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In today's market, it's harder than ever to find available, skilled workers who are the right fit for the job. According to a report from McKinsey & Company, nearly one-third of senior business leaders say finding talent is their most significant managerial challenge today. And it takes longer to find a good fit; the Bureau of Labor Statistics reports that the average employer takes 27 days to hire a new employee, up more than three days from the previous year. What's more, the best candidates are off the market within 10 days.

At the same time, the cost of recruiting talent continues to rise—the cost of unfilled positions during the time it takes to find talent, the cost of onboarding, and most problematically, the ongoing cost of hiring the wrong person for the job.

Because of these issues, businesses are finding that the traditional staffing agency model isn't working as well anymore. That's especially true for companies that rely on contingent workers for seasonal spikes, fluctuating workloads and time-sensitive projects.

While the traditional staffing agency model can still be useful in some cases, it's far from ideal for companies that need skilled contingent workers quickly. Ideally, they also want to find a way to swiftly find and re-hire workers who have proven themselves by working for the company previously. Once the hires are made, companies become responsible for onboarding, payroll, health insurance and benefits, and compliance with federal, state and local employment taxes.

For all of these reasons, companies that frequently rely on contingent workers are looking for an easier, more cost-effective and faster way to attract quality talent. Many of them are now turning to staffing companies that use talent clouds—a staffing model with more automation, efficiency and money savings—to meet their needs.



## What Are Talent Clouds?

A talent cloud is a customized, digital approach to recruiting and hiring the best talent for a job. Talent clouds use a combination of artificial intelligence (AI), machine learning or natural language processing (NLP) to match employer needs to workers, then refine the results by sorting and analyzing the structured data produced by the AI and NLP's interpreted concepts. While talent clouds perform many of the same services as traditional staffing companies, they do so by leveraging intelligent, digital platforms that can find and vet candidates quickly and at a lower cost.

According to Staffing Industry Analysts (SIA), talent clouds are part of the burgeoning human cloud marketplace, a set of online/digital platforms that allow hirers and workers to manage contingent work arrangements. SIA's 2016 Workforce Solutions Buyers Survey for North America found that companies are turning to these types of solutions primarily for greater talent access and to reduce costs.

## The Growing Contingent Workforce

There is no doubt that the “gig economy” is a real, growing phenomenon. Workers benefit because they have flexibility, and can often work from home. Businesses benefit because they can hire workers only when needed and avoid paying for unproductive downtime, retirement benefits and paid vacations. It's ideal for fluctuating workloads, growing companies, and situations where workers with specialized skill sets are too expensive to hire full time.



# 90%

of organizations are using contingent labor

The contingent workforce—that group of workers who take jobs for limited periods of times, often weeks or months, as independent contractors—is growing rapidly. According to a recent [survey](#), about 90 percent of organizations are using contingent labor, and many expect to increase their use of contingent workers over the next year. The survey also found that most organizations believe their contingent workforce is effective or very effective. Nearly three-quarters say the use of contingent labor is strategic to specific business functions or to the business as a whole.



# Types of Talent Clouds

For mid- to long-term contingent workers, the most effective models are strategic talent clouds and sourcing talent clouds.

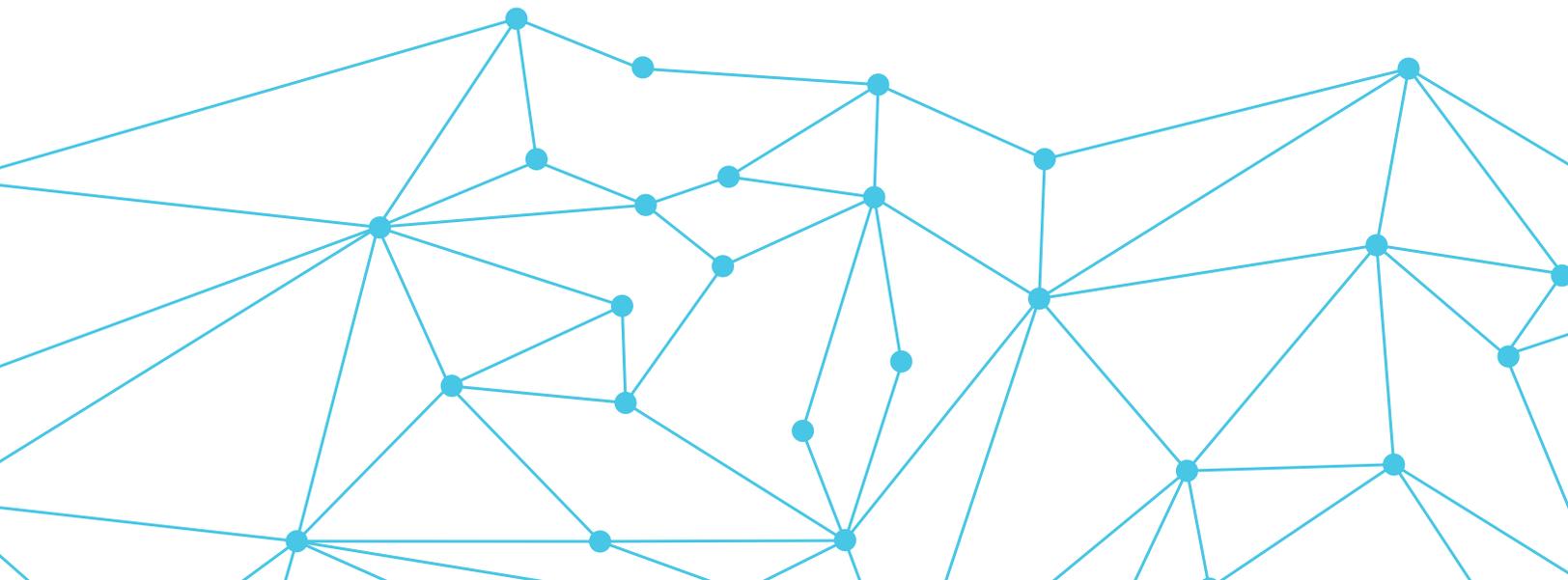
## Strategic Talent Cloud

A strategic talent cloud is one built specifically for a business that needs to tap into known talent—previously vetted and approved workers, such as former payrolled contractors, independent contractors the company has worked with in the past, previous employees who might be interested in shorter term work, and candidates who may have interviewed for permanent positions in the past but didn't quite make the cut at the time.

In one case, a major insurance company kept track of previously employed talent and used this list to fuel the search for their next temporary hire. The insurance company submitted 1,100 names to

Vendorpass, who then winnowed the list down to 200 viable contractors using a combination of technology and industry expertise. With this system, the insurance company now has a living database of contractors exhibiting the specific skill sets they demand.

Strategic talent clouds also are ideal for companies that have anticipated demands such as predictable peaks or seasonal spikes. For example, a school system might use a strategic talent cloud to hire 300 substitute teachers for the coming school year, while a retailer might use it to staff distribution centers during the holiday season.



## Sourcing Talent Cloud

The second type of staffing strategy used to find mid- to long-term contingent workers is called a sourcing talent cloud. Like a strategic talent cloud, a sourcing talent cloud is a way of finding and validating talent that meets a company's specific criteria. But unlike a strategic talent cloud, a sourcing talent cloud casts a vastly wider net, venturing outside known sources and geographies. Using a sourcing talent cloud, Vendorpass first mines an existing database of pre-qualified contacts, then supplements that group with newer candidates found via recruiting campaigns, job boards, and email and text campaigns.

Sourcing talent clouds are a good choice for companies expanding into a new territory, such as a manufacturer looking to build a new product or expand into a

new geography. For example, if a company signs a contract to install 10,000 GPS-read meters in the Dallas market over a six-month period – they might use a sourcing talent cloud to find hundreds of experienced installers willing to work in the area.

Here is a real example of a sourcing talent cloud in action: A disaster recovery organization needed to staff up quickly to help victims of Hurricane Harvey. The organization contacted Vendorpass on a Thursday night, requesting hundreds of people to staff a disaster relief call center. Vendorpass quickly built a talent cloud in the Dallas area and by the next morning, had evaluated and certified 383 people who were able to start immediately.



## Why the Candidate Experience Matters

Talent clouds are clearly a win for companies looking to reduce staffing headaches and cost, but they also are a boon to the candidates themselves. Not only does the talent cloud model increase access to opportunities, it also streamlines the entire application process.



All of this improves the candidate experience, which, in turn, benefits companies looking for skilled workers. For example, it virtually eliminates the frustrations applicants experience when they don't hear back from companies. Often, applicants who don't hear back from companies refuse to reapply to those companies. As a result, companies could miss out on excellent workers.

The streamlined process and personal touch also help eliminate feelings of being treated unfairly during the application and vetting process. When job candidates feel slighted, they aren't shy about sharing those negative experiences on social networking sites, employer review sites or directly with friends or colleagues. According to [Recruiting Brief](#), up to 90 percent of talent say a positive or negative experience can change their minds about a role or company.

Finally, candidates who feel well taken care of during the recruitment process turn into happier employees; Undercover Recruiter found that 15 percent of candidates who have a positive hiring experience put more effort into their jobs.

## Powered By Technology

One of the differentiators making talent clouds so effective is their use of cutting-edge technologies – technologies like machine learning and natural language processing. When applied to talent acquisition, these technologies can mean the difference between finding the right talent quickly and missing the ideal candidates completely.

This technology, coupled with a sound recruitment strategy, makes it easier to develop targeting criteria, evaluate candidates, identify salary requirements, analyze cultural fit, and narrow down prospects. It would also be virtually impossible to ensure that candidates who use different terms to describe the same skills (or certifications) don't fall through the cracks.

Because natural language technology can “learn” which terms describe the same roles, job titles, certifications and responsibilities, recruitment strategies that incorporate talent clouds are much less likely to miss good candidates just because they use different terms for the same skills. By establishing a “known worker” talent cloud, businesses can also avoid the problem of “a talent leak,” where a previously successful contingent worker may be missed the next time the company is looking for the same skill set.



On the back end, parsing technology applies natural language processing (NLP) to decipher large amounts of language data. This NLP is used to identify skills, regardless of the various verbiage used to describe specific skills or certifications, and then uses that information to cluster comparable candidates. This classification system makes it much easier to effectively compare and rank candidates as well as to find specific, in-demand skills.

On the front end, these technologies analyze the demand, create structured data, interpret successful profiles, develop targeting criteria based on those profiles, and narrow the pool of targeted candidates down further until the company's requirements are met.

Talent cloud experts can use these technologies and associated analytics to design and execute very specific and targeted sourcing campaigns using custom-developed landing pages and other assets. They do this by developing structured data based on past successful employees, and using that data and analysis to develop job descriptions that become the targeting and filtering criteria. Next, the staffing company identifies existing talent already in the database using a similarity model for internal campaigning and engagement. When more talent is required, that same output is used to develop targeting criteria to drive sourcing across multiple job boards and sourcing channels. Custom landing pages then capture possible candidates, who are then vetted and further curated to meet the customer's needs.

## The Missing Link

It's important to note that not all talent clouds or approaches are created equal. In fact, the vast majority of talent cloud experts rely solely on the technology itself, with no human intervention. In most talent clouds, humans are the missing links when it comes to functions like intake calls with a hiring manager, gathering feedback from candidates and hiring managers to add to the system, and conducting reference checks. Often, the result of this "short-cut" approach is less than satisfying. Nothing replaces an intelligent, knowledgeable human being when it comes to direct interaction with potential candidates and companies.

The most effective approach includes a curation team that works directly with a company to understand needs and processes within the organization. With that information, the team tailors a specific approach to satisfy those needs. This type of validation and curation on the front end not only saves time, but ensures that companies get the exact talent they need.



Another service many companies want—and most talent clouds don't provide—is the traditional suite of personnel management and human resources functions. That includes both Employer of Record (EOR) and Agency of Record (AOR) services. When a staffing agency or talent cloud provider offers EOR services, it means that it actually employs the company's W-2 contingent workers and provides onboarding and payroll service, as well as ensuring compliance with all labor laws and regulations. It can even provide health benefits and 401(k) services. An agency that provides AOR services takes on the responsibility of worker classification compliance and adherence to all state and IRS standards.





## Putting It All Together

With all of the pieces in place, companies can get the talent they need, when they need it. If, for example, a company quickly needs to hire 20 project managers in the New York area, a talent cloud specialist like Vendorpass can immediately capture any known talent it has in the program through a strategic talent cloud. If necessary, the talent cloud can be expanded to include other potential candidates from job boards, targeted emails, and those individuals currently in the talent cloud company's database. To find the best candidates, Vendorpass, for example, develops structured data based on past successful employees and job descriptions. That data then becomes the targeting and filtering criteria for the project. These analytics enable Vendorpass to use detailed knowledge of the candidate population to design and execute a very specific and targeted candidate sourcing campaign.

Through the use of a similarity model, which uses an algorithm to rank and evaluate potential candidates, Vendorpass helps streamline the hiring process for even the most specific business needs. After identifying a qualified cluster of candidates, the platform allows candidates to then schedule a video interview. Once completed, a human takes over to perform reference checks, screen for other important considerations, such as the willingness to commute a certain distance, and determine the final matches. Vendorpass curators also submit the candidates to the company, schedule the

interviews, make the offers, onboard the candidates, and serve as the Employer of Record for the entirety of the assignment.

With the combination of staffing expertise and talent cloud solutions, companies stand to benefit in many ways – from greater organizational agility and improved re-deployment to a vastly shortened ramp-up time for contingent workers to become productive. With talent clouds, cost savings and quality are compounded over time as they gain more qualified and engaged candidates.

“The reduced cost of the talent cloud model is significant,” according to Julie Brown, Vice President of Vendorpass. “The average company saves more than 20 percent over traditional internal sourcing. There are soft cost savings, as well: because jobs are filled faster and companies reduce the loss in productivity from unfilled positions. And also because the talent tends to be better quality, productivity increases.”

Changes in the speed with which companies need contingent workers to remain profitable, along with a tightening talent pool, make talent clouds an increasingly attractive and necessary option. By engaging a talent cloud specialist sooner rather than later, companies start quickly saving money and gaining an advantage over competitors that haven't yet made the switch.

To learn more, visit [www.vendorpass.com](http://www.vendorpass.com)

