Maurice Fuller

Hi everyone. I'm Maurice Fuller, and thanks for joining us. Today I'm with Rishabh Mehrotra, CEO of Avionte, and Jake Rohn, one of the Founders of WorkN. Today we're going to talk about Avionte and its acquisition of WorkN. Rishabh and Jake—welcome, and thanks for joining me today.

Rishabh Mehrotra

Maurice, thank you for having us on your show. I've been at Avionte for about a year now, and I'm very excited to be here. I've spent pretty much my whole career in human capital management on the employer side of things, and I had the opportunity to be part of the staffing industry, which is super exciting. The pace of change that's happening in the staffing industry is both daunting and exciting. Part of my journey here at Avionte is to really think about how we bring value to our clients, and how we can play a role in this emerging digitization of staffing. It's a very exciting time to be at both Avionte and part of the staffing industry.

Maurice Fuller

I agree that it's an amazing time to be a part of the staffing industry. Jake, you co-founded WorkN in 2015. Tell our listeners a bit about yourself.

Jake Rohn

Sure. Hi everybody. Thanks, Maurice, and thanks for hosting today. I'm really glad to have an opportunity to talk to you and everybody in your audience. We founded WorkN in 2015, Steve Blakely and myself—he's the other cofounder. Steve and I have worked together for twenty-two years. Our previous company was a video staffing platform in Healthcare, and we saw through that venture that one day staffing would need a broad technology. As you said, in 2015 we founded WorkN with the expectation that one day the staffing industry would want to provide an amazing candidate experience that engaged talent, customers, and technology in new ways. We started that journey in 2016 when we launched the first version of WorkN. Six and a half years later, we're continuing to build and expand the platform, and we're very excited to do that with Avionte.

MF

Awesome. For listeners with WorkN, Jake, could you tell us about the WorkN product and its capabilities?

JR

Sure. I think the perception is that WorkN builds white-labeled apps, and that is true. That's a very important part of the experience, but that's the tip of the iceberg. It's the easy part to see and it's the easy part to focus on because it's the part that's above water. But beneath that native app experience that we build is a very robust platform that does a number of things. It connects the apps to the ATS, to the back office system, and to the other partners that are integral in providing an end to end experience. It also has a bunch of native capabilities in it: Workforce Management, marketplace technologies,

things that are required to really ease the burden and increase the transparency of work to talent. So we focus—probably 70% of our r&d is below water, so to speak, building all those underpinning technologies that really make the apps come to life. And then 30% is building the apps themselves and working on actual feature functionalities that we can see.

MF

Alright, terrific, I know WorkN and Avionte have been working together for quite some time. How did the acquisition come together?

JR

From our standpoint, we started in 2015 and launched in 2016. By the time COVID came around in 2019, it really acted as a bit of a catalyst for staffing companies to look at themselves differently, especially as the shock of COVID wore off. People realized that the world wasn't shutting down; it was changing but not shutting down. So as a result of all of that, we saw the inflection point of this going from the future state to the current state, and staffing companies talking about the future to actually signing contracts, creating partnerships, and moving forward.

What that created for us was an inflection point. We had to decide how we were going to handle that growth and really expand what we do servicing people the whole staffing industry. And there were really two choices. It was either go and raise a big slog of capital, or partner up with somebody who saw the world very similar to ourselves and had the resources and wherewithal to effectively do that with us. When we looked around, Avionte was the obvious partner for us, and we are very thankful that we were able to take that partnership and stand up to what it is today as an acquisition.

MF

Rishabh, from your point of view, how did the acquisition come together?

RM

So as you've mentioned, WorkN and Avionte have been partners through our Avionte Plus integration program. And through that, Jake and I and our organizations have had a chance to work together and get to know each other. I think there's a great strategic fit, which I'll talk about shortly, in terms of where WorkN is going with candidates and their view of the world, which fits in very much with our view of how things are emerging. There was a really good fit in terms of platform—very little overlap and a lot of synergy in terms of how the platforms can work together—and very importantly, the team and culture. I think the team at WorkN and the team at Avionte work very well together. Both Jake and I and our teams have a very similar perspective in terms of the culture. The fit was very good, and it was just a natural extension for us to do the acquisition. And we couldn't be happier with the acquisition.

MF

So there's a really close alignment between the two teams and the direction that you're headed. I wanted to get your views, Rishabh, on the consumerization of staffing. You've spoken on this topic before, and I agree that this is a really key direction that the industry is headed. Share with us your thoughts on this, please.

RM

I think we're at a very critical pivot point in the industry right now. As we talked about at our user conference, there are some key trends that are out there happening right now in the staffing industry. One is labor shortages; we've been talking about labor shortages, and they're going to be around for a while. Second is around disaggregation of labor. So if you think about healthcare, there's the same person doing two or three different jobs or shifts in a week when it comes to home health. Then there are other trends like dynamic pay, virtual staffing, etc. that are core to what is happening in the staffing industry.

If we just take one trend, which is around the labor shortages, and in other industries where you start seeing this power shift to, in this case labor but in other industries to the consumer, you start seeing a real shift in terms of how those industries adapt. Amazon being the best example of how it shifted from the way you order things, and you're no longer expected to have fifteen minutes wait times to order a sweater online—it just takes a few clicks on a phone. Similarly with the labor shortages, your employees are now your consumer. So we will see a real shift over the next few years in what I call consumerization of staffing.

What that means is that we need to ask ourselves the question, why is it so difficult for somebody to get a job compared to ordering on Amazon? What do we need to do to enable that experience for an employee and make it as easy as ordering on Amazon for them to get a job? How they find a job, how they find a shift, how they get paid, how they get onboarded, how they take a look at some of the incentives and benefits that they would get in temporary jobs. How do we pull all of that together in a single place? We think that is going to be a primary trend that's going to be driving the industry. From a strategic standpoint, we want to be the leaders in terms of driving that candidate experience across the industry.

MF

I'm sure that plays into your strategic rationale for acquiring WorkN.

RM

That's exactly right. When we looked around, we found WorkN to be the leader in candidate experience technology. I think, as Jake mentioned, that the mobile app is just the tip of the iceberg. They do have a proven mobile app. We've got a complementary set of platforms with Avionte Bold and WorkN, and there was really no overlap. There's a great integration and an ability to drive faster recruiting and also a more efficient recruiting experience that ties into our core strategy. What WorkN provides is a

candidate centric delivery model; what Avionte provides is a recruiter centric platform and ATS platform that does end-to-end software from a recruiter standpoint.

So we saw a great fit there from a technology standpoint and a strategic standpoint. The combined solution delivers significant advantages in terms of business results for our clients: faster time to fit a job, higher fill rate, higher show-up rate. It also gives us an ability to, in the future, layer on additional services that we have like onboarding, like our change card where we can do payments and incentives and communications to talent, all through this mobile app that WorkN has. So we're starting to look at this consumer experience for employees as being mobile first. It really gives us a second pillar—the ATS being one. This is at that same level as the ATS and is a second pillar in terms of our strategy.

MF

Alright, fantastic. And I love the way you draw these parallels between Amazon and staffing and how that's changing how we think about staffing and our expectations.

Jake, I wanted to talk to you a little bit about WorkN. I've spoken with several WorkN customers, and they absolutely love the product and they're seeing some great successes from it. How is WorkN helping your customers deliver a better candidate and talent experience?

JR

It's an interesting question, because on the surface, it seems straightforward. Put an app out and people will use it, and that should drive efficiency, but that's really just the very simplified version of it. The first way I would answer that is, let me describe what it's not. If you think of Uber, and you think of Upwork and some of the other marketplaces that are out there, it's easy to draw parallels. In fact, when we first started, people would say, "Oh, this is the Uberization of staffing." Well, that's a very extreme case.

In fact, when we work with our clients, we don't talk generally about getting to that point. You can think of traditional staffing on one side and full marketplace technology on the other. In between is a spectrum of steps that you can move an organization through to increase automation step by step. One of the things we focused on early on was, let's make sure this platform can actually guide an organization through that transformation—that we don't force it to become a binary point that says that today, on Friday, you're a traditional staffing firm, and on Monday when this goes live, you're Uber. That would fail, hand over fist. That's the wrong model.

What we built was a platform that said, let's work with our customers to understand the journey that they're going to take and how far down that spectrum they want to go. Very few of them would describe getting to a full marketplace model. I think that most of our clients, and us on the other side of the table, believe that it's a journey to automate, but it's not going to fully automate the staffing firm to the point that recruiters don't exist, as

some of the extreme models would dictate. They will certainly transform. How we do it is working with the client to say "okay, we have a very pliable platform that's very robust. But let's work with you to understand where you're at, what your digital transformation journey is, and how far you want to go. Then let's craft based on the best practices and what we've seen before." Which, by the way, took many years to figure out, because this was new. How far down that spectrum are we going to go together? It becomes part of the DNA of the staffing organization, but it takes time to make that change. The change is not just about the technology, but it's about working with the organization to make sure they know how to implement it. And frankly, it's about working with people who've probably been in the career for 30 years as a recruiter and are now looking at this, some of them being very excited at first blush, others being a little timid or concerned, and making sure everybody understands that this is a win win for all parties. Really the only people who lose are those who ultimately don't adopt something like this. This isn't about making the recruiter obsolete.

MF

Right, Absolutely. You know, I've been in the staffing industry for a long time. And it's rare when you come across a technology that really results in a step function improvement in performance. What you were suggesting with the change management part is really important because there's a lot of change that's involved. What excites me a lot about WorkN is that you've seen some really significant improvements in terms of operational efficiencies. I was hoping you could share with us a little bit about that.

JR

Sure. I think some of the clients who have been at it for a while, meaning generally a year plus for a larger firm as the type of timeline I'm talking about, we've gone back and done studies with them, some of which have been very public. But we can see somewhere between 25 and 35% gross margin improvement. You can measure that in a lot of different ways. You can say, hey, what's the efficiency of my recruiter? What's the gross margin of my organization? Whichever sort of macro KPI you pick, so far it's ended up being in that ballpark. As a result, we've got enough success stories now that we feel confident that that is a realistic goal.

That's exciting because for years, frankly, we had to sell with that not being a proven result because it was new. So we eventually got to the point now where it's proven. You might say, what drives that? What drives a 30% gross margin improvement in an organization? The answer to that is almost everything. Pick your metric: time to fill, show up rates, number of jobs you can manage, positions per recruiter, compliance issues. You name it—it really moves every needle there is because it's such a holistic change in the organization. Clients will say, well, what metrics should we watch? And we'll say, well, everything that you would watch normally. Let's just focus on the real big goal, which is getting to that 25 to 35% gross margin improvement.

MF

And that's huge. Alright, thanks for sharing that with us. Rishabh, tell us a bit about your vision for Avionte 24/7.

RM

So, just in line with the consumerization of staffing that we talked about with our partnership with and acquisition of WorkN, we've recently launched our 24/7 app. This is exclusively available to Avionte clients. What it is is taking the WorkN application and being able to provide it with a real turnkey implementation to our clients so that they can get it on with a very easy way to provision it. But it's also a platform for us to add other components around the whole candidate experience, so things like our change card. We're able to leverage the same platform for things like onboarding and communication. Our vision is to be able to build out that 24/7 app as the best candidate experience mobile app that there is. Obviously online staffing is a big component of it, but there are other elements that are currently provided to our old app to our recruiters that, as I've mentioned, in this consumer centric world, employees will be doing some of those tasks in the future. So we now have an application to enable that very, very easily.

MF

Alright, so all Avionte customers will have access to the 24/7 app. That's super exciting. Question for both of you: what are your plans for supporting WorkN on other ATS platforms going forward?

JR

This is really critical, and I want to make sure this is crystal clear that our mission is not changing. We're here to support the industry at large, old clients and other ATS clients equally. We serve them all. That's, by definition, the piece of this relationship that was critical for me as we considered the sale of WorkN to Avionte, is that 70% of our clients today are not Avionte clients. They are everything else in the industry. We've made commitments to those clients to continue to not only service them, but to innovate for them, to make sure that we provide the same world class service levels we always have. And that will continue. By definition, that's when Rishabh says that this is a two platform view of the world—that's the key. This isn't a hub and spoke view of the world, which is kind of the classic way that technology has been acquired in the staffing industry. Buy something and then once I buy it, the only way you can get to it is by moving your ATS to me. By having this two platform view of the world, we can continue to serve. And we're motivated to serve the industry at large.

MF

Thank you so much. Tell us a bit about the roadmap and what we can look forward to seeing in the future.

JR

The roadmap is pretty exciting. I mentioned in the beginning that the acceleration of our r&d was something we needed to do. Even though we have a lead position as the top

engagement platform in the staffing industry, there's a lot ahead of us. With our r&d, we think of it on a number of different fronts. We have a team dedicated to what we call systems integrations, which just means integrating to ATSs and making those flows more and more robust. A very significant part of what we do is just bringing all this data together in front of the talent, and it's not necessarily data that comes from the same system. A lot of it comes from the ATS, but some of it will come from the back office, the middle office, and other partners. Stitching that all together is a big piece of our commitment to staffing companies. We will definitely continue to innovate on that front.

Obviously, we will continue to innovate on app experiences. We have a library of add-on experiences that any staffing company can get. So there's a base set of experiences but then also these add on experiences that make sense in different contexts for different staffing companies. We will work with a customer to say, well, what add-on experiences do you want in your apps—and that is in addition to branding and everything that goes into producing the app to begin with. We'll continue to build more add-on experiences.

The workforce management marketplace technology has a very long tail, meaning once you say, hey, we're going to take that job order and convert it into shifts and now let people manage shifts, that's the line that ATS systems and back office systems very rarely crossed before WorkN. Now that we're deep into that, we continue to innovate on workforce management, the management of shifts, the management of work, and different workflows in different contexts. We see a very long road ahead, I guess you could say, in terms of continuing to innovate on that front. We have to continue to innovate from different angles. New angles that will come in will include things like communication and engagement. We will include things like client experience, which is becoming very popular right now. The normal way that a staffing company will roll this out is to focus on the talent experience first and then on the client experience second, for obvious reasons. So we're getting into the phase now where a lot of clients have been at this for a while and are starting to holistically try to separate themselves competitively in the market by offering a client experience, not to all clients, but they'll say a certain type of client that gravitates to this—we want to be able to bring them this technology. And in fact, in the last year we've seen clients themselves asking the staffing companies, "do you have this?" And that was a magic line that we were waiting for to know that this had really come of age, and we're seeing that very regularly now.

MF

Wow, that's really exciting that it's flipped now where the clients are asking for this. The roadmap is really exciting. I want to circle back to something that you said earlier, but this question is directed at Rishabh regarding plans for supporting WorkN on other ATS platforms.

RM

Good question. I know Jake has answered that. People are a bit surprised by my answer, but at the end of the day, our view is that we want to create the best candidate centric experience. Obviously, in many cases at the end of the day we are going to do that with our Avionte Gold platform, but we're equally open to doing that with WorkN and some of their clients that are on other platforms as well.

At the end of the day, we see this whole pivot that's happening in the industry around creating the best candidate experience, so we don't want to limit it where you must have one ATS. At the end of the day, we want to keep investing in WorkN and investing in making the best candidate experience for all clients, regardless of the ATS that they use.

MF

Okay, fantastic. And same question to you, Rishabh. The roadmap: what can we expect from the Avionte side?

RM

As we think about our view of the world, we want to create the best recruiter centric experience, so for that we're continuing to invest heavily in Avionte Gold. We are in the process of webifying our back office so recruiters can have a single platform for front office and back office. In addition, we are building a premier business intelligence platform, which we're pretty excited about, especially with some of the data that we'll be able to get on the candidate side of things. We will have an entire new set of data from the recruiter, from payroll, and from the candidate. So we think we can get some exciting insights and intelligence to our clients in terms of profitability and when they should invest. That's one core part of what we're doing with Gold. Then beyond that, it's the areas that Jake talked about, and how we create that end to end candidate experience. Being able to integrate the change card into the 24/7 app, being able to integrate things like onboarding, messaging, and incentives—those are the things we're going to be investing in to make sure we're creating the best candidate experience.

MF

Fantastic. There's so much exciting innovation coming along to take this industry to the next level to be able to provide our clients with higher value added services. I want to thank both of you. This has been a phenomenal discussion. Thanks everyone for listening, and we will see you on the next Staffing Technology Podcast!