

# Software as a Service for Staffing and Recruiting: Why It Just Makes Sense



It's nearly impossible to read an article or listen to a webcast about staffing and recruiting technology today without getting a reference to Software as a Service (SaaS), cloud computing or Web-based software. In some cases, SaaS sounds like nothing short of a magical elixir or an amazing all-in-one gadget advertised on late-night TV: no muss, no fuss, nothing to install, nothing to buy and no obligation.

There's no doubt SaaS is becoming increasingly popular. According to the Gartner Group, SaaS for enterprise application markets will grow at a 17.7 percent annual compound rate through 2013, a growth rate nearly five times that of the total market.<sup>1</sup> More specific to staffing and recruiting, the U.S. small-business market for recruiting software last year increased to over \$522 million, according to Forrester Research, the Cambridge, Mass., technology research firm.<sup>2</sup>

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As a method of deploying software, SaaS is said to offer both immediate and long-term benefits to staffing and recruiting firms. Yet many decision makers and others directly or indirectly involved in staffing and recruiting remain unclear about what SaaS is, what it isn't, and why SaaS can be beneficial in putting more people to work.

“We know from our work with clients and simply from being engaged in the marketplace that a lot of confusion exists around SaaS, and it's preventing many staffing and recruiting firms from making the best decisions for their organizations in bringing new technology and capabilities to their core office functions,” says Tim Quirk, vice president of marketing for Akken, the first all-in-one, SaaS business software suite for the staffing and recruiting industry. “We hope this paper helps bring clarity to the conversation and supports important decisions.”

<sup>1</sup> Gartner Group, Market Trends: Software as a Service, Worldwide, 2008-2-13, Update, Nov. 2009, <http://www.gartner.com/DisplayDocument?id=1221513>.

<sup>2</sup> <http://www.forrester.com/rb/research>

## Cloud Computing and SaaS in a Nutshell (And What Isn't SaaS)

Cloud computing is actually a fairly simple concept. It's Internet-based computing that allows software programs, business applications and data to be accessible from a user's computer or other device, on demand, through a Web browser. The software programs and data are stored on servers in the "cloud," a term that derives from the cloud drawing traditionally used to depict the Internet in computer network diagrams.

End users don't need any knowledge of, expertise in, or control over the technology that is in the "cloud."

**Software as a Service (SaaS)** is in turn probably the most widely recognized form of cloud computing today. Today, SaaS is being used to provide everything from Web-based email to inventory control to online conferencing.

Essentially, SaaS is like a subscription-based or pay-as-you-go service that allows you to use a Web-based business application without buying or licensing the software or needing any hardware other than your computer or other Web-enabled device (like a smart phone). The vendor meanwhile takes care of all software enhancements, updates and maintenance, with improvements automatically available to the end user.

"What we hear in the market," Akken's Quirk says, "is some confusion among hiring managers and recruiters over what SaaS is and what it isn't, which in turn prevents them from appreciating the full value of SaaS applications. ASP and Thin Client technology are good examples of misperceptions."

**An ASP (Application Service Provider)** is a third-party entity that manages and distributes software-based services and solutions to customers across a wide-area network from a central data center.

"ASP (technology) is simply moving the smelly cheese when it comes to hosted software solutions," says Jeff Kaplan, a widely recognized thought leader of the cloud computing market and of recruitment software in particular.<sup>3</sup> "The application used to reside on the customer side, and now it resides on the vendor side. But the customer still needs to pay upfront licensing and maintenance costs, and with no greater functionality or accessibility."

Because an ASP offers application services in a hosted data center style, the applications it provides require something called **Thin Client Software** (for example, Microsoft Windows 2000 Terminal Services and Citrix MetaFrame). So, an ASP is, again, very much like the traditional system of computing, even though the applications are accessed via the Web.

<sup>3</sup> Jeff Kaplan, telephone interview, June 3, 2010.

“The typical SaaS provider offers applications specifically designed to be hosted and delivered over the Internet to many customers [and] as a result, the providers can create and offer value-added features, which would be expensive in the ASP model,” according to the Web site SearchCIO.com, a resource of technology management strategies for the enterprise CIO. “[With SaaS] each customer gets its own instance of the application, but the provider still achieves economies of scale because of the simpler application scenario.”

Economies of scale is a crucial concept here. It enables SaaS vendors to keep their costs low compared with ASPs, which in turn means lower costs to SaaS customers. It also means SaaS customers have faster access to the latest technology. Support is also easier and more expedient with SaaS, for the same reasons. The SaaS provider can for example:

- Make an update once across the entire program and for all customers, rather than performing a separate update for each customer.
- Perform more frequent upgrades – that benefit all of their customers – because upgrades are made program-wide, not client-by-client.

In his white paper, “CIO’s Guide to Software as a Service: A Primer for Understanding and Maximizing the Value of SaaS Solution,” Kaplan offers this basic breakdown of the differences in the attributes of ASP and SaaS:

ASP Attributes	SaaS Attributes
Resold legacy applications	New net-native applications
Retained perpetual licenses	Subscription model
Difficult to upgrade	New functionality delivered regularly
Customized to client	Configurable by client

## Why SaaS Makes Sense for Staffing and Recruiting

“Recruiters and hiring managers are looking for a simple solution with solid functionalities that are easy to acquire, easy to deploy, and then easy to use,” says Kaplan. “That’s SaaS in today’s world.”

In this paper, we look briefly at four of the greatest reasons that SaaS makes sense for recruiting and staffing:

1. Lower Costs Upfront and in the Long Term
2. Continuous Access to Newest Technology, Including Apps
3. Meeting the Challenge of a Mobile Workforce
4. Scalability and Flexibility to Meet Changing Needs

<sup>4</sup> Kaplan, <http://www.thinkstrategies.com/researchpublications/whitepapers.html>.

## Lower Costs Upfront and in the Long Term

For staffing and recruiting managers, SaaS plain and simply offers the ability to use powerful, robust and fully featured recruitment software with lower costs and a higher return on investment compared with other options, such as ASPs and Thin Client Software.

- With SaaS, you save in the short term and pay as you go, with no licensing fees and no need for new hardware, reducing the upfront costs for software and supporting hardware.

“And with the right vendor, you get all of the supporting professional services to deploy and manage the program,” says Kaplan.

- Over the long term, with SaaS, staffing and recruiting firms benefit from not needing any further IT investment, no software maintenance or update fees, and no need for an on-site server.
- Your company can focus on its core competencies and functions, without worrying about IT, infrastructure and software management for your organization.

## Continuous Access to Newest Technology, Including Apps

Because a vendor offering an SaaS solution rolls out program enhancements and updates across its platform, with the right vendor, customers benefit from always having access to the newest technology and innovations. The bottom line: SaaS gives smaller firms and firms that don't want to mess with IT and hardware hassles access to high-end solutions that they might not otherwise be able to afford.

“Also, those innovations are continuously being provided to SaaS users, with no system down-time, no need for any installation and minimal training,” says Akken's Tim Quirk.

That includes the new slew of Application Programming Interfaces (APIs or “apps”) that are continuously coming to market, says industry observer and consultant Kaplan. An app is basically a set of programming routines, protocols and tools used to build software programs for specific operating systems. Just as there are apps for smart phones, a growing market exists for apps for staffing and recruiting software. SaaS solutions are uniquely positioned and designed to take advantage of app technology.

“Recruiting and hiring managers benefit because quality SaaS vendors are using a common set of APIs to encourage and permit greater operability,” Kaplan says. “It means recruiters can integrate and take advantage of efficient and effective sourcing and recruiting functions easily and quickly as part of their fundamental SaaS solution.”

## Meeting the Challenge of a Mobile Workforce

The nature of staffing and recruiting is one of an increasingly mobile and decentralized workforce ... just like the world of qualified candidates has become. Because of its Web-based access and vendor-hosted technology, SaaS is much more practical than ASP or enterprise solutions for the new environment.

“The old forms are more centralized, more static and simply don’t work in today’s changing business environment,” Kaplan says. “Greater access to applications via the Web and well-featured SaaS applications makes them and their offices more efficient and more effective.”

SaaS also allows smaller organizations to cost-effectively make their software applications more accessible to more staff members, as well as possibly provide applications to their own customers and business partners.

## Scalability, Flexibility and Service to Meet Changing Needs

All of the issues laid out so far point to why SaaS can provide a faster response to a client’s growth and changing needs, as well as service that is faster to respond to demands and quicker to be implemented for all users.

Because SaaS is generally subscription-based, you pay for what you need. But with the right vendor, you have the option to immediately – with the flip of a virtual switch – tap into more power and more features and functionality.

Also, because the SaaS vendor is able to make all of its features available across its entire platform and is Web-based, leading SaaS vendors take advantage of the nature of the technology to encourage user input and communication. This in turn encourages and speeds up development of enhancements, fixes and new features to meet the changing needs among the users.

“It’s social networking across a community on a multi-tenant platform,” Kaplan says. “It allows a community to share best practices, and it offers vendors the ability to gather benchmarking data to improve the system even further.”

“Again, this means the recruiting organization can focus on its work, not on what it needs to do, or what it needs to add, or who it needs to hire on the IT side to keep moving forward,” Kaplan says.

The best SaaS providers today recognize and respond to how their technology has caused a shift in customer expectations. As a result, top SaaS providers typically provide some level of support with subscriptions purchased. For staffing and recruiting firms, that’s great news. It means they have the opportunity to evaluate software providers not only on their features, but on their service as well.

“You have the opportunity today to make sure your business will be supported over the long term as your needs evolve,” Akken’s Quirk says. “One of the most important aspects to the SaaS model – Software as a Service – is the word ‘service.’ For the software vendor, the days are gone when you could chant the old mantra, ‘We sell software licenses, no support included.’”

## Security of SaaS: Modern Solutions for Modern Times

Security concerns are often cited as among the greatest hurdles to implementing SaaS.

“In the world of recruiting and hiring, a large number of the community are still uncomfortable with the concept of SaaS, even though they use it every day for their banking, payroll and other functions of daily business life.” Kaplan says. “But being willing to be more comfortable with this alternative for their core business functions is crucial, or they will be left at a significant competitive disadvantage.”

**“With SaaS, if your laptop is stolen, you don’t lose your data.”**

“Access control, encryption levels and the other capabilities of SaaS combine to make it more secure than on-premise systems,” Kaplan says.

ITWorld.com, a resource and reference Web site for the IT community, identifies three basic areas of concern:

1. Data center security
2. Application security
3. User security

“The best SaaS providers in the market discuss each of these areas with their customers, demonstrating how their SaaS solution is as secure, and frequently more secure, than what an internal IT department can provide,” ITWorld’s Martha Young writes. “A bold statement, I know, but ... SaaS implementations are more secure than on-premise solutions.”

**The SaaS data center** is secure because it’s accessible from only two points: the front end, which users utilize, and the back end, used by the SaaS provider for maintenance and management. “Limited entry eliminates all the ways in which data is lost or stolen,” Young says.

As Kaplan puts it: “With SaaS, if your laptop is stolen, you don’t lose your data.”

<sup>5</sup> Martha Young, Security Concerns in the SaaS Environment, January 2009, ITWorld.com, <http://www.itworld.com/saas/60464/security-concerns-saas-environment>.

**SaaS applications** are secure because well-designed SaaS technology goes beyond the standard password access methods to also include encryption of the password, logging the number of attempts to log on, and even encryption of fields, text and attachments. “Application security also disables Java Scripts, one of the leading causes of malware and malicious activities,” Young writes.

**User security** is stronger with SaaS compared with traditional systems because identity management is maintained in the user’s directory access protocols. Permissions and denials are controlled by the user’s administrator, and the directories can be inside the organization’s firewall, at the SaaS provider’s site, or in a third location.

## Future Trends for SaaS and Staffing and Recruiting

SaaS is quickly becoming a largely accepted form of deploying recruitment and staffing solutions, and is often considered the smart deployment method for companies that want to reduce implementation and ongoing costs, launch and implement solutions more quickly, adapt to a mobile workforce and rapidly changing technology and greatly reduce the headaches and hassles of IT and software management and maintenance.

According to research earlier this year by Plateau Systems and Saugatuck Technology, nearly 40 percent of HR executives surveyed plan to implement SaaS for one or more core HR systems before the end of 2011, and nearly 50 percent plan on having SaaS-based, core HR administration applications in place by the end of 2012.

For recruiting and staffing in particular, SaaS solutions are rapidly moving to provide greater functionality, integrate more core apps to run the front and back office and, in the case of industry leaders, adapt and expand their programs to be even more in sync with the demands of the market, such as making their systems accessible directly from mobile-device applications.

For more information on SaaS for your staffing or recruiting business, visit:

- <http://www.akken.com/solutions/software-as-a-service.php>
- <http://www.thinkstrategies.com/researchpublications/whitepapers.html>

### About Akken

Akken is an innovative Software as a Service company that is growing fast and causing a rapid shift in the staffing and recruiting market. Akken provides the first all-in-one business software suite to automate all core front- and back-office functions of staffing and recruiting firms. For more information please visit [www.akken.com](http://www.akken.com) or call 1-866-590-6695