



# The ATS: A Necessary Evil or a Strategic Partner

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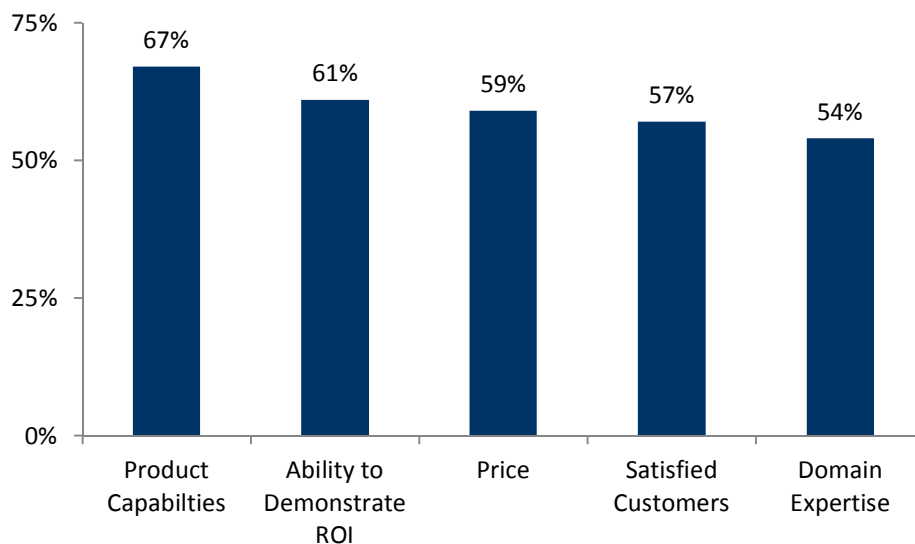
## The ATS: A Necessary Evil or a Strategic Partner

The Applicant Tracking System (ATS) is the foundation of any recruitment technology strategy. Historically, companies relied on these systems to support the tactical side of hiring everything from requisition management to offer letter generation. More recently, these systems have evolved to support strategic talent acquisition initiatives such as employer branding, candidate engagement, and recruitment analytics. According to Aptitude Research Partners [2016 Hiring Strategy](#), and Retain study, 80% of companies with a hiring strategy invest in an ATS. Unlike other areas of HCM technology, companies that make this investment in an ATS do not go back to a manual process. As the recruitment market becomes more complex, the ATS seems to be the one constant. Yet, 2 in 5 companies are either unhappy with, indifferent to, or unsure about their provider. Why are companies dissatisfied with their ATS providers? What makes these companies replace their ATS? This report based on data collected in 2016 will examine why companies select an ATS and where this relationship goes wrong.

### Why Select a Provider?

Making a decision on the right ATS provider is no small task. Nearly 50% of companies have a contract in place for 3 years or longer and selection committees can often include several departments such as Recruitment, HR, IT, Finance, Procurement and Marketing. Companies have to understand their own recruitment needs, gather information about the leading providers, create use cases, draft RFPs, conduct customer references, and participate in demos and negotiation. Overall, selection takes time, money, and resources. So, what factors into the final decision? Aptitude Research Partners found that the top criteria for selecting the right provider include product capabilities, ability to demonstrate ROI, and price.

**Figure 1: ATS Key Criteria for Selection**



Source: Aptitude Research Partners Hire, Engage, Retain Study 2016. N=367

This set of criteria is not surprising. For the most part, it remains unchanged year after year. Companies tend to evaluate providers in the same way: what does it cost and what does it include? The challenge is that companies are looking at only the transactional rather than the strategic aspects of an ATS investment. As a result, only 45% of companies view their provider as a partner and only 39% would recommend their provider. What happens outside of price, capabilities, and demonstrated ROI that make companies unhappy with their provider? The following pages of this report examine what contributes to dissatisfaction.

## Where Does It Go Wrong?

Aptitude Research Partners identified three main reasons that companies are unhappy with their ATS: added complexity, poor implementation, and limited support from Enterprise Resource Planning (ERP).

### Too Complex

Talent acquisition is incredibly complex. Recruiters are facing new responsibilities, new pressures, and new challenges including social and mobile technology, shifting demographics, globalization and more. Yet, many of the talent acquisition technology providers, with all of their products and enhancements, are adding to the complexity instead of alleviating it. The large, traditional ATS providers are so quick to transform recruitment technology into more of a finance or business solution that they seem to have forgotten their audience. And, in the rush to innovate, the recruiter

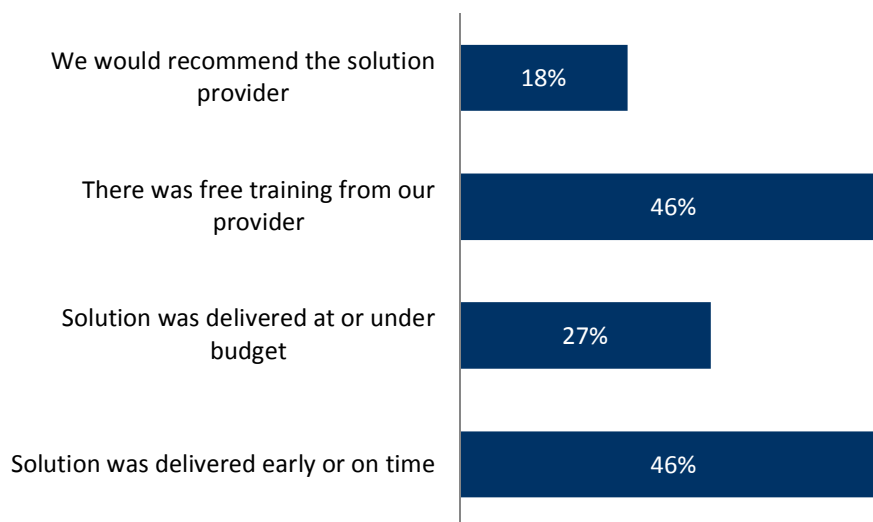
According to Aptitude , and Retain survey, only 3% of companies are using the full functionality of their ATS system and the average organization only uses about

75% of the available functionality. Companies either don't use all the features they need to keep the technology simple by making sure recruiters don't have too many tasks, providing easy reporting, and offering frequent options for communication.

### Lack of Implementation Resources

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 cost extra or are not available. According to Aptitude, there is a strong correlation between companies that are dissatisfied with their provider and implementations that have gone awry. Only 27% of companies believe the solutions was delivered at or under budget and only 18% would recommend the provider.

**Figure 2: Implementation Challenges with ATS Provider**



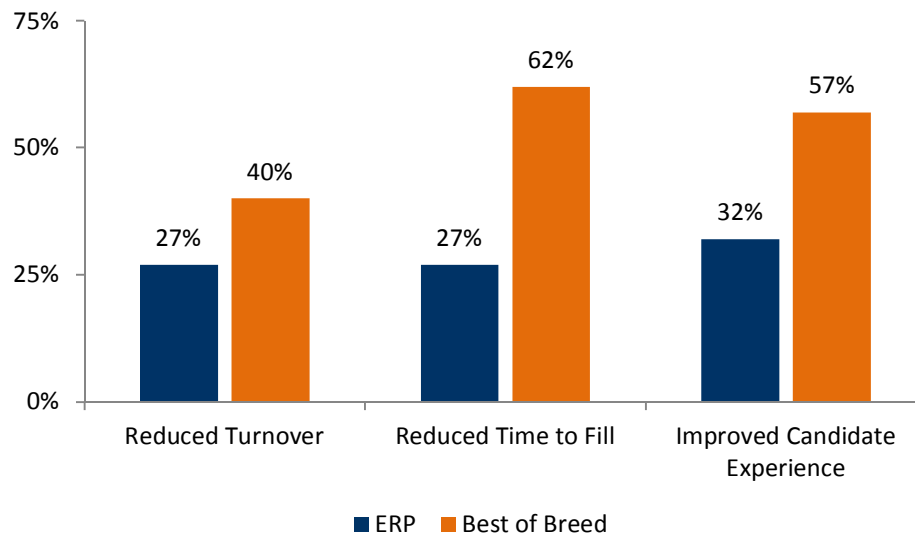
Source: Aptitude Research Partners Hire, Engage, Retain Study 2016. N=367

### ERP vs. Best of Breed

The debate between ERP and Best of Breed is certainly not a new one for any area of HCM. The pendulum swings back and forth between the two depending on the year and circumstances. This year, Best of Breed seem to have the lead. Nearly 50% of companies that are unhappy with their ATS provider are using an ERP. Given how talent acquisition has transformed, it is not surprising. Many of the ERP providers have been unable to keep up because it lacks the functionality, domain

expertise, and customer satisfaction that can be found in a Best of Breed investment. Also, companies that are investing in Best of Breed talent acquisition solutions perform better (see Figure 3).

**Figure 3: Business Impact**



Source: Aptitude Research Partners Hire, Engage, Retain Study 2016. N=367

## Conclusion

The ATS Market is not going away. Companies will continue to leverage these systems to support the core of their recruitment strategy. And, companies will continue to experience dissatisfaction with their providers unless they make changes to the way they evaluate and select their providers. It will continue to be critical for providers and consumers to communicate and work together toward a common goal. Below are a few key recommendations for companies looking to make the most of their ATS investment and selection process:

- **Look Beyond Price:** Often the decision to invest comes down to price and product but given that contracts last for longer than a year, the relationship between providers and customers is critical. Companies should look at what support and relationship management resources are in place.
- **Consider Internal Needs:** RFPs can be lengthy and organizations tend to include everything even capabilities and services that do not meet their needs. Companies should go through the exercise of determining what they need from a provider and what has or has not worked in the past.

- **Find a Partner:** Companies need to make sure they have a voice in their journey. Too often, large providers ignore the needs of their customers making the relationship more transactional. An ATS relationship should be a partnership.

## About Us

Aptitude Research Partners is a research-based analyst and advisory firm focused on the new conversation required by changes in how HCM technology is delivered and utilized by today's organizations.

Our goal is to look beyond the obvious product capabilities to identify the real differentiators organizations should be looking for when considering providers, as well as the change management and change readiness capabilities consumers must have in place for successful technology adoption.

We conduct quantitative and qualitative research on all aspects of Human Capital Management to better understand the skills, capabilities, technology, and underlying strategies required to deliver business results in today



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### About the Author

Madeline Laurano is co-founder and Chief Research Officer of Aptitude Research Partners. Her research is focused on understanding how human capital management technology is enabling organizational success by improving efficiency, effectiveness, and employee engagement. For questions and comments about this research, please contact her at [madeline@aptituderp.com](mailto:madeline@aptituderp.com) and follow her on twitter @madtarquin.