matters to key stakeholders.
- Companies need to look at more than just product capabilities. They must invest in the company, product, and roadmap for the future.



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Aptitude Research is a leading human capital management (HCM) research and advisory firm. Our in-depth research and vendor assessments help HR leaders develop a deep understanding of the HCM technology landscape, including talent acquisition and engagement, to ultimately make better purchase decisions.

Our flagship research, The Aptitude Index Report, delivers a comprehensive look at talent acquisition trends and technology. This knowledge, combined with our consulting and advisory services, enables companies to save time, money and improve the recruiting, hiring and workforce management experience.

Founded by leading analyst Madeline Laurano and based in the Boston area, Aptitude Research provides a wealth of HCM expertise to companies, vendors and investors. View our recent and upcoming research at [AptitudeResearch.com](https://www.AptitudeResearch.com) or connect with us on [Twitter](#) or [LinkedIn](#).