

## Web-Based Platform for Direct Hire Agency Recruitment



**Michael Hard - CEO**

**CEOCFO: Mr. Hard, what is the concept at BountyJobs?**

**Mr. Hard:** BountyJobs is changing the way companies work with headhunters. It may surprise people, but companies use headhunters a lot. There are estimates out there that one of out every 10 positions filled in the United States are filled through direct hire agencies (as headhunters are also known) headhunters. There is an estimated \$9 billion a year that are spent on fees that go to headhunters, and headhunters fill the most critical positions that companies have. The way that companies manage their agencies' headhunters, track how much money they're spending on these direct hire agencies' headhunters and how they get new headhunters working on their jobs has not changed in the last couple of decades. BountyJobs gives companies a platform to be able to work with and find headhunters more efficiently.

**CEOCFO: How so? How does it work?**

**Mr. Hard:** BountyJobs combines two business models that people will be very familiar with in a way that creates something very unique that people are not familiar with. The first thing that we do is we give companies a VMS, vendor management system, to manage their direct hire agencies. Anybody in recruiting will be familiar with the concept of a VMS because it was popularized about 20 years ago in the contingent labor space with companies like Fieldglass. Many companies use Fieldglass to manage all of their contingent staffing firms. BountyJobs, on the other hand, provides the VMS that companies use to manage all of their direct hire agencies: agencies that bring you a

permanent employee in exchange for a fee. Our VMS, which is cloud-based and easy to implement, gives them a way to track all of their headhunters, make sure that they are communicating effectively with all of their headhunters, make sure there are standardized terms and conditions with all of their headhunters or their vendors, make sure there is performance data so they can see which ones are performing better than others. It just gets everything under control because they know that they want to spend as little as possible headhunters. The second part of what we do is we give people a marketplace: a way to go out and get new, specialized direct hire agencies if they find holes in their VMS. Usually, after companies use our vendor management system to get all of their existing vendors in one place, they find that they have holes. That is just the nature of the recruiting business that somebody who is working for an agency two years ago moves, so the agency that may be great for you two years ago may no longer be great, and your business changes. You may find that you suddenly have a need to hire some very high-end Java developers and you need an agency that specializes in that but you do not know how to find them. BountyJobs gives you the ability to post a job and get a private marketplace of headhunters to work on that job. We gather data on all of these headhunters on our platform, and we give the ability to find the best ones. BountyJobs is really a combination of a vendor management system that you can use to manage your existing headhunters and a marketplace that you can use to get new headhunters working on your jobs. When companies combine those two, the third thing that we do is we give them data to be able to analyze and track all of these agencies. There are very few companies that come to us and say they would really like to increase their spend on agencies. Most companies just say they need to control this thing. Once we give them both of these tools, they get actionable data on how much they are spending, which jobs are being filled quickly, which jobs are being filled to slowly through headhunters, and they get data to be able to bench mark their hiring through headhunters against everybody else across the United States. They also get performance data on their own headhunters not only on how their headhunters are doing on their jobs, but on their headhunters are doing on everybody's jobs across the marketplace.

**CEOCFO: Have HR people been looking for a better system or happy that someone thought of it?**

**Mr. Hard:** It is very much the latter. People are often surprised that they are spending as much money as they are on direct hire agencies because they do not have any systems to be able to track it. There are a number of reasons for that. We often come to a customer, ask how much money they are spending on headhunters, and they often say they think they know, but they're not sure. Do you know which one of your vendors is performing well and which ones of your vendors are not? I think so but I am not sure. We're in a gigantic marketplace, with a lot of people spending a lot of

money, but it is very broken and people don't even know how to begin to get a handle on it. We help them realize the problem, and then we are the only ones out there that are giving them a tool to be able to solve it.

**CEOCFO: *Why has this been an area that most organizations have not been able to do on their own?***

**Mr. Hard:** There are two great questions in there. There is one about spending, and there is one about rating your headhunters. We provide objective criteria on headhunter performance that employers can then use to decide whether one headhunter is good or one headhunter is not. For instance, there is a standard metric out there that people want to know if I am looking for a Java developer and this headhunter tells me that he specializes in job developers, how many Java developers has he placed in the last 12 months? BountyJobs tracks that. We can tell you, and it is not subjective, it is objective. If you want to know of all the candidates that the head hunter sends you, is he going to sell you high quality candidates, this is standard industry bench mark which is a ratio of all the candidates that he sends you and what percentage get interviewed. BountyJobs tracks that. It is very objective because we know all of the candidates that the headhunter is sending, and we track all of the candidates that get interviewed. We give people objective data on those headhunters all across the United States, and it levels the playing field. It makes performance extremely transparent across all of the United States, and that works if you have a critical mass of employers and headhunters on your platform, which we do. In terms of spending, people can track all of the spending, but they cannot do it through their ATS. Most companies have two critical systems – an applicant tracking system that recruiting uses and then an SAP or something that they use to be able to track all of their costs. They can get all of the candidates that they are hiring through agencies, and they can then compare that versus the data, spend and SAP, but it takes weeks to prepare. It is very labor intensive, and with BountyJobs they can get it real time at any moment of the day. It is much more real time and much more usable, and it is vendor specific.

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**CEOCFO: *How long has BountyJobs been available?***

**Mr. Hard:** BountyJobs really changed its business model around the start of 2010. It was a company that was re-structured when I took over as CEO five years ago. BountyJobs has been in existence in a small way before then. Before I came on board, it was really primarily just a marketplace where employers would post jobs and headhunters would fill them. When I came on board, my background was enterprise sales. I had been an executive with Microsoft for 17 years, and I installed a new leadership team and grew the company starting five years ago to focus BountyJobs as an enterprise system.

**CEOCFO: *Are users of your system looking outside their normal range because the data is available?***

**Mr. Hard:** There are two things on that. There is one thing that I am finding about people who are outside the recruiting industry, and there is another thing I am finding out about people who are inside of the recruiting industry. People outside of recruiting are very surprised that companies are still using headhunters. Everybody outside of recruiting thinks that LinkedIn sucked all of the oxygen out of the room in terms of recruiting. Everybody believes that it is a combination of job boards, LinkedIn and social media that recruiters from companies are now able to find every candidate themselves and recruit every candidate on their own. When I came over to BountyJobs five years ago, I literally had somebody tell me this was a horrible idea because headhunters are about to cease to exist as an industry. Since that time, however, spend on headhunters in the United States has doubled from four billion a year when I started to now more than \$9 billion this year. Tools like LinkedIn and job boards do not make headhunters go away. They just make it clear that headhunters still have a place, but a well thought-out niche in everybody's recruiting strategy. The second thing that we are finding is that every recruiter inside the recruiting industry knows the problems that exist with headhunters. They suspect that this is an issue. CEOs are pounding on desks and asking why they are spending so much money on headhunters, but nobody is willing to confront the problem because they have not had tools to be able to understand it until now. Most people just have felt that they need headhunters, and they are willing to put up with all the problems involved with managing their headhunters and working with headhunters without tools because they never knew that something existed. Now that they know something exists to help out, they are thrilled.

**CEOCFO: *What types of companies are using BountyJobs today?***

**Mr. Hard:** The target client of BountyJobs is somebody that sends jobs to headhunters regularly. That can be a company of all sizes. Invariably what happens is the companies that use headhunters the most are Fortune 100 and Fortune 500

companies. If there is a company that is more than 25,000 or 50,000 employees, they are going to recruit a lot and they are going to use headhunters a lot. Some of our largest companies are multi-national Fortune 100 companies that are the leaders in each one of their industries. However, there are companies that use headhunters regularly that are also 5,000 employees. It is just a question of where they are in the whole strategy. The typical company for us is somebody who uses headhunters a lot and then uses our platform to be able to manage everything that they do with headhunters, any job that gets submitted through to them through headhunters goes through BountyJobs, and any head hunter that they work with they work with them on BountyJobs. We tend to do very well in industry by industry. We have some of the largest pharmaceutical companies in the world that use BountyJobs as their exclusive platform for agency search. Companies like Genentech, Abbot, and Sanofi all use BountyJobs exclusively for search. We have the same concentration of very large customers in banking, health care, energy and manufacturing and heavy equipment manufacturing. A large company will use us for vendor management and then have all of their best headhunters come over and use the platform. They will probably have a heavy concentration of vendors on the West Coast of the United States, but they are lacking really good headhunters on the East Coast. We will have another company that comes on board in exactly the same industry that brings a lot of vendors that are very strong in the East Coast but they are lacking the vendors on the West Coast. There is a very strong cross-pollination of vendors that we can do when we have a critical mass in an industry.

**CEOCFO: *When you are approaching a company or talking with a company, is there an aha moment?***

**Mr. Hard:** Yes. Usually, however, in our sales process it is very important for us to be able to ask the right questions so that they can realize the amount of spend and wasted money that is going on around them. Our decision maker is usually the head of talent acquisition or head of recruiting, but people who love our solution are usually also the head of finance and operations as well as the recruiting team themselves. Usually what we do is we talk to them about their challenges around the usage of headhunters and very large companies has typically been very decentralized. Headhunters by definition try to go around HR. They try to go directly to the hiring manager and get an exclusive. In doing that, they open up the company to a whole range of legal risk because they are working with these hiring managers without involving HR and often without signing contracts, which puts the company in great legal risk. They also put the company in great financial risk. These hiring managers are agreeing to give headhunters 30 percent fees and exclusives on searches, pay a fee up front and pay somebody a retained fee. Typically what we will do is sit down with somebody in HR or talent acquisition and then ask if they realize that there is a way to get all of this under control. Once we can have that conversation and then they realize that they can get it all under control, that is the aha moment.

**CEOCFO: *Was there much difficulty putting the technology together or just that no one thought about it before?***

**Mr. Hard:** I guess that nobody thought about it before. I think that there are probably a couple of reasons why BountyJobs is such a great concept that is taking off so strongly. I think the first is that nobody had really thought that this was a business problem that could be solved. I think that you also need a technology that is equally strong for both the employers as well as the recruiting agencies because you need a critical mass. You need to have a critical mass of employers that find value in the system, and if you do not then no headhunters are going to come. The employers are only going to want to come if you have a critical mass of headhunters that are providing candidates, so BountyJobs is just at this amazing place where we have a marketplace effect going on. We now have been doing this for five years; we have the largest employers with the best jobs in all of the industries that I just spoke about, and because of that we have a critical mass of the most specialized headhunters in all of the industries that I just spoke about.

**CEOCFO: *Final thoughts?***

**Mr. Hard:** BountyJobs is the final piece of the puzzle for recruiting technology. There are a number of studies that have shown that investment in recruiting technology is white hot right now. A couple of years ago, there was a huge move in investing and purchasing recruiting technology – the ATSS like Kenexa were being purchased for billions of dollars. There has been a lot of consolidation and very successful investment in recruiting technology that enables companies to recruit candidates directly. When all of that has gone on, however, there is this very important piece of the pie, which is companies recruiting candidates through recruiting agencies. No systems support that. All of the ATSS that people have cannot handle agencies, so these companies have really been exposed with their agencies until now. BountyJobs is a company that integrates with all of the ATSS. Any recruiter in any company whether are using Taleo, Kenexa or iCIMS, they can work with their candidates and send jobs to agencies directly from their ATS, receiving agencies directly from their ATS, but they can also have a system that lets them manage the performance and the spend for all their agencies. BountyJobs really is the final piece of the puzzle in recruiting. It is a huge market, it has been \$9 billion in the United States, and BountyJobs will go global as well. It is many multiples of billions of dollars outside the United States, and our mission is to change the way companies work with headhunters, and we are on the right track.

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