In October, Spend Matters reported on Workforce Logiq’s acquisition of the workforce data and analytics firm ENGAGE Talent. The acquisition of ENGAGE capped a big year for a company that, under the leadership of staffing industry outsider Jim Burke, has been innovating beyond the boundaries of the traditional — some would say commoditized — MSP model.

This Spend Matters PRO brief analyzes the acquisition of ENGAGE Talent as a key milestone in the execution of Workforce Logiq’s innovation and transformation strategy. Taking a closer look at ENGAGE Talent (and what it does) is important, but it is at least as important to put the acquisition in the broader context of where Workforce Logiq is heading. Consequently, much of the brief will focus on that context.

This brief should provide a useful update for contingent workforce and HR executives who are thinking about where to go next with their existing MSP/VMS vendors.

Background
Today, Workforce Logiq describes itself as a leading provider of global workforce management and universal sourcing solutions that helps organizations achieve greater management, performance and financial control over their global workforce and talent supply chains. It is a vendor-neutral provider that manages over $3 billion in spend and around 8,000 supplier relationships across more than 50 countries and four global solution centers.

Founded as ZeroChaos in 1999, the company was known in the staffing industry as a hybrid VMS-MSP and workforce direct sourcing solution provider. In mid-2017, The Carlyle Group became the principal private equity investor in Workforce Logiq (then ZeroChaos). In mid-2018, Jim Burke — a seasoned leader with a reputation for transforming organizations in the technology industry — was brought in as CEO and rapidly went to work re-assessing the company’s position and strategy in a changing staffing industry and human capital space.
Burke’s research, which included many customer conversations and an examination of changes taking place in the workforce management industry overall, seems to have led him to several hypotheses about the future of the business. Burke talked about his findings in an interview with Spend Matters in mid-2018:

• “There is no dominant global competitor. Some are bigger, some are smaller, but I don’t think anyone has yet cracked the code on how to innovate using technology and data to enable better service outcomes around contingent labor management on behalf of large clients.”
• “I think of [Workforce Logiq] as a technology-enabled services business. That means we use our proprietary technology, data and global team of industry expert advisers to deliver a better service on behalf of our clients. As the industry continues to evolve, and contingent labor continues to become an increasingly large and important part of the overall global labor force, complexity will increase. I know from my experience in similar markets that as complexity of technology, data and security requirements increase, the ability, and willingness, of clients to do it themselves decreases — almost exponentially.”
• “Artificial intelligence allows you to predict and to change the future. That is highly relevant to what we’re doing here. If we can use AI to better understand and anticipate client needs, even beyond what they may be able to articulate to us, and then to match the right candidate to those needs at the right time, the right cost, and with a higher probability of the right outcome, that’s a great value to clients. That’s what we’re investing in and where we’re headed.”

The company rebranded as Workforce Logiq in January 2019. From then to the present, Workforce Logiq has made significant progress in executing its transformational strategy, at least in terms of laying down some of the foundational elements, including:

• Ongoing internal investment in the company’s existing technology, including its VMS and data analytics capabilities
• The exclusive partnership with Upwork (announced in September)
• The acquisition of ENGAGE Talent (announced October)

Though much has been taking shape at Workforce Logiq over the course of the year (and will be discussed further below), the ENGAGE Talent acquisition represented a major milestone in the company’s journey to deliver a global “predictive workforce management” solution that uses its “proprietary technology, data, and global team of industry expert advisers to deliver a better service on behalf of [its] clients.”

ENGAGE Talent
The acquisition of ENGAGE Talent brings — practically overnight — capabilities that Workforce Logiq could only hope to achieve in years. These data science and predictive analytical capabilities have the potential to enhance the value that Workforce Logiq can bring to its clients, such as providing dynamic, market-based data and decision support.

They will also enable Workforce Logiq in providing clients with a new “universal sourcing solution,” encompassing client-specific “self-sourced” workers, digital platform-based online freelancers and “permanent” workers (all in addition to the ongoing sourcing of workforce through its network of over 8,000 staffing provider partners). And, lastly, these data and predictive analytical capabilities (including AI intellectual capital) can also be leveraged (theoretically, at least) across different parts of Workforce Logiq’s organization, processes and technology infrastructure.

But what is ENGAGE Talent, and what does it do?
Joe Hanna, former CEO and now Workforce Logiq’s chief strategy officer, founded the company in 2014 to aggregate different sources of worker-related data, organize and map that data, and create AI models that can generate predictive information for organizations to use to improve their talent acquisition, retention and workforce management performance. ENGAGE asserts that it is the world’s first AI-powered platform, combining talent mapping, competitive intelligence, passive candidate engagement, outbound recruiting and web listening.

ENGAGE serves enterprise businesses such as Dell, Allstate and Saint Gobain. It has been compared to other solutions like Entelo and LinkedIn Recruiter. (Note: A Chrome browser extension also allows users to leverage ENGAGE insights, recommendations and messaging while accessing LinkedIn candidates).

ENGAGE says that it absorbs data from over 40,000 sources (which range from specific company websites to various workforce platforms and information service providers). The company collects and organizes data at four levels: (1) worker, (2) company, (3) industry and (4) macro-economic (something that it considers one of its differentiators).

Based on the collected data and its proprietary, patent-pending AI models, ENGAGE provides three basic types of capabilities:

- Passive Candidate Recruiting: Discovery of new passive candidate pools and engagement at the right time, with the right message.
- Talent Market Intelligence: Actionable market analytics, predictive trends and competitive intelligence for the most demanding markets.
- Key Talent Retention: Predictive external listening and retention risk analytics to proactively engage “flight risk” workers.

While not inclusive of all its capabilities available to clients, ENGAGE markets three specific product offerings:

- ENGAGE ME™ ProfileSM — Predictor of candidate-specific attractiveness factors for new job opportunities based on their professional history.
- ENGAGE 5D ProfileSM — Predictor of company-specific workplace characteristics for maximum job appeal and interest.
- Talent Retention Risk (TRR) ScoreSM — Benchmark for employment volatility within a company, competitor or industry.

Some sample screen shots can be seen below:
To summarize, key capabilities of ENGAGE Talent include:

- Conduct highly specific, passive candidate search/identification capabilities as well as identify and shortlist those candidates likely to engage with recruiters, apply for and accept jobs.
- Recommend the most effective channels to source for known roles and create future talent pipelines.
- Access dynamic, enriched passive candidate profiles.
- Create talent-specific messaging to improve recruitment and retention engagement rates.
- Provide real-time talent supply and demand and compensation analytics and other market/industry intelligence.

Clearly, ENGAGE Talent’s capabilities are extensive and powerful and appear to represent a cornerstone in Workforce Logiq’s intelligent workforce management strategy.

**Where Workforce Logiq is heading**

At the start of this brief, we noted that, while taking a closer look at ENGAGE Talent (and what it does) is important, it is at least as important to put the acquisition in the broader context of where Workforce Logiq is heading — that is, beyond its current core offerings.

Workforce Logiq has made it clear that it is planning to bring together technology, data and predictive analytics and expert advisory services to enable its clients to overcome talent gaps and source and engage talent in the most appropriate form and from the most appropriate channel/source. While MSPs in the past have mainly functioned as intermediaries between client organizations and their temporary staffing suppliers, Workforce Logiq is going beyond this with what it is calling its “predictive workforce management” and “universal sourcing solution.”

For Workforce Logiq, “universal sourcing” is a multi-channel sourcing solution through which clients can obtain talent, whether contingent (MSP), full-time (RPO), or “gig” (FMS). In this solution, the Workforce Logiq business client submits a requisition according to the typical VMS-based process and a Workforce Logiq advisory team would receive and evaluate the requisition and decide what would be the optimal sourcing option(s) for speed, quality — and cost.
Today, the channel/sourcing options are:

- Traditional staffing supplier option (Workforce Logiq will continue to run its established VMS process to source candidates)
- Self-sourcing option (Workforce Logiq will source candidates through its IQ Talent NetworkSM recruiters, proprietary processes and technology)
- Online freelancer platform option (Workforce Logiq will leverage its exclusive relationship with Upwork to source and short-list candidates from the online freelancer platform)

Effectively, this is an outsourced, multi-channel candidate sourcing process operated by Workforce Logiq, which optimizes channel routing, (in self-sourcing) actively builds talent pools, recruits and shortlists candidates, aggregates data, etc. The aim seems to be to deliver optimal outputs (candidates/work) corresponding to client requirements.

It becomes clear how ENGAGE Talent can play a number of roles in this context:

- “Talent Market Intelligence” and “Passive Candidate Recruiting” can support the Workforce Logiq advisory teams and the internal “self-sourcing” teams. It can also inform clients of retention risks within their organization before they drive internal skill shortages.
- ENGAGE Talent’s data management and AI-based predictive modeling capabilities may also over time play a role in Workforce Logiq’s “universal sourcing solution” data aggregation and channel routing optimization.

From what we understand, ENGAGE Talent’s “Passive Candidate Recruiting” capabilities will be used only by internal Workforce Logiq teams, but the “Talent Market Intelligence” capabilities will be made available for direct use by Workforce Logiq clients as a client benefit.

In any case, the acquisition of ENGAGE Talent will most likely have a quantum impact on the continuing development of the Workforce Logiq “universal sourcing solution” and perhaps much more. And, with that, Workforce Logiq wraps up 2019 with a very positive progress score for its innovation strategy execution and is well positioned for more progress in 2020.

**Spend Matters Discussion**

The contingent workforce ecosystem continues to evolve and digitize, and so must intermediaries such as MSPs. The challenge for MSPs is to grow beyond the commodity trap of managing temporary staffing programs and/or acting as master vendors (the overwhelming source of most MSPs’ gross revenue and probably their own internal workforce cost). Yes, there’s a reason why MSPs can have thousands of employees.

It turns out that escaping the commodity trap is not easy. The main approach by most MSPs, over the past 10 years, has been services diversification (e.g., add SOW and IC management; rate benchmarking; establish or acquire an RPO; earn a margin on program design consulting, etc.). The results of this approach have not been outstanding (as often can be the case of bolt-on services in legacy services businesses). One of a number of reasons for this is the lack of customer experience, process, technology and data integration across the different services.
But many MSPs (now “workforce solution providers”) have been boosting their investments in IT and data analytics in varying degrees, but there is little, if any, outside visibility into what kinds of technology platforms are emerging and the extent to which they will support evolving objectives and requirements of business clients (as well as ecosystem partners and — last, but certainly not least — workers). Enterprise IT projects in all kinds of businesses are risky — many projects fail or just don’t deliver what was hoped for. So outcomes of the projects of MSPs/workforce solution providers are uncertain.

While enterprise technology integration and data analytics, AI and RPA will be critical to the future success of these evolving workforce solution providers, real success will depend upon the extent to which these technologies and techniques will be leveraged by the service provider to add new value to client organizations (e.g., reduce the client’s talent acquisition costs, increase fill rates and time-to-fill, benefit from new work models, etc.). And, in addition to that, the extent to which these technologies and techniques are used to create innovative high-value solutions and become a material revenue stream for the service provider (one which can eventually scale to the same order of magnitude as traditional MSP net revenues, or further.)

We can’t predict what the future of Workforce Logiq will be in the years to come. But we can definitely see some very strong, positive indicators:

- In about two years, the company’s investors and a new management team (of both industry insiders and outsiders), has put Workforce Logiq on a course that is based on customer-centric innovation and the acceleration of adopting new technologies and data analytics/AI.
- The new focus on “universal sourcing” can be viewed in a number of positive ways:
  - First, it addresses significant customer pain points for sourcing talent outside of the traditional channel (a boundary that legacy MSPs have not crossed in any significant way).
  - Second, it provides an organizing framework for the ongoing investment in and deployment or alignment of technology.
  - And third, it has the potential to become a significant revenue generator at scale, if it is done right.
- Overtime, this orientation can shift the value proposition and model of the company from primarily program administration to the sourcing and cultivation of human resources and their services, delivered in multiple ways.

What happens at Workforce Logiq in 2020 will provide a clearer indication of how it is progressing along its innovation path (and whether it is avoiding the morass of bolt-on services and unintegrated technology). But at this stage of its journey, Workforce Logiq seems to be very much on the right track.