

# Impact of Artificial Intelligence on Recruiting

Faster, Cheaper, and more Predictable – How AI is solving the biggest recruiting inefficiencies

**The most important general-purpose technology of our era is artificial intelligence.** – *Harvard Business Review*<sup>1</sup>

## Artificial Intelligence (AI) is revolutionizing the world

Without question, its impact will be felt across the entire economy. No profession will be immune: doctors, truck drivers, accountants, retail workers, lawyers, etc. In the sphere of business, AI is poised have a transformational impact on the scale of earlier general-purpose technologies – like the internal combustion engine and electricity<sup>1</sup>. Although AI is already in use in thousands of companies around the world, most big opportunities have not yet been tapped<sup>1</sup>.

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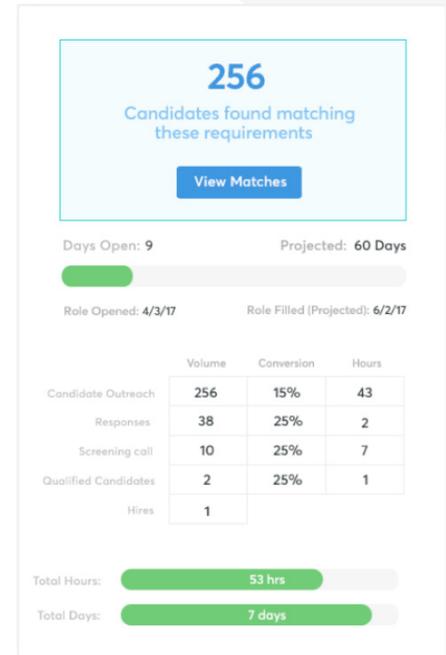
*What does this mean for recruiting? Will recruiting become obsolete? What role does AI play?*

Of course, recruiting is, and will continue to be, a mission critical function for companies of all sizes. It isn't going anywhere. The time and money devoted to recruiting is substantial. \$147 billion annually in staffing agency fees in the US alone, with companies spending an average of \$4,500 per hire, and dealing with a 60-90 day average time-to-fill<sup>2,3,4</sup>. However, this very manually-oriented, time-consuming and expensive process is being disrupted and revolutionized by AI, which is starting to play a massive role in making the recruiting process more predictive, efficient, and cost-effective.

## Predictability – driving better resourcing planning and forecasting

In the majority of organizations, hiring needs and timelines are typically set from the top down. The scenario is often something like, “OK, we need to grow revenue by \$X this year, each salesperson brings in \$Y in revenue, so therefore we need Z salespeople by start of Q2.” Or “We need to launch X products this year, so we need to hire Y engineers and Z product managers by January 30th.” Simple math problem, right? Wrong, of course. In most cases, those parameters get passed down to the recruiting team, with manufactured timelines driven by business goals vs. an actual market-driven bottoms up plan.

How does AI change this process? AI takes into consideration the market dynamics of the roles – total pool size, target geographic area, competitive dynamic, and many other parameters, to drive how much time and level of effort is required to fill these specific roles. It allows the recruiter to understand talent pool size dynamics in real-time and use those dynamics to define the right candidate profiles. AI enables recruiting teams to accurately define hiring plans and resources based on actual market data, versus the typical top down approach described above. This drives effective recruiting management, allowing recruiting leaders and hiring managers to have a more strategic planning and forecasting conversation with their clients.



## How does it work? Based on different levels of AI functionality and sophistication

- In a basic system, AI allows the hiring manager to input key target requirements, such as territory, quota, average order value, sales cycle, etc., and by applying proprietary algorithms run against custom data sets, returns with a forecasted candidate pool.
- More sophisticated AI systems additionally recommend what experience levels to look for – i.e. years of sales experience, base salary range, on-target earnings (OTE) range, etc. AI can also be used to cross reference a company’s Applicant Tracking System (ATS) to ensure candidates aren’t duplicated.
- In the best of systems, the AI system returns predictable conversion rates and timelines, enabling hiring managers to identify the number of candidates available for outreach, as well as the expected follow-on conversion rates: how many responses expected, number of screening calls that will be made, the size of the qualified candidate pool, and finally -- the hire, and as important, how long that role will take to fill. Being able to present the required candidate pool size and the “projected role fill date” is an effective way to manage expectations.

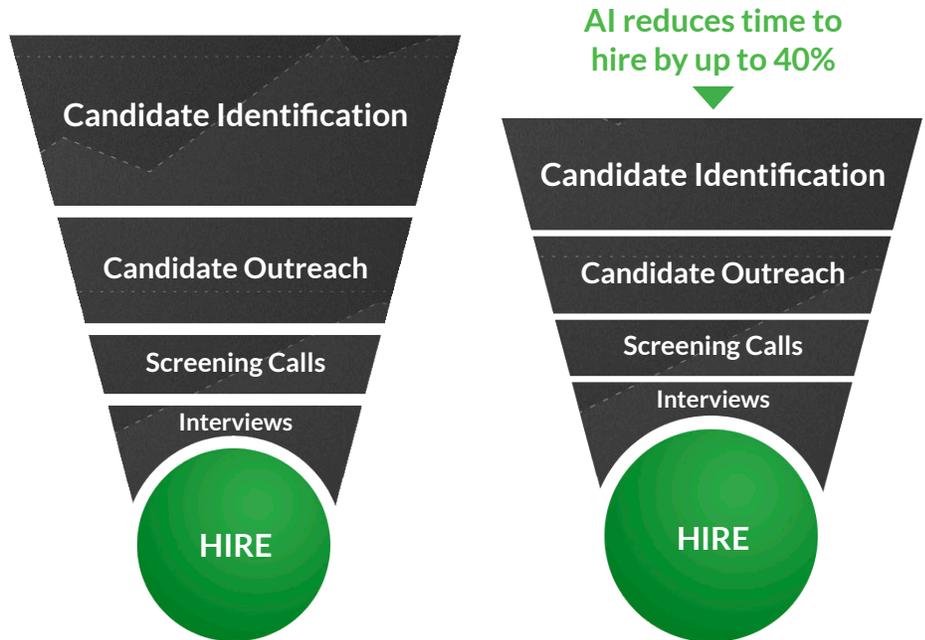
## Bottom line:

Applying Artificial Intelligence to the recruiting planning process vastly improves the recruiting team’s ability to deploy the right amount of resources, and results in better predictability and accurate forecasts for candidate fulfillment. It also allows recruiting teams to adjust the hiring strategy in real-time, thus avoiding the expensive fire drills that happen when hiring timelines start slipping.

## Efficiency – leveraging sourcing automation

Research shows that over 60% of a recruiter's time is spent just trying to find the right candidates – pouring over résumé databases, writing complicated Boolean searches, guessing which companies might provide candidates, dealing with the constrictions of LinkedIn InMail, etc. AI has a huge impact on sourcing. Machines can crunch billions of data points, and allow recruiters to immediately identify the right candidates for the role.

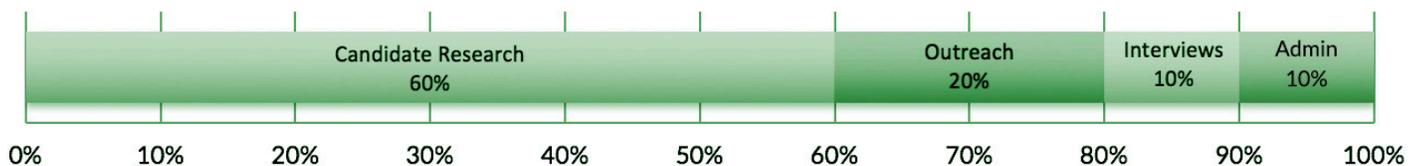
When it comes to candidate sourcing, weeks and months of human work can be executed in a few seconds using AI. Recruiters no longer need to ask their hiring manager for the dreaded “list of companies” to target, or play hide and seek with resume databases. Based on targeting parameters, AI will analyze hundreds of variables across millions of companies to define the right targets at a scale not possible in any other way. It will also analyze candidate data and surface a wider range of bias-free candidate pools based on sophisticated scoring techniques. All of this occurs in real-time – i.e. click button, see candidates.



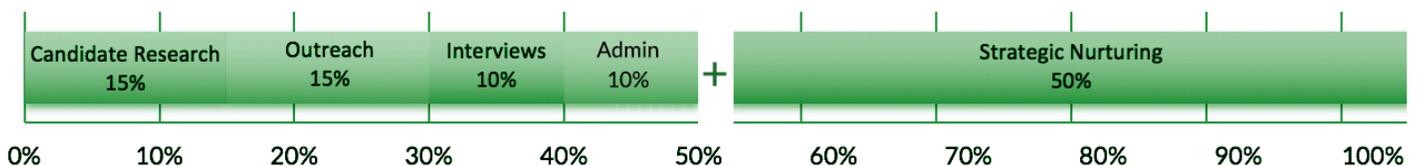
Along the same lines, AI allows the outreach to those candidates to be more automated, personalized, relevant and effective. Automated candidate nurturing programs, based on proven B2B and B2C lead nurturing techniques, allow targeted communications to candidates without the manual overhead and tracking most hiring managers currently spend precious time on. Candidates dropped into the nurturing system begin to receive a series of communications to move them through the nurturing process automatically, ensuring a consistent messaging approach, driving candidates to close.

AI allows recruiting managers to keep tabs on their target candidate sets more easily. AI-based triggers drive follow-up communications at key moments. This “right-time, automated interaction” drives higher conversion rates and more successful recruiting.

### Traditional time distribution



### AI based time distribution



## Upsider Case Study

A Fortune 500 media company was looking to fill over twenty-five roles around the US, and brought in Upsider to supplement their existing recruiting team. In phase one of the engagement, Upsider focused on the San Antonio market, as it's a relatively small market of candidates, and their best recruiter was working it for over three years. The media company was convinced their recruiting team had the market fully covered.

Once engaged, Upsider consistently delivered matches that included 35% net new candidates. These new candidates aligned perfectly with the target role requirements, which the company had been unable to match previously. This new set of candidates led to a large spike in screening calls, and accelerated the company's hiring process, with their recruiters describing the pipeline numbers and the platform "amazing".

**Clear ROI: Upsider shortened the media company's hiring cycle by over 30 days, leading to an opportunity to generate an additional \$60k in sales, as the role closed one month faster than historical averages.**

## Bottom line:

Artificial Intelligence is having a massive impact on the outbound recruiting process. Candidate pools can be developed instantly, allowing recruiters to save enormous amounts of time and become more strategic with their targeting. Personalization data can be surfaced more easily, allowing for faster and more relevant outreach.

## Cost-Effectiveness – saving time and money

Using known data about the role and the business, AI removes massive inefficiencies from the recruiting process. Recruiters become more impactful, productive, and strategic, allowing them to spend time on higher value activities like personalization, relationship building, and candidate nurturing. Cost savings are derived through increased productivity per recruiter, less reliance on staffing firms, and other lower ROI-based spend.

## Upsider Case Study:

An Upsider client recently took on the search for a new Sr. Account Executive Role in Boston. The client had a team of two recruiters working the role in traditional ways, and it took them 35 days to find around 450 prequalified candidates. After applying AI to the recruitment process, they were able to quadruple the number of prequalified candidates to 1,600, in less than one day. This process freed up their recruiting team to focus on more personalized messages and better candidate nurturing. It also saved them from adding more recruiters to the job, which would have been necessary to hit the aggressive hiring timelines. After using AI, the client saw a 5x increase in screening calls per week, and led to a significantly shortened hiring process.

**Clear ROI: AI saved the client from adding two \$50k/yr. resources to support the role, a total savings of \$41,665 over their five-month recruiting process. AI also increased the yield of their existing recruiters by increasing their monthly placement capacity by 3x.**

## Bottom Line – AI is the future, and the future is now

AI is a transformational technology that can have a disruptive impact on recruiting management. By leveraging AI, recruiting managers will vastly improve candidate identification and matching, provide better recruiting predictability and accurate forecasts for candidate fulfillment, and reduce overall recruitment costs and reliance on third party staffing agencies.

Harvard Business Review summarizes it perfectly: “If managers aren’t ramping up experiments in the area of machine learning, they aren’t doing their job. Over the next decade, AI won’t replace managers, but managers who use AI will replace those who don’t.”

## Find Out More About Upsider

Upsider provides a Recruiting Management System (RMS) that brings predictability to the employee recruitment process by applying Artificial Intelligence (AI) techniques to a traditionally manual process. The core of Upsider RMS is a proprietary database that includes tens of millions of high performing candidates across a variety of job categories – sales, engineering, marketing, etc. – covering 5 million companies.

### This enables Upsider to:

- Apply AI to automatically identify the total pool of candidates in any US city based on metrics about the role and business
- Forecast internal time, resources, and level of effort required to make a hire
- Determine best candidates across net new, existing in an Applicant Tracking System (ATS), and strongest referral introductions

**Upsider also includes outreach tools to automate the prospect communication process, delivering recruiters an all-in-one solution that:**

1. Automates the candidate identification process
2. Gives recruiters a predictive forecasting model for job fulfillment
3. Automates the candidate nurturing program
4. Lowers hiring costs and time-to-fill rates

Find out more about how Upsider can introduce more predictability and efficient into your recurring process.

[Schedule a demo now >](#)

### Footnotes:

1. Note. From “The Business of Artificial Intelligence,” published by Harvard Business Review | July 2017
2. Note. From “How To Reduce Your Time To Hire,” posted by Optimize | March 14, 2017
3. Note. From “2016 Human Capital Benchmarking Report,” written by the Society for Human Resource Management | November 2016
4. Note. From “U.S. Staffing Industry Forecast: April 2017 Update,” posted by Staffing Industry Analysts (SIA) | April 11, 2017