2002

Electronic Recruiting Index

Applicant Tracking Systems

Buyers' Survey

Executive Summary

Contents Of The Full Survey (included in the 2002 Electronic Recruiting Index)

The complete Applicant Tracking Buyers Survey will be included as a Chapter in the 2002 Electronic Recruiting Index, scheduled for delivery on January 15, 2002. The final report will include explanatory tables and graphs of the following information:

1. Internet Recruiting Strategy
   a. Sophistication By Company Size
   b. Sophistication By Geographic Region

2. Purchasing Plans
   a. Purchasing Schedule By Company Size
   b. Purchasing Schedule By Geographic Region

3. Purchasing Budgets
   a. Purchasing Budgets By Company Size
   b. Purchasing Budgets By Geographic Region

4. ATS Vendor Shares (Current)
   a. ATS Vendor Shares By Company Size
   b. ATS Vendor Shares By Geographic Region

5. ATS Vendor Shares (Forecast)
   a. Anticipated Vendor Shares By Company Size
   b. Anticipated Vendor Shares By Geographic Region

6. Penetration Of Talent Supply Management Concept
   a. By Company Size
   b. By Geographic Region

7. Summaries and Recommendations
   a. Questions For Purchasing
   b. Elements Of Recruiting Strategy

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About The Survey:

We contacted over 1,800 of the Fortune 2,000 companies. We received some form of response from over 1,300 of the contacts (partial surveys, requests for more information). We conducted detailed interviews with159.

Interview subjects were distributed across all industries represented in the Fortune 2000 and all regions of the United States.

Job Titles of Responders:

We made every effort to reach the most senior HR executive at each organization we contacted. Here is a list of the Various Job Titles of The people we interviewed.

> Asst. Manager HR
> Asst. Staffing Manager
> Chief HR Officer
> Coordinator of Personnel Services
> Director of Administration
> Director of HR
> Director of Staffing
> Director of Talent Acquisition
> Employment Officer
> EVP of HR
> HR Admin
> HR Manager
> HR Office Manager
> HR Project Manager
> Internet Marketing Specialist
> Internet Recruiting
> Internet Staffing Specialist
> Manager Employment Office
> Manager of HR Channel Support
> Recruiter
> Recruiting Director
> Recruiting and Resource Management
> Recruiting Manager
> Recruitment Marketing Manager
> Senior VP HR
> Sourcer
> Staffing Manager
> Staffing Specialist
> Talent Team Leader
> VP of Admin
> VP CIO
> VP HR
> VP of HRIS
> VP Talent Sourcing

Overview

We conducted an ATS Marketplace Buyers Survey with the help of Hire.com in October and November (as a part of our research for the **2002 Electronic Recruiting Index**). The full report will be a chapter in the 2002 Electronic Recruiting Index. Executive summaries shipped to all survey participants during December 2001
.

The survey focused on the Fortune 2000 and covered a range of topics including:

    a. Source Of Current ATS Capabilities
    b. Satisfaction With Current Services
    c. Purchasing Plans
    d. Budget
    e. Vendors Under Consideration
    f. Internet Recruiting Strategy
    g. Awareness of Talent Supply Management Techniques

Several interesting facts emerge from the data:

    a. At 24.5% of all installations, the most popular source of ATS capability is the in-house IT team.
    b. 37% of all Fortune 2000 Companies do not have an electronic ATS.
    c. In other words, slightly over 50% of Fortune 2000 companies have not purchased an ATS for reasons of cost or functionality.
    d. Companies buy new ATS capabilities every four years on average
    e. Although Webhire and Resumix have large residual market shares, customers almost never include them in plans for a new system.
    f. The leading vendors under consideration for new purchases are Recruitsoft, BrassRing and Hire.com who appear to be headed for a three way tie for new account development in 2002.
    g. Seventy two percent of Fortune 2000 companies have an online Recruiting strategy. About half of that total is a decision to use one or two online job board vendors.
    h. That means that 22% of companies use the Internet for recruiting but don't use an ATS, an incredible foot in the door for Monster's Momentum or Career Exchange's Sonic Recruit.
    i. Peoplesoft's aggressive entry tends to mean intense development of current clients at the expense of existing Webhire and Resumix accounts.
    j. About 65% of the companies investigating a purchase actually intend to buy during the next year.

The final report will ship on January 15th as a component of the 2002 Electronic Recruiting Index. It will be useful for

    - HR Departments as a Benchmarking Tool For Budgets and Initiatives
    - For Market Planners as a way to focus sales endeavors
    - For Investors as a way of gauging the reality of revenue forecasts
    - For Vendor Executives as a means to manage their marketing and sales activities.

Readers of this executive summary are entitled to a Discount on the final report.
(See Inside Cover and Last Page)

Do You Have An Internet Recruiting Strategy?

We asked each respondent whether or not their company had a defined Internet Recruiting Strategy. While over 87% of the respondents answered affirmatively, the answers fell into several categories

        a. No Internet Recruiting Strategy

        b. Comprehensive Strategy including Requirements Management, Branding, Media Planning and Other Advanced Feature

        c. Our ATS Decision Constitutes a Strategy

        d. We've picked two or more reliable job boards

We were, deeply surprised at the degree to which unsophisticated management of workforce requirements was the norm in most organizations. The 26% of firms with complex and articulate approaches to labor supply management details tended to concentrate in the High-Tech industries (including biotech) and, somewhat unexpectedly, in the Northeast corridor.

87% of Fortune 2000 Have Internet Recruiting Strategy
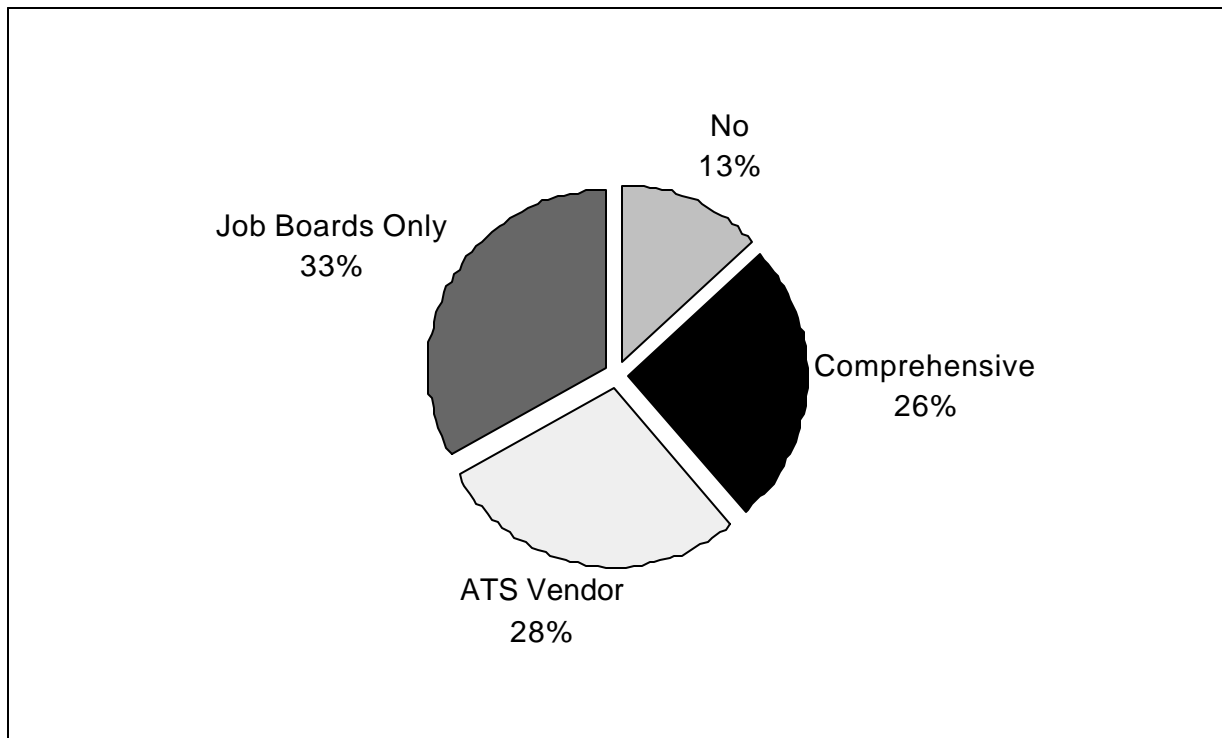
Who Are The Vendors?

Over the past several years, amazing changes have taken place in the Applicant Tracking Systems Marketplace. Once dominated by Resumix and Restrac, the emergence of web based companies has radically altered the playing field. In each interview, we asked for the name of the company's current ATS provider

If you add these numbers, you'll find that they fall significantly short of 100%. That is because, in a clear indication of the marketing failure of the Applicant Tracking Systems companies, over 15% of our respondents couldn't remember the name of the company that provided their ATS!

Current Applicant Tracking Systems Vendors, Market Shares and Growth Prospects

Vendor	Share	Market Growth Vector
Restrac-Webhire	18.1%	Sharply Down
Resumix	5.5%	Sharply Down
BrassRing	4.5%	Sharply Up
Peoplesoft	4.5%	Sharply Up
Hire.com	3.6%	Sharply Up
Monster	2.7%	Sharply Up
Skillset	2.7%	Sharply Down
HotJobs	1.8%	Down
Peopleclick	1.8%	Down
SAP	1.8%	Down
Alexus	0.9%	Down
Horizon	0.9%	Down
Icarian	0.9%	Down
PDS	0.9%	Down
PERMS	0.9%	Down
Personic	0.9%	Flat
PureCarbon	0.9%	Down
Recruitsoft	0.9%	Sharply Up
Tracker	0.9%	Sharply Down
Utlipro	0.9%	Sharply Down

Relative market share is not usually a concern of the end customer. However, the Applicant Tracking Systems Market is under a great deal of pressure with nearly 90 vendors competing in a wide variety of segments. The marketing departments of these companies are so weak that a significant number of users can not recall the name of their provider! The combination of consolidation, duplication among offerings and other market pressures will result in a net reduction in the number of vendors during 2002.

As a buyer, it is important to understand the size, growth pressures and economic viability of an Applicant Tracking Systems provider. During 2001, Isearch achieved significant market penetration and went belly-up, unable to cope with the consequences of growth. On the following page is our estimate of the growth in clients that each of the major vendors will experience. The forecast is based on the number of times that each was reported as "under consideration" for a purchase during 2002 and factored by reports of customer satisfaction.

Forecast Performance For The Vendors In 2002

The following companies were reported to be under consideration as potential suppliers of Applicant Tracking Functionality for acquisitions scheduled for calendar year 2002:

| Vendor	Predicted New Clients (2002)
BrassRing	120
Hire.com	120
RecruitSoft	110
Monster	90
PeopleClick	75
Bernard Hodes	55
Icarian	40
PeopleSoft 8.0	35
Alexus	30
HotJobs	30
Personic	25
WebHire	20
Greentree	15
Sendouts.com	15
Lawson	12
People Manager	12
Wetfeet	12
Ceridian	10
Kenexa	7
ADP	5
Deploy	5
Horizon	5
HoustonChronicle	5
Resumix	5
JD Edwards	3
Quickhire	1
Reid Systems	1
Source	1
TalentPoint	1
Tekbay	1
Unicrew	1
AIRS	0
Dice	0
Elabor	0
FlipDog	0
SkillSet	0

The calculations assume a total available contract pool of 8,000 within the Fortune 2000. They are based on the research finding that ATS purchasers "retool" their operations on a four year cycle.

"You can't open Workforce or other industry magazine without seeing an ad on every other page. The question is do any of these systems really work in the way we need: easily and effectively."
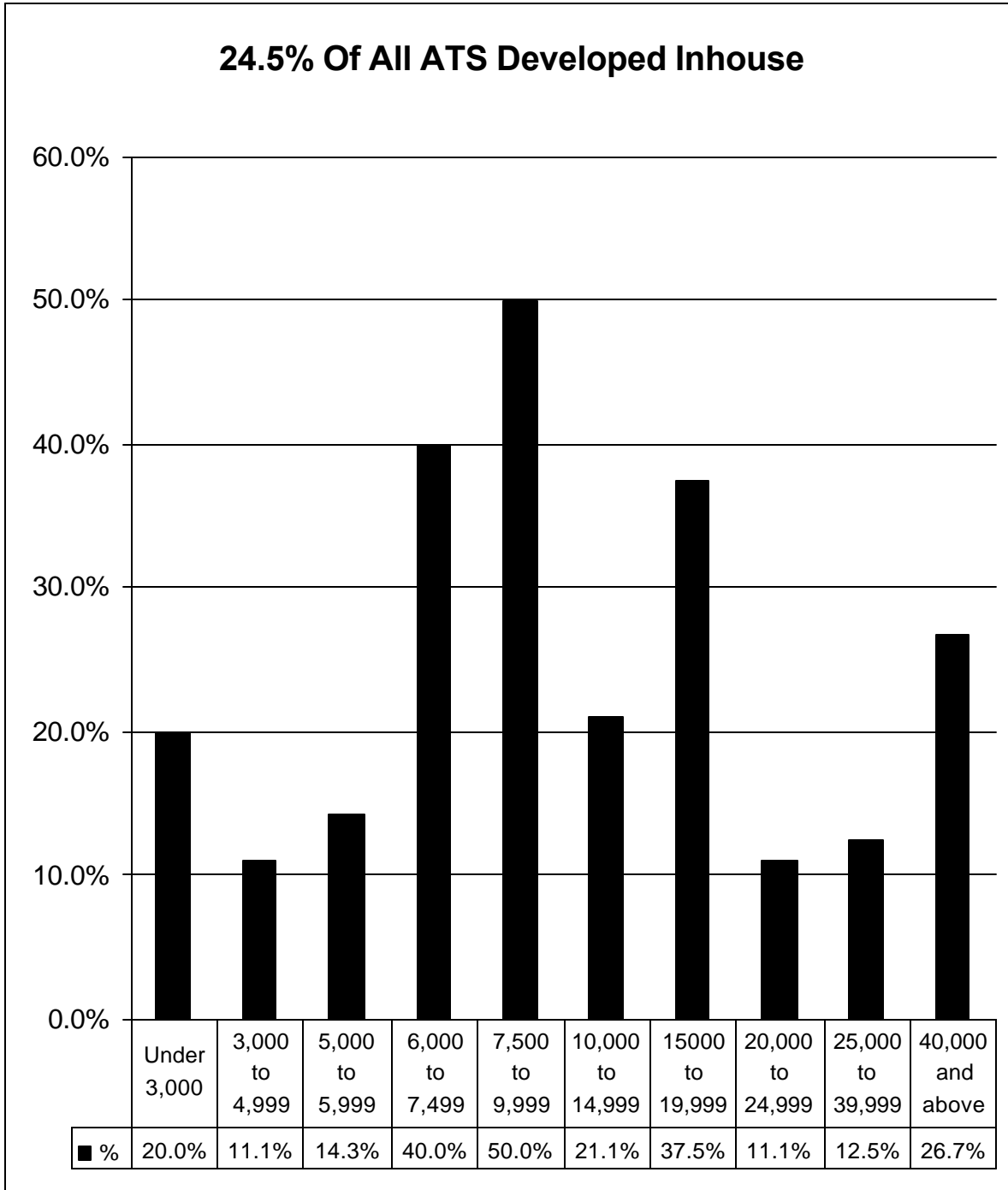- Saatchi & Saatchi

63% of Fortune 2000 Firms Use ATS
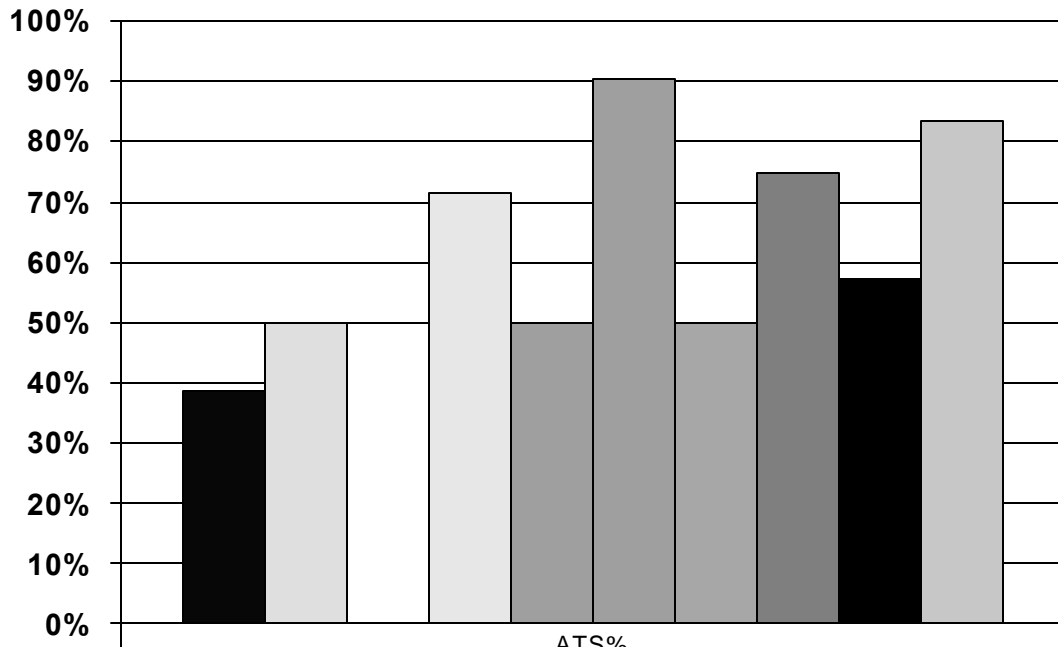
	ATS%
■ Under 3,000	38%
□ 3,000 to 4,999	50%
□ 5,000 to 5,999	50%
□ 6,000 to 7,499	71%
▨ 7,500 to 9,999	50%
▨ 10,000 to 14,999	90%
▨ 15000 to 19,999	50%
▨ 20,000 to 24,999	75%
■ 25,000 to 39,999	57%
□ 40,000 and above	83%

An eye-opening 37% of the companies we surveyed use no automated Applicant Tracking System whatsoever. An additional 15% of all firms build their capacity inhouse. In other words, three generations and hundreds of vendors into the development of ATS systems, market acceptance of commercial products remains below 50%.

24.5% Of All ATS Developed Inhouse

	Under 3,000	3,000 to 4,999	5,000 to 5,999	6,000 to 7,499	7,500 to 9,999	10,000 to 14,999	15000 to 19,999	20,000 to 24,999	25,000 to 39,999	40,000 and above
■ %	20.0%	11.1%	14.3%	40.0%	50.0%	21.1%	37.5%	11.1%	12.5%	26.7%

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This is a stunning indictment of the industry's ability to deliver products that customers want. It is quite clear that an incredible opportunity exists for a new category of product that actually satisfies customer requirements.

Participating Organizations

We wish to acknowledge the contributions of time and enthusiasm from the professionals in the Human Resources Departments of the following organizations:

Marriott International	University of Rochester	US Oncology, Inc.
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University of Missouri System	Long John Silver's Restaurants	Dart Container Corporation
Lithia Motors	Buckle, Inc.	Adobe Systems
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CNA Financial Corporation	Fred's, Inc.	Columbia University
VW of America	Cross Country, Inc.	Clarkston
CoreKnowledge Consulting	Merck	GE Appliances
Abbott Laboratories	Sears Roebuck	Cendant
AmeriSource Health	Sheetz, Inc.	Dow Corning Corporation
Carson Pirie Scott & Co.	Bear Stearns	National Processing, Inc.
DENTSPLY International Inc.	i2 Technologies, Inc.	Del Monte Foods
Loews	Merrill Lynch	Advanced Micro Devices
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Safelite Glass Corp.	Millennium Chemicals	Sauer-Danfoss Inc.
RPM	Kemper Insurance Companies	George Washington University
Gottschalks Inc.	Boston Scientific	Nestlé USA, Inc.
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Army and Air Force Exchange	BE&K Inc.	Dimon
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Mervyn's California	Mid Atlantic Medical Services	Kennametal
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Flowers Industries	Catholic Healthcare Partners	La-Z-Boy
Neiman Marcus Group	Shaw's Supermarkets, Inc.	National HealthCare Corporation
Universal	Northwest Airlines	Ingersoll-Rand
Wells Fargo		

The 2002 Electronic Recruiting Index

Scheduled to ship on the 15th of January, 2002, the Electronic Recruiting Index will be the single source of information for Investors, Vendors, Corporate Recruiters and Staffing Firms on the Electronic Human Capital Marketplace. As It Currently stands, the report will contain:

Chapter 1: Industry Overview and Stats
    2001 In review
    Top 50 events of 2001
    Market Definitions
    Industry Revenue in 2001 and five year forecast by segment
    Job posting Volume
    Resume volume
    Recession Impact
    Applicant Tracking Systems Market
    Consolidation
    CRM metaphor
    Monetizing the candidate
    Key Investors

Chapter 2: Job Board In A Box Companies

Chapter 3: Regional Job Boards

Chapter 4: Trends and Forecasts

Chapter 5: Public Company Performance

Chapter 6: Market Opportunities and Acquisition Targets

Chapter 7: Design Trends in Corporate and Vendor Job Boards / Employment Sections

Chapter 8: Investors and Investments

Chapter 9: Buyers' Survey

Chapter 10: Summaries and Conclusions

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