

HOW TECHNOLOGY IS IMPACTING THE RECRUITMENT ECOSYSTEM



Tech Recruiting Summit
@ WeAreDevelopers
World Congress

July 19th 2024

european internet ventures.

who I am

Malcolm Myers

>15 years of marketplaces

former head of m&a at Naspers
former m&a advisor to Scout24

CEO of eiv

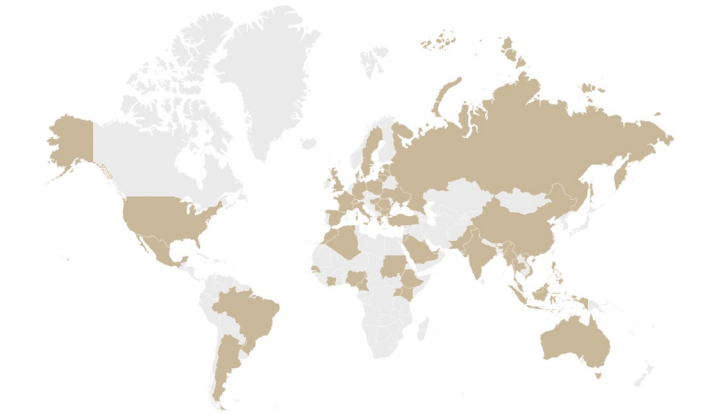
what we do

advisory firm dedicated to
online classifieds + marketplaces

m&a

capital raising

where we work



some of our transactions

real estate



automotive



jobs



horizontal



contents.

1. reflections on today's recruitment ecosystem
2. how AI is impacting the recruitment ecosystem
3. implications for job boards

1 reflections on today's recruitment ecosystem .

online recruitment ecosystem

specialist job boards

DEVELOPERS

GAMING

SCIENCE & ENGINEERING

GRADUATES

ESG

vertical marketplaces

BLUE COLLAR / TEMP

DEVELOPERS

OTHER

horizontal listings platforms

META SEARCH (3P, 3P+1P)

CLASSIFIEDS

ATS / CRM

tech-powered recruitment capabilities

PROGRAMMATIC / CANDIDATE SOURCING

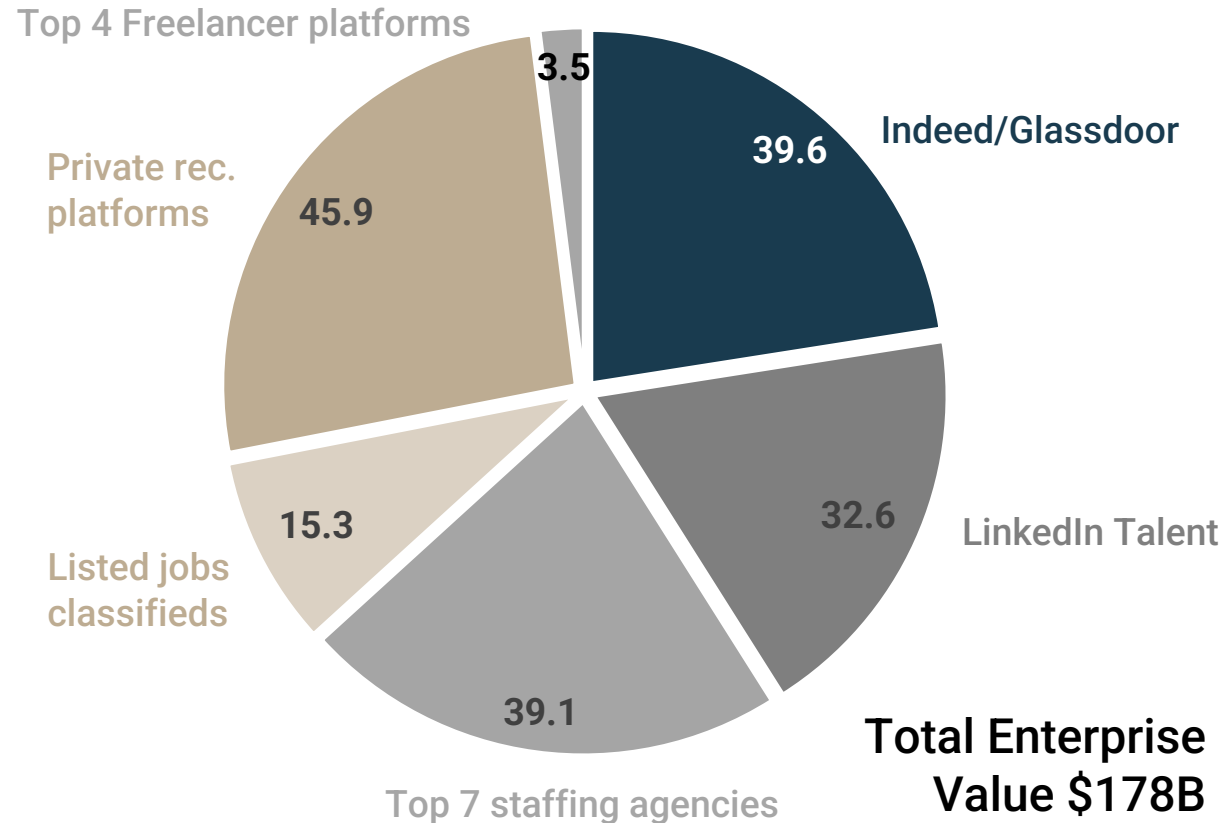
MATCHING

CANDIDATE ENGAGEMENT SCREENING / VERIFYING

TESTING / INTERVIEWING

recruitment platforms account for ca. \$178B in enterprise value

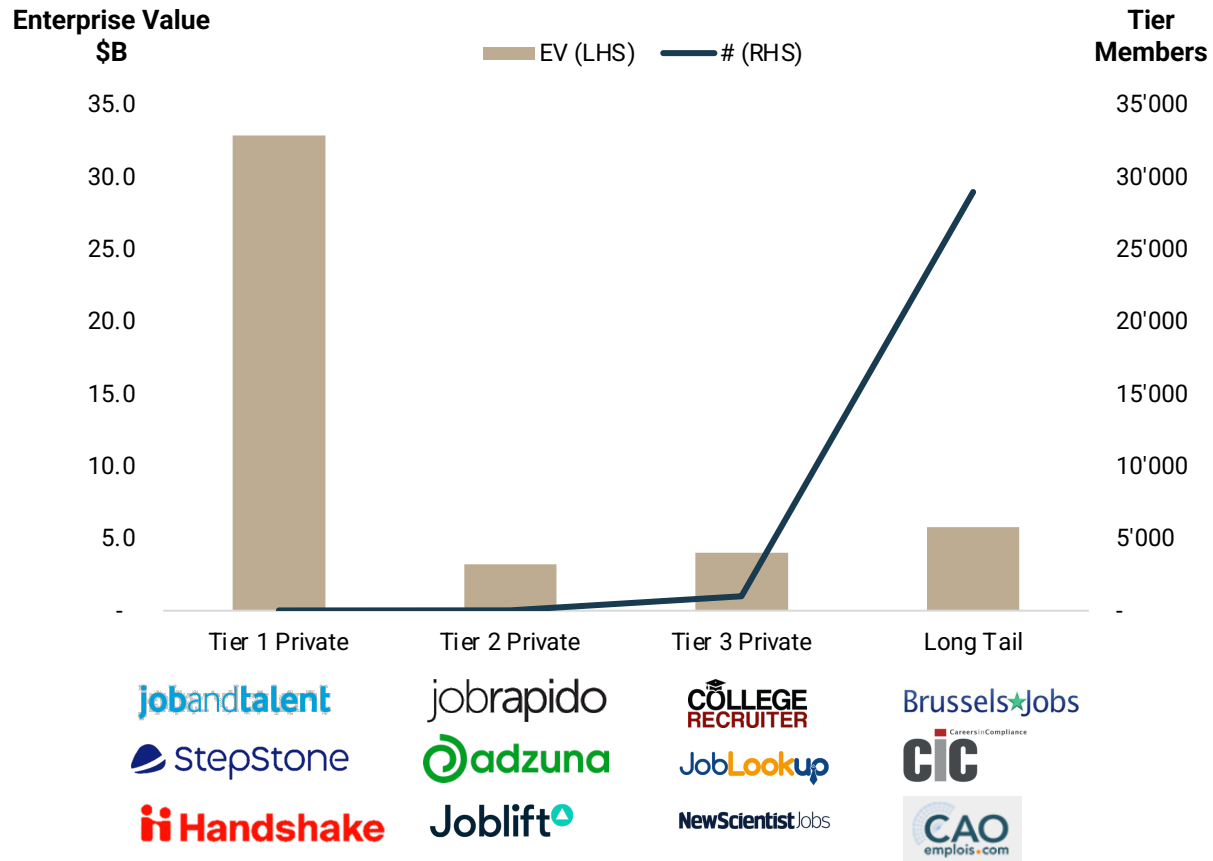
RECRUITMENT PLATFORMS / MARKETPLACES RANKED BY ACTUAL/IMPLIED ENTERPRISE VALUE SEP 2023



- Companies which focus on connecting employees / workers with employers are currently valued at \$178B
- All are essentially **advertising** platforms, except the staffing agencies, which also provide contracting, payroll etc. as do some of the larger online platforms e.g. JobandTalent, Workrise
- **\$72B** of value (41%) is from LinkedIn's talent solutions and Recruit's HR tech business
- Listed jobs classifieds such as Seek, InfoEdge account for less than 10% of the total, with \$45.9B or **>3x value** lying with the private platforms
- Overall, "**classifieds**" / **job boards** account for **only about 1/3 of recruitment platform valuation**

privately-owned recruitment platforms exhibit an ultra long tail

PRIVATE RECRUITMENT PLATFORMS USA & EUROPE BY SEGMENT 2022



Privately held recruitment platforms have been segmented as follows:

- Tier 1** – the 17 companies with min. Enterprise Value of \$0.5B at last capital raise
- Tier 2** – the next largest 20 platforms (revenues are \$M double and triple digit)
- Tier 3** – the next 1000 platforms; mean revenues estimated at \$2M with largest players at double digit \$M revenues
- Tier 4** – the rest; revenues <\$1M with mean revenues estimated at \$0.1M

The 17 Tier 1 members account for \$32.9B in enterprise value or \$1.9B each; in contrast the 29k Long Tail members account for just \$5.8B or \$0.2M each

job boards share few of the competitive advantages of leading car or real estate classifieds

	CAR & REAL ESTATE	JOBBS
% nationwide supply on #1 platform	>80%	<40%
Uniqueness of content	high (often just 1 site, rarely >2)	low (syndication)
Role of niche or sub-vertical sites	minimal	major (e.g. jobs for developers)
Traffic RMS vs. #2	3x-10x	rarely > 1.5x-2x
Share of transactions not touching classifieds	Low (e.g. Cazoo, Redfin)	High e.g. traditional staffing, Job&Talent
National Network Effects	strong	weak
Competition from multinational platforms	minimal	strong
Network Effects	high	low

in its basic form, the classifieds model has many limitations for employers and candidates alike

FOR EMPLOYERS

Too few applicants

Too many applicants

Applicants usually unfiltered, unranked and unscored

Limited scope for employer branding

Weak at attracting passive candidates, especially the most employable ones

FOR CANDIDATES

Limited search criteria and filters hamper discovery
CV-plus-cover letter feels outdated, and may add "noise" to the applicant set
 Often have to copy info already set out in CV

One-click apply results in applicant spam
 # jobs posted reflects 1%-4% of MUV, implying very poor odds of getting a job, especially in emerging markets
 Slow response times by agencies and employers

Poor communication with candidates e.g. compared to what they are used to on social media or shopping on Amazon

Limited understanding of employer and its culture

Ultra **fragmented job board landscape** makes it hard for passive candidates to keep on top of new opportunities



engaging passive users is tough when compared to cars and homes...

Totaljobs

Data Analyst

Movement 8

B1, Birmingham £35000 - £38000 per annum

The role is responsible predominantly for developing & maintaining operational MI and **data**. The line... [more](#)

Recently **NEW**



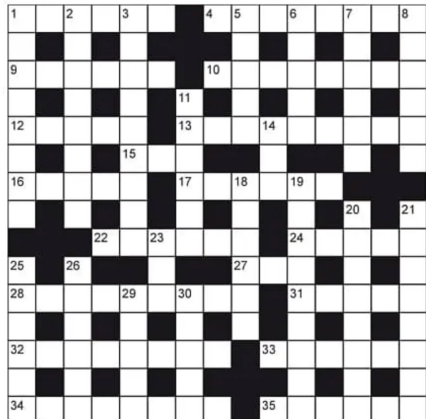
Auto Scout24



rightmove

...even if there are some of great examples of campaigns by employers to source passive candidates

TELEGRAPH CROSSWORD 5,062
13 JANUARY 1942



Bletchley Park



Google







US Airforce

LinkedIn is better-placed than job boards to source passive candidates

Search by title, skill, or c... City, state, or zip code

Premium: jobs where you'd be a top applicant
13 results

- 
Vice President of Business Development
 HustleWing - Side hustles for professionals
 New York, NY (Remote)
 3 weeks ago
- 
Founder / CEO (100% remote) (m/w/d)
 FLYACTS - Venture Studio
 Berlin, Berlin, Germany (Hybrid)
 1 week ago
- 
Director of Business Development
 Rhombus Power Inc.
 Palo Alto, CA (On-site)
 401(k) benefit
 2 months ago · 2 applicants
- 
Director (all genders) Corporate Development
 valantic
 Munich, Bavaria, Germany
 Actively recruiting
 2 weeks ago

As a work-focused community and media platform, not just focused on job seekers, LinkedIn has far more **opportunities to engage** with passive candidates than a jobs board

Furthermore, LinkedIn can **target job ads** based upon information not available to jobs boards including:

- employers you follow
- business-related topics which interest you
- people you may already know at an interested employer

LinkedIn is already **applying matching algorithms** to improve relevance of jobs it pushes to passive candidates (but has some way still to go...)

subscriptions / pay to post models are poor at aligning price and value

	Pro Ultimate	empfohlen Pro Plus	Pro
In allen Stepstone Anzeigen enthalten:			
Auf Stepstone veröffentlicht und bis zu 700 Partner-Jobbörsen			
Persönliche Kundenbetreuung			
Qualitätsprüfung durch unsere Experten			
Dauer der Anzeige ⓘ	60 Tage	30 Tage	30 Tage
Auf Partnerseiten veröffentlicht ⓘ	✓ +Priorisierte Anzeige	✓ +Priorisierte Anzeige	✓
Hochschieben zum Anfang der Ergebnisliste ⓘ	nach 15 und 30 Tagen	nach 15 Tagen	nach 15 Tagen
Benachrichtigungen für Kandidat*innen ⓘ	2x	2x	1x
Kostenfreie Anzeigenverlängerung bei Unzufriedenheit für Neukunden ⓘ	✓	✓	✓
	Für ca. 50 % mehr Bewerbungen als Pro ¹	Für ca. 15 % mehr Bewerbungen als Pro ²	Eine einfache Option mit starker Reichweite
	abz. 11 % Rabatt 2.399 €	abz. 11 % Rabatt 1.699 €	1.399 €

- No guarantee to employer /agency about number or quality of applicants
- Little connection between job salary, applicant scarcity, and price per job listing
- Where multiple positions are open for the same profile, employers get **n** jobs filled **for the price of one**
- Job board is incentivized to «**drip feed**» candidates to extend the posting over several months / motivate upgrade to premium («Pro Plus», «Pro Ultimate»), rather than blast the employer with all the best candidates in one go
- **CPC/CPA** models allow jobs boards to charge more per applicant in a differentiated manner, while arguably disincentivizing precise matches until we get to **CPCH** (cost per candidate hired)

the ability to deliver a better 2-way fit between candidate and employer will be a game changer

employer criteria

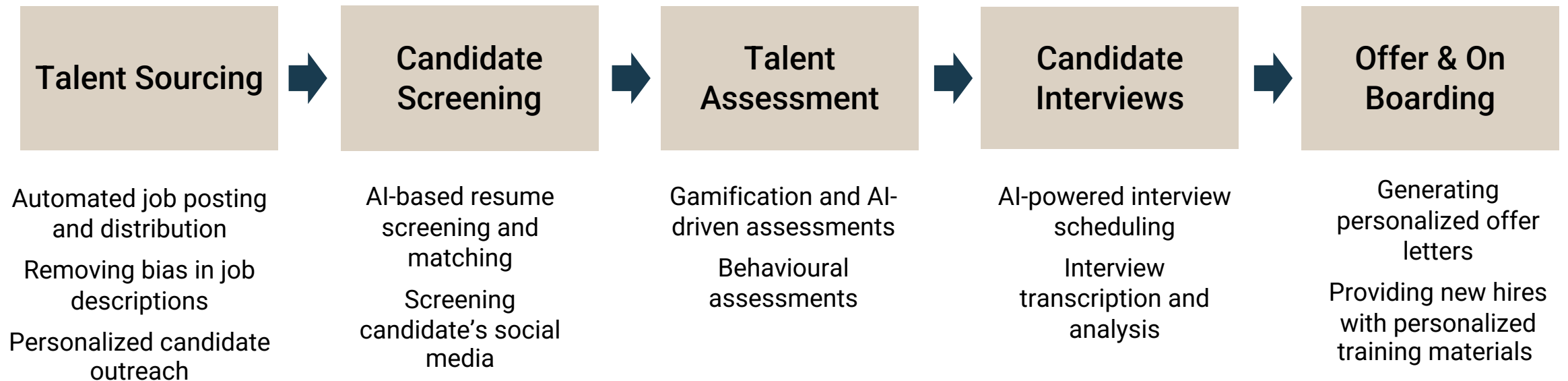
candidate focus

Academic level	Work content
Professional qualifications (if applicable)	Level of responsibility
Specific work experience	Scope for personal dev. and promotion
Key skills & aptitudes	Pay and promotions
Cultural fit, mission alignment	

- Unlike car and real estate sales (where the item you are interested in usually does not have an opinion of its own), filling a job vacancy requires a 2-way fit
- Some job boards are starting to rank applicants according to the first three employer criteria; the fourth and cultural fit require specific testing
- Few job boards today can assimilate sufficient candidate information to score each job from the candidate's perspective
- **Platforms which can deliver a holistic two-sided match are more likely to thrive than those who can only match on employer criteria or even not match at all**

2 how AI is impacting the recruitment ecosystem.

AI is already impacting every part of the candidate journey



Gen AI will take matching to a new level of sophistication

Profile Analysis

AI algorithms analyse candidates' **profiles**, including their skills, experience, education, and past job history, to understand their qualifications and background

Preference Learning

AI tracks candidates' **interactions** with the platform, such as job searches, applications, and saved listings, to learn their preferences over time

Contextual Understanding

Natural language processing allows AI to comprehend the **nuances** in job descriptions and candidate profiles beyond simple keyword matching

Skill extraction and matching

AI can identify both explicit and **implicit skills** from resumes and match them to job requirements, even **recognizing skills typically associated with certain roles but not directly mentioned**

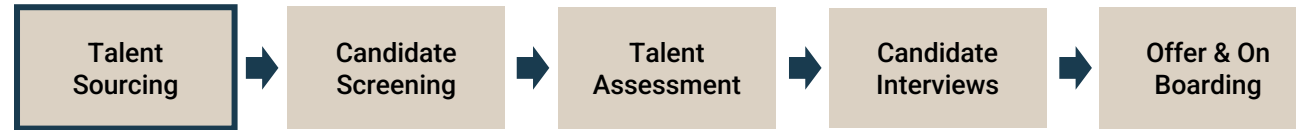
Career path analysis

Some AI systems can analyse a candidate's career trajectory and **suggest roles that align with their likely career progression**

Cultural fit assessment

Advanced AI **may factor in elements of company culture and values to recommend positions** where candidates are likely to thrive

example: Indeed /1



A screenshot of the Indeed search interface. At the top, there is a search bar with 'ios developer' and a location filter for 'london'. A blue 'Find jobs' button is to the right. Below the search bar are several filter buttons: 'Date posted', 'Posted by', 'Remote', 'Within 25 miles', 'Pay', 'Job type', 'Education level', 'Industry', 'Encouraged to apply', and 'Location'. The 'Within 25 miles' button is highlighted.

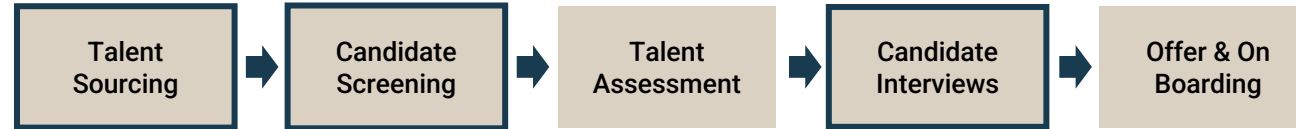
People also searched:

- android developer
- ios
- junior ios developer
- mobile developer
- developer
- software developer
- web developer
- swift developer
- front end developer
- ios engineer

A feedback form titled 'Overall, how relevant are these jobs?'. It features five smiley face icons representing a scale from 'Not at all' (sad face) to 'Extremely' (happy face). Below the icons are labels: 'Not at all', 'Slightly', 'Somewhat', 'Very', and 'Extremely'. At the bottom, there are five numbered buttons (1-5) and a right arrow, with button '1' selected.

Talent Sourcing
Indeed employs machine learning to **enhance search results** and job recommendations, improving the overall efficiency of the recruitment process.

example: Indeed /2



Connect with millions of active job seekers



Match instantly

Get a shortlist of quality candidates based on information collected from job seekers across different industries, skills, and education.



Connect quickly

Immediately contact and interview candidates via messaging, phone, or video from your desktop or Indeed Connect for Employers mobile app.



Work seamlessly

Collaborate more efficiently and make decisions faster by sharing candidate information and activity across your team.

Talent Sourcing

AI used to optimize job matching by parsing resumes and job descriptions to identify key skills and qualifications
 Customizable Indeed auto apply bot increases number of applications
 AI powered work experience writer
 AI powered candidate summaries

With more than 350M+ monthly Unique Visitors, you can find people with the skills and experience you need.^[1]



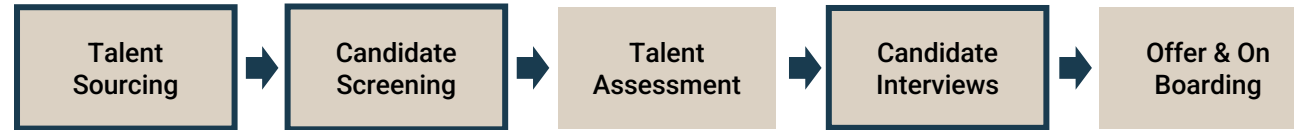
Candidate Screening

AI systems rank and recommend candidates based on relevancy to job postings.

Candidate Interviews

Automated scheduling process
 AI-powered smart messages at scale

example: LinkedIn



We're investing in four key areas of innovation.

To be successful in today's market, talent teams need to adapt — and so do their hiring tools. The 2024 Recruiter Release revolves around four key themes to help your business thrive.



AI-assisted candidate discovery

Tell us your hiring needs and Recruiter, with the assistance of generative AI, will dynamically serve up a qualified talent pool.



Smarter suggestions

Get to a shortlist of qualified candidates quickly with insights-backed recommendations powered by a deep understanding of our professional community.



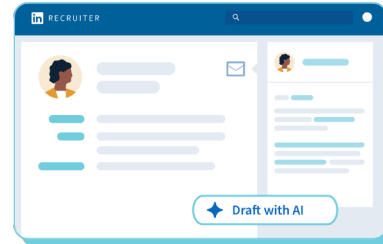
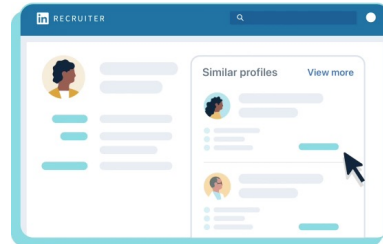
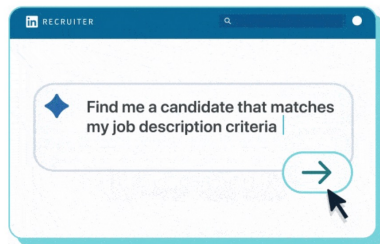
Simplified candidate outreach

Streamline your workflows and automate time-consuming tasks so you can focus on what matters — effectively engaging top talent.



Actionable data and insights

Track progress toward goals, refine your strategy, and show the impact of your recruiting efforts with enhanced analytics.



Talent Sourcing

LinkedIn uses AI to enhance candidate matching by analyzing profiles, job descriptions, and user interactions

Recruiter 2024 applies AI to LinkedIn's candidate data to help recruiters find better matches starting with free text searches / conversational search

AI-driven recommendation engine suggests suitable job listings to candidates

Career coaching chatbot helps candidates define their priorities and potentially make wiser choices as to what they apply for

Candidate Screening

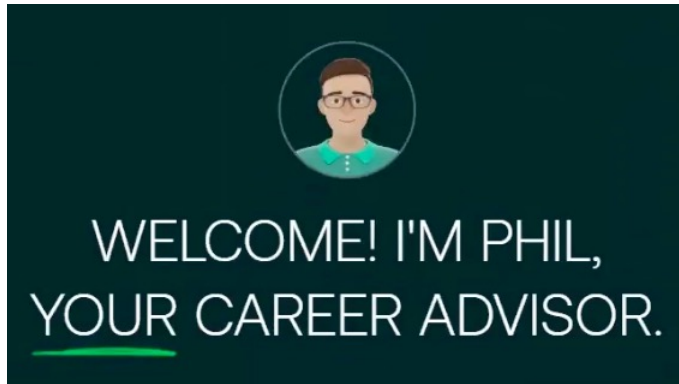
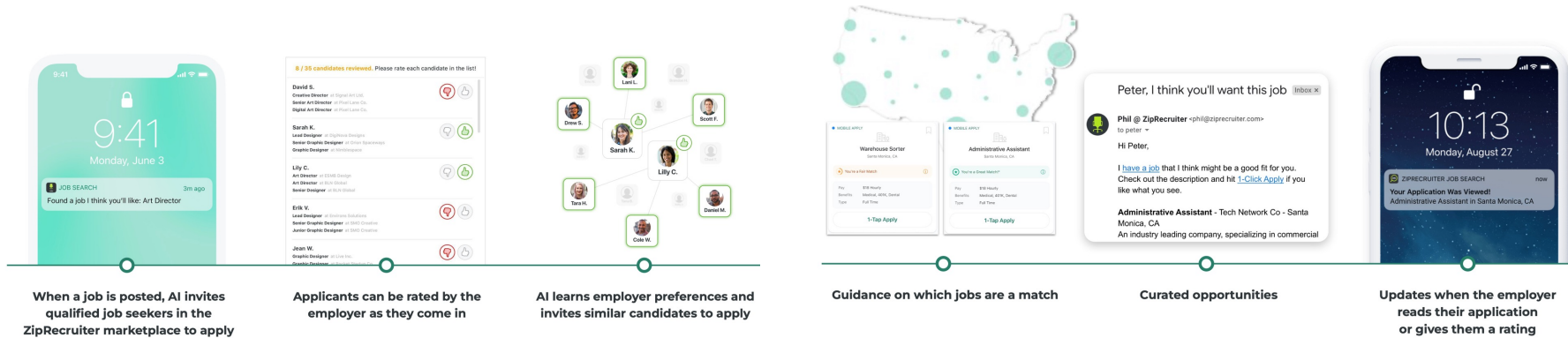
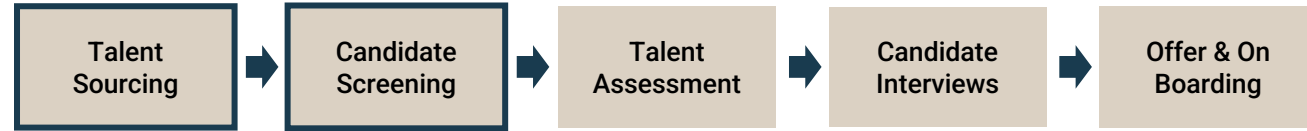
AI-driven recommendation engine provides recruiters with a list of potential candidates who best fit their job openings

Algorithms also leverage data from user activity to continuously improve the accuracy of these matches

Candidate Interviews

AI- assisted personalized outreach by employers to candidates drives 35% higher InMail response rates

example: ZipRecruiter



Talent Sourcing
 Phil uses a variety of ZipRecruiter algorithms to determine what jobs a candidate may be right for. These algorithms take into account the candidate's experience, interests, career goals etc. ZipRecruiter is using ML to find the common criteria behind the profiles employers are liking and those they are not.

Candidate Screening
 An Algorithm identifies other candidates in ZipRecruiter's broader data base who match the same criteria.

technology offers multiple ways for employers to bypass job boards altogether

tech-powered recruitment capabilities



Matching software such as Actonomy can sift through all profiles within an ATS to identify the specified fields underlying a search profile

ATS can **reach out** to candidates e.g. using Manatal, and encourage them to interact with a **screening / engagement** bot such as AllyO, to assess openness to interview

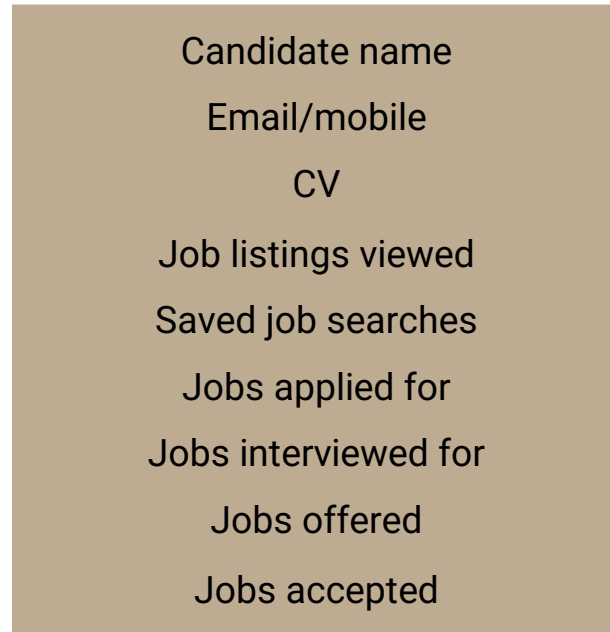
Skills and fit can be **verified** via assessment software e.g. Vervoe or TestGorilla

New candidates can be added to the ATS via a **programmatic candidate sourcing** platform like Joblift

3 implications for job boards.

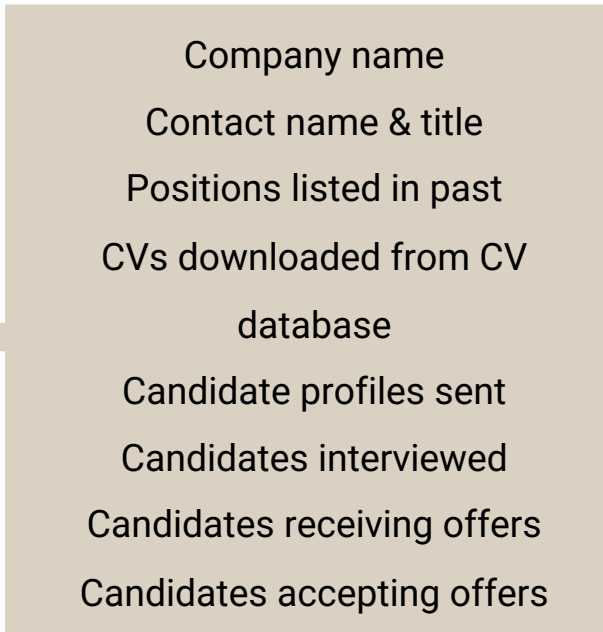
job boards which nurture their data can still be valuable sources of candidates

LEGACY CANDIDATE DATA



**clean /
update**

LEGACY EMPLOYER DATA



Job boards' most **valuable asset** is their candidate and employer data

By keeping the data up to date, and applying the right matching algorithms, job boards can become proactive providers of new, relevant opportunities to candidates, and of relevant candidate profiles to employers

job boards could become AI-powered recruitment marketplaces, seamlessly integrating value-enhancing 3rd party solutions

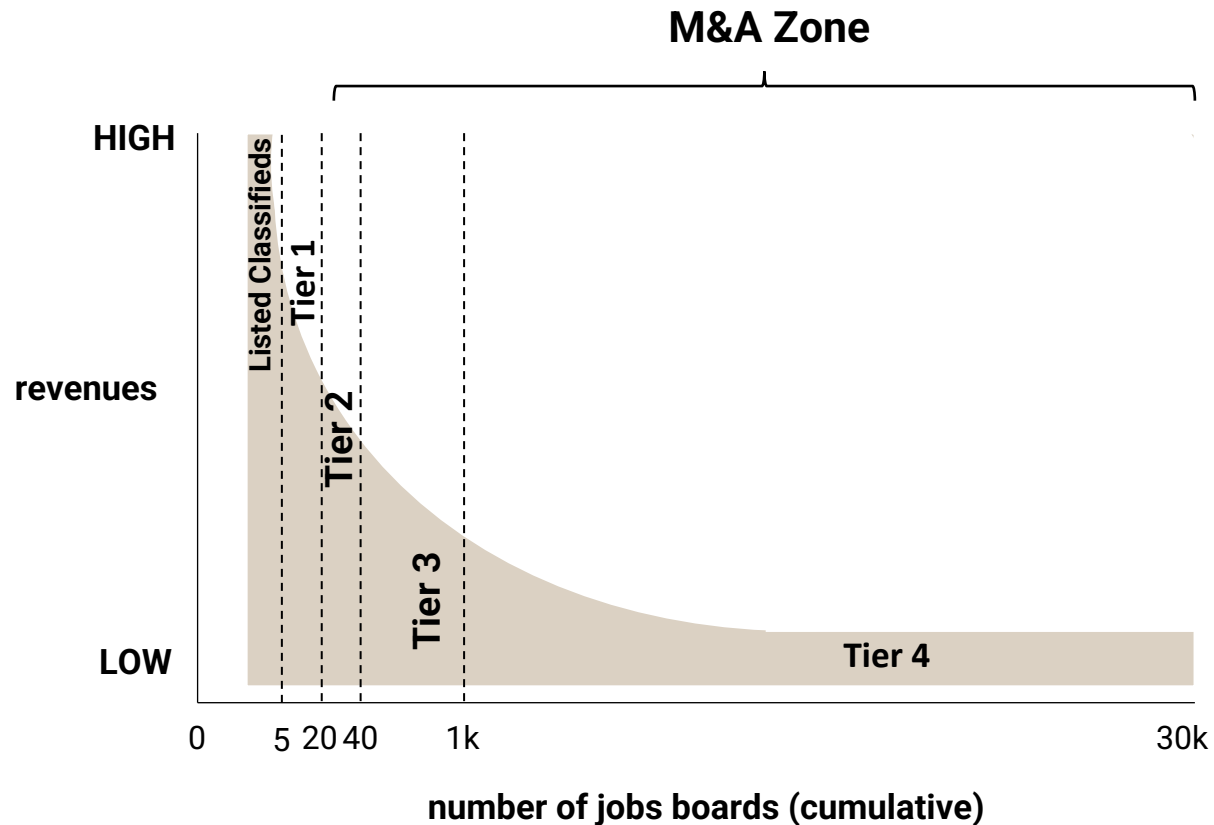
tech-powered recruitment capabilities



ATS / CRM

- Job boards could partner to acquire skills in matching, candidate engagement/ screening / verifying, and testing / interviewing
- Candidates not already within the database could be augmented via programmatic sourcing partners
- Pricing would move from pay per post to a differentiated CPA, based upon agreed fit criteria
- **Employer savings** including reading fewer irrelevant applications and conducting fewer face to face interviews, leave room for the job board to substantially **raise revenue per job listed**

employer and candidate demands will transform the recruitment landscape



- Over time there is a clear risk that employer and agency ad spend will migrate to platforms which save them time and money by matching, ranking, engaging and testing candidates
- The listed classifieds players and Tier 1 private recruitment platforms have sufficient scale and liquidity to enact such a value transformation on their own; probably also the largest Tier 2 players
- Smaller Tier 2, Tier 3 and Tier 4 jobs board, are likely to need to scale up via M&A to seize these opportunities and build a valuable, **AI-powered recruitment marketplace**

conclusion.

Job boards largely lack the supply and demand-driven network effects, and associated pricing power which car and real estate classifieds businesses still enjoy

Technological developments including AI-powered matching, ranking, engagement and testing solutions enable large, well-funded recruitment players to achieve a step change improvement in their capabilities and thus the value they can deliver

Employers and candidates alike will receive a more efficient and more effective service as a result

Long tail job boards will either need to find sufficient scale e.g. via M&A, or tech ingenuity to be able to acquire the capabilities necessary to match the new market expectations, or risk decline



thank you

Malcolm Myers Founder & CEO // European Internet Ventures
mm@europeaninternetventures.com | malcolmmyers on LinkedIn