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A Special Report from Vital Analysis

Jobfox: Outfoxing the Career Boards

Overview

Jobfox is a relatively new recruiting technology provider that has ramped up strongly. The company has chosen to address the needs of employers to reach *passive* job seekers and has made a number of design decisions that reflect the unique needs of those who are already gainfully employed.

Market enthusiasm for the company and its solution seems strong and growing. Moreover, its main competition is coming from social networks that are being retrofitted to add support for employers to search through their databases. Jobfox's solution is elegant, contains high-value functionality for employers and prospects, and is singularly focused on all matters that passive job seekers (and those who hire them) care about.

The company recently announced several new features that are built on top of its intelligent matching capabilities. Jobfox, in what it calls "Jobfox Intros," is now taking extra steps to broker interviews between "Five-Star" candidates and corporate recruiters. Jobfox customer service representatives will oversee matches and send out e-mails, text messages and even make phone calls to bring the most desirable candidates and employers together.

Jobfox has also released a feature that permits employers to create always-current networks of potential candidates for individual employers. This capability should cause employers to re-examine the viability of the ATS (applicant tracking systems). Jobfox is also adding new functionality to support recent college graduates – a group underserved by many job related technologies.

The Rarity of Effective Passive Prospect Systems

In the war for talent, several generations of technology solutions have been designed. Some of the earliest products simply automated basic recruiting processes. Others added applicant tracking system (ATS) capabilities to an HRMS. Around 1999, a significant number of companies created online job boards to help employers and active job seekers connect. In the last few years, social networks, particularly business oriented networks, have begun to license their content to recruiters and prospective employers.

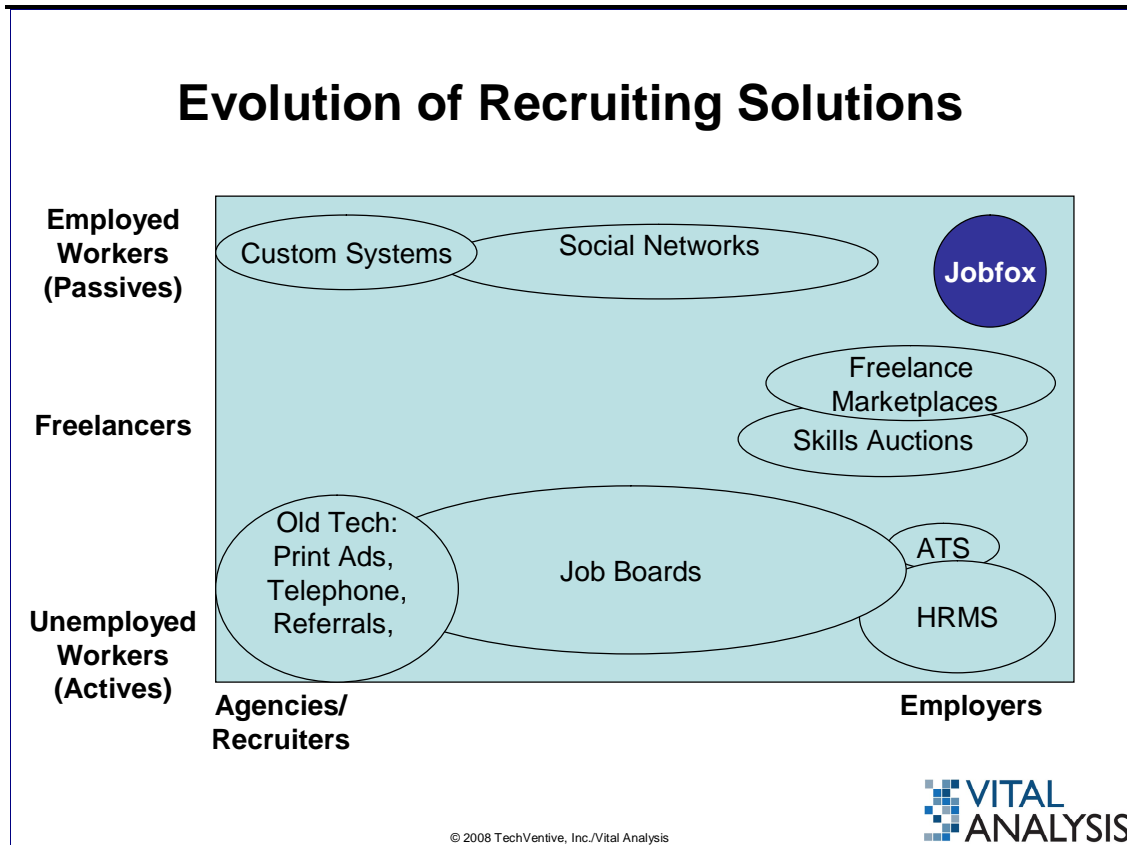


Figure 1

In all of these prior generations of products (see Figure 1), technology firms have developed solutions that were:

- employer focused not candidate focused; or,
- re-purposed into a recruiting solution; or,
- focused on active job seekers instead of persons already gainfully employed; or,
- easy to game and subject to distortion of results

For much of the last several decades, software developers have created solutions that targeted active job seekers. In the late 1990s, numerous solutions targeted freelancers and other contract workers. Only recently have technology firms seen the value in creating solutions for passive job seekers.

Software developers have traditionally avoided the creation of solutions that target passive job candidates. Part of this reluctance was no doubt based on the difficulty in developing a rich database of prospective job candidates. Second, developers believed that active job

seekers would more readily flock to their sites and submit their information. A solution without a database of active job seekers was of limited value.

These biases are true in one extent simply because of the limited vision of prior generations of HR solution providers. Those developers could not and did not develop solutions that were of value to individuals who are gainfully employed.

To put a finer point on this matter, solution developers failed to understand the critical requirements of this huge population of potential users. In fact, gainfully employed individuals are currently punished, discouraged or professionally embarrassed when their old resumes surface on a job board during a routine recruiting search by their current employer. Likewise, when people sign up with specific social networks, they are surprised when their current employer “discovers” their online presence and personae. Social network participants participate in these networks to stay close to peers and colleagues and are offended when they find their personal data is being sold or shopped to headhunters, recruiters and others without their explicit approval.

The greatest limiting factor for traditional recruiting solutions in attracting passive job candidates is that their solutions were never designed to do so. Retrofitting social networks, job boards, HRMS software, etc. into solutions optimized for passive job seekers is folly. In fact, we believe that as more social networks attempt to monetize the information within their databases, then these networks will begin to rapidly devalue in the eyes of their users. Once that occurs, users will flee these sites in large numbers and bring the value of that social network down rapidly.

To be successful in developing a passive recruiting solution, a developer must create:

- an absolute and inviolate environment of trust
- solutions that address the needs, desires and concerns of passive jobholders
- value beyond traditional job boards or other solutions

A Balanced Recruiting Tool

Jobfox has tried to develop a solution with an equal emphasis on the needs and wants of employers and of passive job seekers. The solution is not targeted for, nor actively marketed to, employment agencies or staffing firms. Interestingly, the new JobFox “Intros” service will clearly bring the human element found in employment agencies and staffing firms and marry that with the technology prowess found in many automated job search products.

Jobfox has developed a site with passive job seekers in mind. While some aspects of this site contain functionality akin to job boards, it is the many little things that Jobfox has developed that show attention to the needs of passive, not active, job seekers. For example, passive job seekers can choose to keep their resume, their name, or the name of current or former employers hidden until they choose when they are ready to share them with prospective employers. Confidentiality is a critical requirement for passive job seekers and one that is not offered in most job boards and social networks. In fact, few users of major business social networks are even aware of the degree with which recruiters and others farm these sites for leads on passive job seekers.

Jobseekers that use corporate recruiting sites or job boards frequently bemoan the lack of feedback they receive as to their application, qualifications and/or other factors that have prevented their resume from being even viewed let alone seriously considered. In the Jobfox system, candidates see their skills mapped to the employer's requirements in a pie chart. Candidates also see, via five-star rankings, how high or low their particular skill set matched the employer's requirements. Moreover, employers and prospects communicate their interest in each other and whether it was favorable or not. With Jobfox Intros, either the candidate or the employer can now request interviews. The company claims that its precision matching enables it to put "Five-Star" candidates into direct contact with recruiters. The transparency of this model should find a great reception with passive job seekers.

One of Jobfox's competitors has attempted to build a database of passive job seekers by using Web crawling technologies. This approach can produce powerful and interesting results but only for those workers who have a material, public web life. Unfortunately, most employees will never be quoted in an annual report nor have their name, job title and other pertinent data splashed on the corporate website. Worse, this technology is only as good as the last publicly known job that the individual had. The data in these databases can frequently be out of date through no fault of the passive job seeker. Because of that, both the prospective employer and the recruit lose. These databases are most helpful in verifying relevant employment history information but may not be a great tool for finding high-quality recruits.

The approach of Jobfox is different in that the company actively advertises for passive recruits to place their information online. The company is currently placing approximately 100,000,000 ads per month on the Internet across approximately 10,000 websites. The firm is aggressively utilizing public relations, marketing events and other venues to attract both employers and passive recruits to their business. Since its inception in 2004, the firm has aggressively built out its presence with regional offices in the 10 largest metropolitan areas in the United States. It will continue to expand its regional hubs to better serve businesses across the United States.

Jobfox has also considered the needs of employers as well. Unlike the vast majority of job boards which utilize the resumes submitted by active job candidates, Jobfox uses skill mapping to tie skills to a prospect's experience and competencies. Users don't create search strings like they do with job boards. They match skills and competencies. This particular approach makes the Jobfox solution less likely to be gamed by those who stuff hidden keywords into resumes and skew search results adversely.

Beyond the structured search via skills and competencies, employers can also add additional search yields should they find the Jobfox search capability inexact for their needs. Employers will also appreciate the "what-if" search capability in the solution. Recruiters can tweak the relative priorities of certain skills to see how different candidates match an evolving set of characteristics. Additionally, employers can model changes in proposed compensation to see how many more (or less) candidates surface when a higher (or lower) wage is offered.

Jobfox for College Graduates

The Jobfox solution was initially designed as a service for employers to connect with actively employed individuals. Since its launch, Jobfox has received a number of entreaties from recent (or soon to be) college graduates. These individuals could not utilize the service as the

software requires individuals to have prior, relevant work history. College students may have some prior work experience but it rarely is in the profession they aspire to master.

By Fall 2008, Jobfox will provide additional functionality just for these persons. The software can now match employers with college graduates based on dimensions such as:

- desired work location
- travel preferences
- degree
- university
- languages
- and more

The software supports matches for both permanent positions and internships.

The current technology solutions available to college graduates are somewhat fractured and local. Many students rely on solutions managed/licensed by their college placement offices. Employers must connect with numerous different solutions to find qualified candidates. While the largest employers can afford to invest time, people and energy in navigating through these disparate systems (and the filtering bureaucracy placement offices add), mid-market employers cannot. In the current environment, mid-size firms and students suffer. If Jobfox can successfully market this to large numbers of students and potential employers, the solution could experience a substantial uptake. This solution does have one interesting marketing challenge though as it must be re-sold to a new generation of college graduates every year and that could be expensive.

End of the ATS?

We have continued to watch firms populate their applicant tracking systems (ATS) but rarely use these resumes or applications for future job searches. In-house recruiters seem to possess a disdain for these resumes or employment applications as these records:

- become obsolete/out-of-date quickly
- are hard to search effectively

Jobfox is introducing new functionality that will doubtlessly make some in-house recruiters re-think the value of their ATS. Specifically, Jobfox is launching the My Jobfox Connections™ private candidate pool. What this capability does is allow employers to:

- create their own group of potential future hires
- keep in touch with these persons for extended periods of time
- always see the most current career information regarding these applicants

This is actually a significant improvement over ATS solutions because a two-way communication flow is created and because the data is always current. Strategic employers should really gravitate towards this solution as it recognizes that the best and brightest job candidates are not always available at the exact moment a company may want them or vice versa. Employees often are not interested in switching employers when they are still in the honeymoon phase of working for a new employer. Too often employers find out they ‘just missed’ hiring a great candidate in their industry by a few days or weeks or they did not even know someone might be interested in a change. Jobfox now elegantly solves both scenarios.

When implemented well, in-house recruiters will be in a far better position to act more strategically. They will be able to target individuals months or years in advance of need and cultivate the candidate's interest in the firm so as to assure more successful hiring of the best possible candidates. This is in contrast to finding the best possible candidate who may be available in a given week. For tight or limited skill categories, this solution is a must have.

We like this capability as both candidates and employers win. Employers can target a better class of worker and, if they are smart, affect the timing of when that candidate makes the change. Candidates can defer some moves for a time without being penalized.

Who is Jobfox?

Jobfox was launched in 2004. Many of the founders had created the CareerBuilder job board years before. Their pedigree undoubtedly provided insights into the recruiting technology space. To date, the company has raised approximately \$40 million in venture capital money.

The company is clearly focused on the United States market at this time; however, their next expansion is targeted for the Australian continent. This expansion is being fueled by the interest in a major Australian customer and their need for a technology like this.

The Jobfox Difference

Jobfox has these specific differentiators:

- Jobfox is a solution designed from the onset to appeal to and honor the needs of employed, passive job seekers.
- Jobfox offers a free personality test available to prospective job seekers. This tool is provided by Saville Consulting.
- Employees enter job experience via skill maps not resume data. While resumes are uploaded and can be made available to prospective employers, searches, job fit and other functions are driven by skill maps.
- Jobfox claims that its database contains 82% all-new people vs. the resumes found in the top two job boards.
- Job listings and prospects' skills records do not age or atrophy like they do on job boards. Matches are based on skills, no matter when the job profiles are posted. Best matches always rise to the top.
- Employers can see side by side comparisons of candidates and make variable comparisons based on "what-if" scenarios.
- Prospective job seekers can see how well they do/do not match a prospective employer's needs via a five-star rating system and corresponding pie chart of skills, compensation and other attributes.
- Employers get unlimited search, postings, etc. for one annual fee determined by company size or total headcount.
- Jobfox now provides human interaction to connect the best job seekers with employers. These Jobfox employees make introductions and schedule interviews.
- Employers can now maintain long-term communities of top talent that may be needed for future job openings via the My Jobfox Connections capability. Best of all, the data in this community stays current – a significant improvement over ATS solutions.

When we used the system, we observed the following:

- The system matches prospective candidates to employer's needs based on the employee's most relevant past experiences and responsibilities. Other experiences are not matched by the system.
- The software parsed and captured data for shorter resumes well. When we submitted a 12 page CV as part of the resume upload process, the software correctly captured several data attributes but missed a few, too. Fortunately, the system is quite forgiving and easy to correct/update data.
- The software did a great job of reporting a candidate's degree of matching to a company's need.
- The software also respects a prospective recruit's confidentiality.

When we observed the Jobfox personnel in Chicago, we saw:

- a well-organized selling machine
- people who were enthused about their company and an enthusiasm that rubbed off on prospects
- prospects who immediately 'got it' and wanted to engage with Jobfox

Prognosis

For employers that want to access a relatively untapped pool of potential employment prospects, Jobfox will warrant investigation. Jobfox believes that of the 105 million employed Americans approximately 10 million of these may be open to new opportunities with a different employer. With most career boards focusing on unemployed, active job seekers, Jobfox can bring a different group of prospects to employers.

We also believe that this solution has advantages over social networks as the product does not violate the central tenet of a social network: to connect like-minded people. Likewise, this solution seems more impervious to the gaming tricks too many foist on resume-driven job boards. Lastly, the data within the Jobfox system is more current than anything a web crawling/spider system can produce. All of these situations are positives for Jobfox and the people/companies who will use it.

Passive job seekers will appreciate the added features this product offers over traditional job boards. In particular, the feedback job seekers get as to how well they do/do not meet employer requirements will be especially welcome.

Market acceptance of this solution has been material. Pricing of the solution has been competitive and the company is willing to cut deals to new subscribers who act fast. Employer interest in Jobfox was noticeably strong in a Chicago meeting we attended.

Given the team involved with Jobfox, their market interest and the unique focus area they've chosen, we would expect continued market success for this firm.

About Vital Analysis



Vital Analysis is a very different kind of technology research organization. We are the intersection set where exceptional technology market knowledge meets the executive suite. Where other 'analysts' replay vendor press releases, we give you the:

- impact new technologies will or won't have on your business
- reasons why you should or shouldn't care about specific emerging solutions
- business justifications why you may or may not want specific solutions

Vital Analysis was carved out of TechVentive, Inc. in 2007 as a new, but complementary business. As designed, Vital Analysis is the publishing, research and analytical arm of that company.

Our reach, like our blog readership, is truly global. We've consulted with top technology executives in Australia, Brazil, Canada, United Kingdom and the United States. We've been briefed by technology providers from virtually every corner of the planet.

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