The State Of Direct Sourcing In 2019
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The way we do business has changed in so many ways over the past few years thanks to advances in information technology. However, recruitment and hiring are still more or less the same game it’s been for the better part of a century - after all, online job boards and online staffing suppliers are often just faster, more connected versions of newspaper classified ads and temp agencies.

All that’s about to change, as a more competitive business landscape and advances in hiring platforms are forcing businesses to innovate and adapt to the times. One of the key disruptive sourcing models today is direct sourcing, and we take a deep dive into what direct sourcing is, as well as what it means for your organization.

7.6 mn
Gig Workers in US By 2020

Staffing Industry Analysts

33%
of employers believe that it is highly probable in the next 3 years their extended workforce sourcing approach merges with their FTE sourcing managed by in-house HR
Direct sourcing involves companies getting their talent through techniques such as building a private talent pool that they’ve generated themselves from referral programs, silver medalists from an applicant tracking system (ATS), job board postings, and other existing channels. Direct sourcing can be implemented using a direct sourcing platform, which combines multiple talent attraction channels with talent curation, while providing marketing, engagement, and referral components to help tie everything together into their existing vendor management system (VMS) which is primarily used for external workforce management.

Direct sourcing obviates the need for a separate third-party supplier, instead allowing you to curate your talent pools, making it easier to find the talent you’re looking for, when you need it. This reduces the impact of a variety of pain points in the hiring process from cost to time-to-hire.

One of the most important advantages of direct sourcing is how it allows you to leverage your employer branding. Companies are always better served by having employees, whether permanent or temporary, who are a good fit for their branding and culture, and this often starts by having the branding immediately evident in the hiring and application process.
While regular, permanent employees might be able to perform their due research on a company before they apply, contingent staff are often produced by suppliers without necessarily being associated with your brand. Direct sourcing allows both your regular and contingent workforces to be recruited using the same, consistent branding.

Perhaps the foremost advantage of direct sourcing is how it ultimately creates a unified, branded candidate experience. Every applicant will have been through the same recruiting and hiring funnel and overall candidate journey that you designed, branded, and implemented. This creates a greater talent pool that ensures that your sourced candidates align with your values and cultural fit.

Top Talent Is

56% more likely to care about finding the right culture
- CareerArc

82% of employers rate referrals as the best source to maximize ROI
-CareerBuilder

Another advantage is that direct sourcing allows you to expose your job postings not only to the outside world, but also internally, to your own workforce. This will allow employees from other departments to refer talent that they might be aware of. And we don’t need to delve into how effective referred talent is!
Why Is Direct Sourcing The Solution Right Now?

While regular, permanent employees might be able to perform their due research on a company before they apply, contingent staff are often produced by suppliers without necessarily being associated with your brand. Direct sourcing allows both your regular and contingent workforce to be recruited using the same, consistent branding.

1. The Rise Of The Freelancer
Staffing trends are making it difficult to stick to the old ways. For one, the proportion of employees who work on a contractual basis is growing. In 2018, there were approximately 56.7 million American freelancers or contract workers, representing a third of the workforce. In a decade, this proportion is expected to exceed half of the entire workforce.

2. A Job Seeker’s Market
This workforce also has the privilege of being picky about the opportunities that they choose to take. It is a job seeker’s market, after all, with fewer unemployed people than there are open jobs as of 2018. Being able to leverage your brand in a world where contingent staffing is bigger than ever means that you need to be able to reach these workers with your brand and attract them.

3. Greater Cost Of Doing Business
On top of this, the cost of doing business is getting higher, as profits are expected to dip by as much as 50% in 2025. Direct sourcing can help you reduce your business expenses, with some direct sourcing specialists enabling a cost reduction of 7% and a revenue increase of 9%. Couple this with more and more people searching for their jobs online, as well as a massive upheaval in the way big data is being used to benefit businesses in meaningful ways, and you have the perfect recipe for a curated, self-driven approach to sourcing and managing contingent talent pools. Direct sourcing is absolutely the answer to these problems.

4. Transaction Optimization
Every industry is always on the lookout for better ways to run their business transactions. Modern HR technology enables companies to directly attract and engage jobseekers which directly optimizes the most important metrics time-to-hire, quality-of-hire and cost-of-hire. Direct sourcing implements a lot of these advanced technologies, and is poised to be a disruptive influence on the way businesses assemble their contingent workforce.
TTM is a long-pending item on the agenda for large enterprises. While there have been multiple attempts in the past to create a unified talent pool and experience, not until recently has there been an active dialogue between HR and procurement teams, who manage full-time and contractual workforce respectively.

Given that the practices and needs for these individual departments widely differ, direct sourcing is a pathway for addressing the need for combining talent acquisition strategies and creating a unified talent management approach nearing towards their Total Talent Management goals.
What Should You Look For In A Direct Sourcing Provider?

Direct sourcing is disrupting the way companies attract and source talent, but not all providers and platforms are equal in their ability to improve your talent sourcing. Here are some of the key factors that you should look for in a direct sourcing provider.

1. Flexibility

Many direct sourcing platforms throw a lot of features and components at businesses, claiming to be able to handle everything from the actual talent management layer all the way to payroll management. However, that often means that you need to buy into the entire system, which would be very difficult for companies with lots of moving parts that would need to be unearthed and replaced. A good direct sourcing platform offers a flexible approach to their services, allowing companies to choose which of the platform’s components shall be implemented. For example, if you want to start by using a direct sourcing provider’s supply-side and VMS integration without covering payroll management, then the provider should give you the option to do so. It’s also important to choose a direct sourcing platform that is basically plug and play with your organization - a good platform will be able to drop into your organization and integrate with your existing sourcing components in a short time. The best platforms uphold a high standard of rapid deployment time: give them access to your VMS, and you’ll have direct sourcing up and running in as little as 24 hours.

2. Data-driven/AI Curation

One of the most important separators of a direct sourcing platform from just doing everything yourself is that the system should be able to take both sets of data - your needs and your talent pool - and then provide you with the best candidates for each role, all without you lifting a finger. This requires a data-driven and artificially intelligent curation layer that takes into account skill levels, the results of online evaluations, experience, and other metrics, to match candidates with job postings.

3. Robust Integration

A good direct sourcing provider will be able to integrate with as many job applicant traffic channels as possible, and be able to quickly generate postings and manage applicants from each channel from a single interface. This won’t just reduce time and effort spent getting the word out, but it will also greatly reduce the cost per hire.
Who Are The Players In The Direct Sourcing Space?

WillHire

WillHire has over 57 different job board partnerships, as well as integration with top VMS platforms such as Fieldglass, Beeline and 8 others. This allows them to drop into a company’s sourcing infrastructure and get started in little time.

WillHire leverages the data-crunching power of artificial intelligence to improve the screening and applicant curation process, making it easier than ever to match the best candidates with the right jobs. By acting as a talent CRM with powerful machine learning features, WillHire puts talent engagement on autopilot, allowing partner businesses to focus on growing their business.

WillHire counts several large enterprises among its clients, including med tech conglomerate Siemens Healthineers, which has 45,000 employees as of 2016
**TalentNet**

TalentNet is all about employer branding. This direct sourcing company allows clients to attract the talent they want, creating pools of qualified professionals who are fully aware of their employer culture and brand.

TalentNet boasts a strong network of compatible job sites and talent communities, allowing their clients to reach millions of jobseekers without having to seek out and explore the job posting landscape.

**Avature**

Avature is a traditional application tracking system which serves full-time direct-hire market needs, just like to other ATS’s like Taleo and Greenhouse.

They’ve recently ventured into extending their platform to serve contingent labor direct sourcing. They’re able to leverage their existing platform features of talent attraction and management and implement it with the temp talent side of the business. So far, they are in the early stages of integration with VMS providers, but their rapid growth ensures that they’ll be a competitive direct sourcing platform in no time.
The Raw Numbers: What Can Direct Sourcing Do For Your Company?

Implementing direct sourcing can reduce bill rates by as much as 20%, with up to overall 10% cost savings on the total hiring spend. In a tight business world where 10% can mean the difference between a competitive advantage and bankruptcy, these are no small-ticket savings.

The Way Forward

Direct sourcing is the future of contingent labor programs - it may well be the present, with up to 60% of large enterprises all geared up to implement it in 2019, with the rest making it a high priority in their 2020 agendas. If you want to secure a definitive advantage - through cost savings and the acquisition of the best talent on the market before your competitors do! - then it's time to start looking for your direct sourcing partner!
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About

Compunnel is a talent solutions organization with 25 years of experience serving fortune enterprises in contingent labor, RPO and payroll needs. As of 2019, Compunnel is ranked as a #1 supplier in 60% of 132 programs that we support in sourcing talent for IT, Manufacturing, Engineering, Healthcare and Light Industrial categories.

Website: www.compunnel.com

WillHire is a Direct Sourcing platform enabling contingent programs to attract, curate and engage talent leveraging the modern-day talent acquisition technology to build and manage private talent pool at 10x right within existing VMS.

Website: www.willhire.co