



# Five ways Recruiting Process Outsourcing (RPO) vendors can benefit from Artificial Intelligence (AI) and improve profitability

By the creators of AllyO, the end-to-end AI recruiter

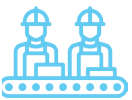


# The \$5-7B RPO industry is forecast to enjoy a healthy growth rate of 15-17% but will continue to struggle to keep current margin levels.

The thriving global economy is creating new jobs. Companies are challenged to fill open positions and are looking for RPOs to offer scale efficiencies along with leading edge practices to help with recruiting. However, factors like labor shortage, a demanding market and increasing commoditization are applying pricing pressures and creating profitability challenges. These trends are requiring RPOs to revisit their delivery model and incorporate more effective use of advanced AI technology like AllyO to drive profitability.

## RPOs must evolve their business model

RPOs are experiencing a perfect storm caused by a number of external factors that are impacting their traditional business model:



### Labor shortage

According to the Bureau of Labor Statistics, the unemployment rate in the United States has been at an all time low of 3.8% in May 2018. Moreover, according to recent research, the emergence of the gig economy will eliminate about a third of the workforce from the traditional full time employment market.



### Demand for a growing scope of services

Customers expect RPOs to provide all aspects of large scale recruiting including advisory, employer branding, labor to run talent acquisition and management processes, full technology stack, and rigorous reporting.



### Increasing commoditization and competition

According to Nelson Hall, a large number of new RPOs are emerging to take advantage of the large and growing RPO market and are, as a result, forcing the market to compete on pricing

These combined factors are significantly impacting the RPO cost structure, requiring them to modify their delivery model. Traditionally, RPOs spend 60-70% of revenue on labor-driven cost of service, 10-20% on overhead, and the rest are gross margins. The next generation of RPOs are using smart AI-based automation technology like AllyO to offset the labor spend by 20-30% and improve gross profit margins by 10-20%. By doing so, they are also delivering a much better recruiting experience and gathering critical actionable insights on their overall recruiting performance.

In a recent Bloomberg article, Jason Roberts, global head of technology and analytics for Randstad Sourceright said, “Now, more than ever, A.I. technology is changing the way companies source, engage, acquire, and manage talent. These tools are providing HR with the ability to capture workforce data, and are critical to building the business intelligence and insights needed to drive overall business growth.”

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## Five ways AI can help RPOs drive further profitability

# 1

### Automate high volume and low value recruiting tasks

Recruiters spend more than 80% of their time on mundane activities such as basic screening and interview scheduling. This results in a massive loss of productivity and drives costs.

AI based technologies take advantage of large amounts of data (e.g., social media, performance management) and apply intelligent algorithms along with proactive, natural engagement tools to automate high volume and low value recruiting tasks such as predictive sourcing, automated and conversational outreach, and intelligent and engaging qualification based on success profiling, automated interview scheduling, and guided on-boarding.

Kate Donovan from ManpowerGroup describes how modern recruiters would need sophisticated skills to make the most of technology and keep up with automation. Their role will evolve into that of a configurator and controller of AI-based technology, and thus will need to be adept at data analytics and managing technology, while continuing to lead high-value recruiting activities such as candidate relationship building and nurturing.

# 2

### Measure and self-improve performance

Recruiting has universally lacked clear visibility into key recruiting performance metrics such as quality, cost and time to hire, and the impact of these on business. This has been partly driven by disjointed systems within the client's landscape, and further disjointed by RPOs own technology stack that is minimally integrated with clients.

AI solves this challenge by abstracting large amounts of data from these disparate systems, and applying intelligent algorithms to provide prescriptive intelligence. For example, the corporate HR of a large hospitality

chain earlier lacked visibility into recruiting performance at the location level due to their decentralized business model. Using AllyO's reporting and self-optimization capabilities, they now have clear visibility into key metrics such as applicant volume and funnel progression at the location and job req level. Moreover, AllyO learns from this performance and adjusts levers such as screening questions to maintain pipeline quality, proactive talent pool engagement to drive applicants, etc. to automatically optimize.

## 3

### Find more qualified candidates

In order to improve sourcing volume, RPOs must be able to engage passive candidates, make it extremely easy to apply, and also tap into the rich talent pool they have developed over time but often struggle to keep fresh and engaged.

AI based algorithms applied on professional profiles on social media can predict likely career movements (e.g., jumping between similar companies and switching after promotions). Automated and proactive conversation using tools such as AllyO can engage such passive candidates when they are mostly likely to be interested.

More than 50% of applicants quit in the middle of the application process. This is largely due to complex forms and unfriendly technology that require them to create a username/password to be able to apply, are not mobile compatible, etc. AI tools such as AllyO can transform the application process to resemble a natural conversation across multiple channels like web chat and texting that maintains persistence over time, and as a result increase capture rate by 2-3X.

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Similarly, automated, conversational engagement tools like AllyO can contact the RPOs' large talent pool and keep them engaged. Its smart matching engine can find the right talent in the database based on job description and proactively initiate contact to admit them in the recruiting workflow.

## 4

### Deliver a consumer-like recruiting experience

Old-school recruiting engagement channels such as long and complicated web forms, paper-based walk-in forms, screening via phone calls and many hours of interviews are no longer acceptable in this day and age. A modern recruiting experience must be tailored for recruiting by process stage, role, and industry. It must be personalized, multi-channel (web, text, voice) and persistent, resulting in a delightful and efficient experience.

For example, a large staffing agency specializing in complex roles such as IT and Finance executives uses LinkedIn to capture applicants, AllyO to screen and schedule interviews, and has human recruiters on stand-by to immediately engage as needed to provide the optimum mix of human and machine experience to its candidates.

# 5

## Shift to a full stack (technology + services) provider

RPOs are viewed as trusted advisors by their clients. They are expected to offer the end to end gamut of services — from employer branding to onboarding and retention activities. They are also expected to run on the most advanced technology stack and advise clients on technology choices. For example, Randstad SourceRight has assembled its proprietary branded tech stack called Talent Velocity.

AI technology such as AllyO's is a critical component of this tech stack that is typically composed of a CRM, ATS and reporting systems. AI fills the gap that the traditional stack has left open — integrate and analyze content that resides in these systems, and provide the delivery layer to this content through automated, intelligent, and natural conversation.

## About Allyo

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AllyO is an AI technology company founded on a simple mission – make recruiting delightful and efficient for everyone. It addresses the traditional inefficiencies of lost applicants and conversions due to poor candidate experience, high cost of recruiting due to overburdening of menial tasks on hiring teams, and lack of visibility and control for HR leadership. It utilizes deep workflow conversational AI to fully automate end to end recruiting workflow by intelligently engaging via texting over mobile and web. AllyO is used by Fortune 500 enterprises that have experienced a 2-6X increase in applicant capture and conversion rate, 91% application completion rate, and over 50% reduction in cost and time to hire. AllyO is backed by leading investors such as Google, Randstad, Bain Capital Ventures and Cervin Ventures.



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