



JULY 2011

Monsters, One-Uppers and Recruiting 2.0

A Network Analysis of the Online Career Website Ecosystem
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EXECUTIVE SUMMARY

This study looks at the online career website ecosystem and how the players therein enter and bring value to the market. In analyzing the strategic alliance networks of the major players in the online recruiting space, we must be mindful to never confuse correlation with causation – the network structure may either be the cause or the emergent outcome of one player beating out another in the marketplace. We should also be mindful of the fact that “strategic alliances” are the proxy used in this analysis, and that this is by far not an exhaustive list of each player’s networks. Nonetheless, based upon the inter-connections between players, and upon their position in the online recruiting ecosystem, we can observe three distinct business models which give us clues as to which players are best adapted to the rapidly-changing landscape.

IN THIS STUDY, WE LEARN:

- Monster is fighting a losing battle with Careerbuilder and it is focusing on developing the wrong parts of its network.
- Careerbuilder is experimenting with emerging web platforms, but is not in a position to dominate Recruiting 2.0.
- SimplyHired and Indeed are fighting it out in the vertical search space; Indeed is winning in traffic but SimplyHired is better positioned (from a network perspective) for future growth.
- LinkedIn is in a network position to dominate Recruiting 2.0.

We also play a fun and controversial game of “If I were...”

THE OLD GUARD: CAREERBUILDER & MONSTER

In looking at this system, we can see that the sites which we traditionally think of as “market leaders” such as Monster.com and Careerbuilder.com are highly networked organizations which take a more traditional approach to building strategic alliances. While it is impossible to denote every last business development association, the relationships marked in exhibit 1 are at least directionally accurate in terms of the types of relationships these companies tend to garner.

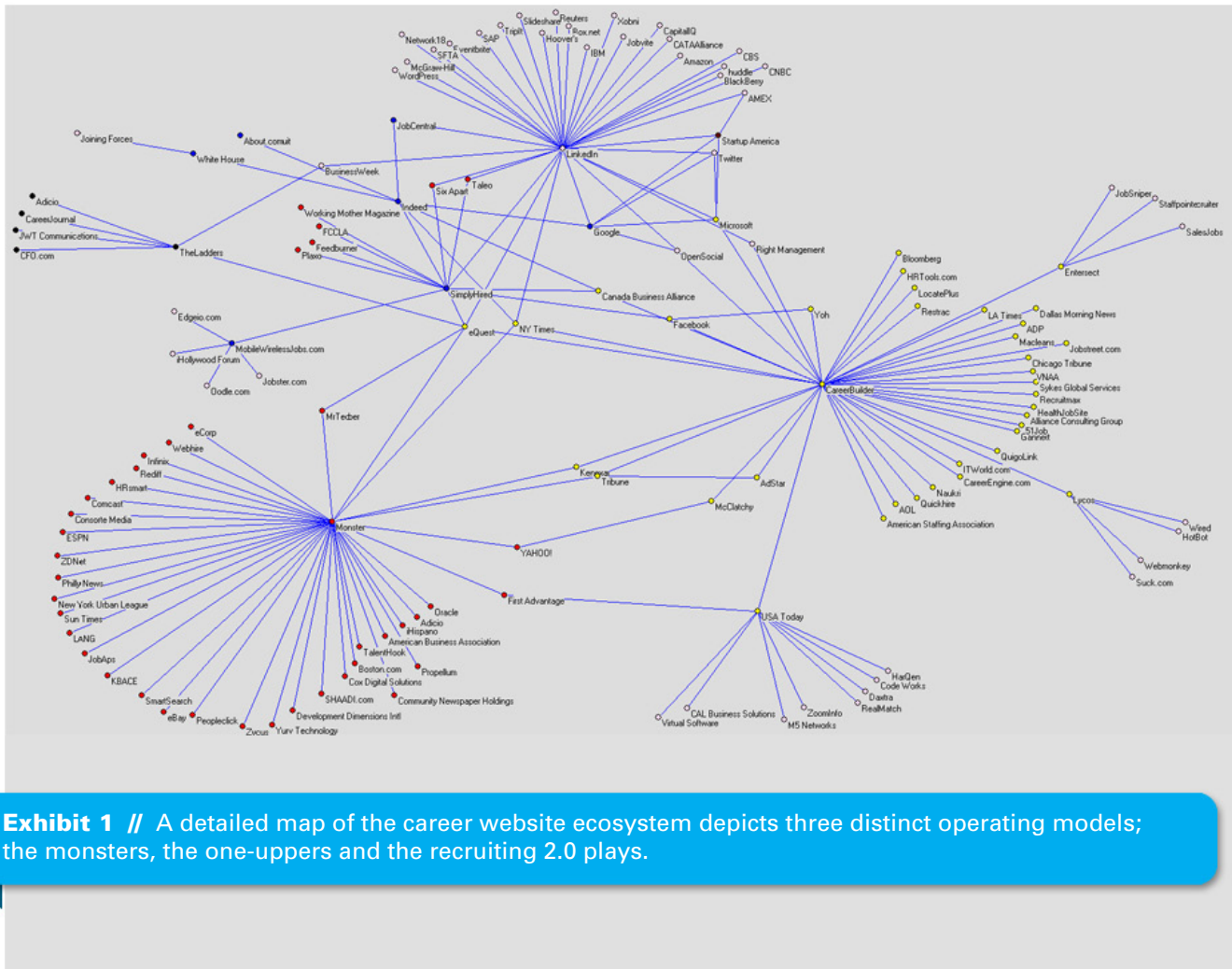


Exhibit 1 // A detailed map of the career website ecosystem depicts three distinct operating models; the monsters, the one-uppers and the recruiting 2.0 plays.

Monster.com was the incumbent player in this marketplace for quite a long time, taking an early leadership position back in the days of Jeff Taylor and growing very quickly post acquisition by TMP Worldwide. From a business development standpoint, Monster powers the backend job boards of many sites including Boston.com, but a larger portion of these business development relationships appear to be with corporations outside of the publishing sector. While both Careerbuilder and Monster are in a race on the newspaper front, Careerbuilder, by its very nature, has the upper hand in the traditional publishing market.

Started in 1995, Careerbuilder very early on had the equity backing of all of the major publishing companies namely Tribune, Gannet, McClatchy etc. These companies officially took full control of the firm in 2002 and have since catapulted the site into the market leadership position by granting it unprecedented distribution with traditional news sites and online content portals. In short, Careerbuilder copied Monster and leveraged its newspaper relationships to quickly surpass them in market share.

Monster appears to be under the impression that it can regain market share by beating Careerbuilder at its own game in chasing down new partnerships with newspapers for exclusivity rights, and in truth, Monster appears to be a little over 1MM monthly unique away from doing so. Meanwhile, large but struggling publishers (such as the New York Times) hedge their bets in this game by inking deals with both of these giants. Both Monster and Careerbuilder, in turn, build key relationships with solutions providers such as eQuest who provide career hosting platforms directly to large corporations.

Monster and Careerbuilder represent the timeless battle of two goliaths, almost completely myopically focused on an arms race against one another while ignoring emerging developments in what we call the "Recruiting 2.0" space. Of the two, Careerbuilder appears to be starting to look in this direction by launching business development initiatives with some of the platform players in the social networking space (such as Facebook). This, in conjunction with support from the struggling publishing companies, gives Careerbuilder a leg up against Monster, who has few or no direct relationships in the space.

THE ONE-UPPERS: INDEED & SIMPLYHIRED

The one-uppers represent a group of smaller players (Indeed.com and SimplyHired) that leverage an incremental innovation known as "vertical search" in order to one-up the entrenched competition (Careerbuilder and Monster). Essentially adopting a Google approach, these engines send out bot crawlers to all of the other sites, scraping job postings and pulling them into their own search engine. The downside of any such crawler technology is that they lag in days and sometimes in weeks in the freshness of their job postings, and so job searchers often use them directionally, opting to add them to their arsenal of tools, but still going to Monster and Careerbuilder to get the freshest job postings.

The monetization vehicles used for these sites also vary, with SimplyHired offering a discounted fee structure (cheaper than Monster or Careerbuilder) to employers who want to advertise jobs on their sites, and supplementing additional revenue with advertising. While SimplyHired is the least innovative from a business model perspective, they are the more networked organization, partnering with LinkedIn, Google and even Indeed (as well as eQuest) in order to gather and distribute job postings.

Indeed.com is also an aggregator site which, much like SimplyHired, crawls web pages and job boards in order to pull in listings from Monster, Careerbuilder and other sites. The business model is a bit more innovative as Indeed seems to have taken a page out of Google's book and offered an "advanced" job posting mode which allows employers to bid for positions in search results. While both have inked alliances with a handful of content providers, the majority of the strategic partners for these one-uppers are other job boards or aggregator sites. Once again, this structure by its very position in the network, distances these firms from the players

that actually create these jobs, immediately precluding the one-uppers from having a higher percentage of the “freshest” possible jobs on the web. We may speculate that this same problem is the imperative between some of the more recent strategic alliances that the one-uppers have tried to strike with content creators such as JobCentral (Indeed), Canada Business Alliance (both) and Working Mother Magazine (SimplyHired); essentially, they are trying to move closer to where job postings are being created.

One other interesting observation to note is that SimplyHired appears to be the more networked of the two, striking up direct relationships with LinkedIn and eQuest, whereas Indeed.com is happy to passively aggregate content on those sites by crawling them. Indeed by far exceeds SimplyHired in traffic, but if it doesn't focus on developing new strategic alliances with other Web 2.0 companies (like LinkedIn or eQuest), Indeed may find itself in an inferior market position as network effects kick in over time for SimplyHired.

THE NETWORK APPROACH: LINKEDIN

LinkedIn represents the only truly disruptive career website in the ecosystem, in that the company leverages the vast professional network which it has created in order to develop a much more targeted career recruiting platform. Whereas the goliaths (Monster and Careerbuilder) strive to build publisher relationships concurrently with corporate ones, LinkedIn almost exclusively focuses on building relationships with individual companies. Probably due to its high level of awareness within enterprises (after all, what business professional does not have a LinkedIn account?), the firm strikes up direct relationships with the likes of IBM, CBS, AMEX, Google and even Twitter. However, perhaps acknowledging the need for traditional approaches, LinkedIn has also allied itself with eQuest, avoiding its potential alienation from the Recruiting 1.0 (traditional recruiting) network.

Additional participation in industry initiatives such as OpenSocial indicates that LinkedIn is determined to put itself squarely in the center of the future of Web 2.0 technologies. While Careerbuilder also participates in the OpenSocial initiative, the number of such Web 2.0 relationships which Careerbuilder has, indicates that these networks are of lesser strategic importance to the firm. Notably missing from all of this is Monster, which is finding itself more and more relegated to playing in its own sandbox; this does not bode well for [the future of] the creator of this industry.

THE CORE OF THE NETWORK

Peeling back the noise, we can look at the core of the network which further re-affirms a number of the assertions made above. Exhibit 2 paints the same picture of Careerbuilder and Monster as two competing goliaths with their sights squarely set on one another and with Careerbuilder noticeably winning that battle as it reaches its grasp into some of the newer "Recruiting 2.0" networks.

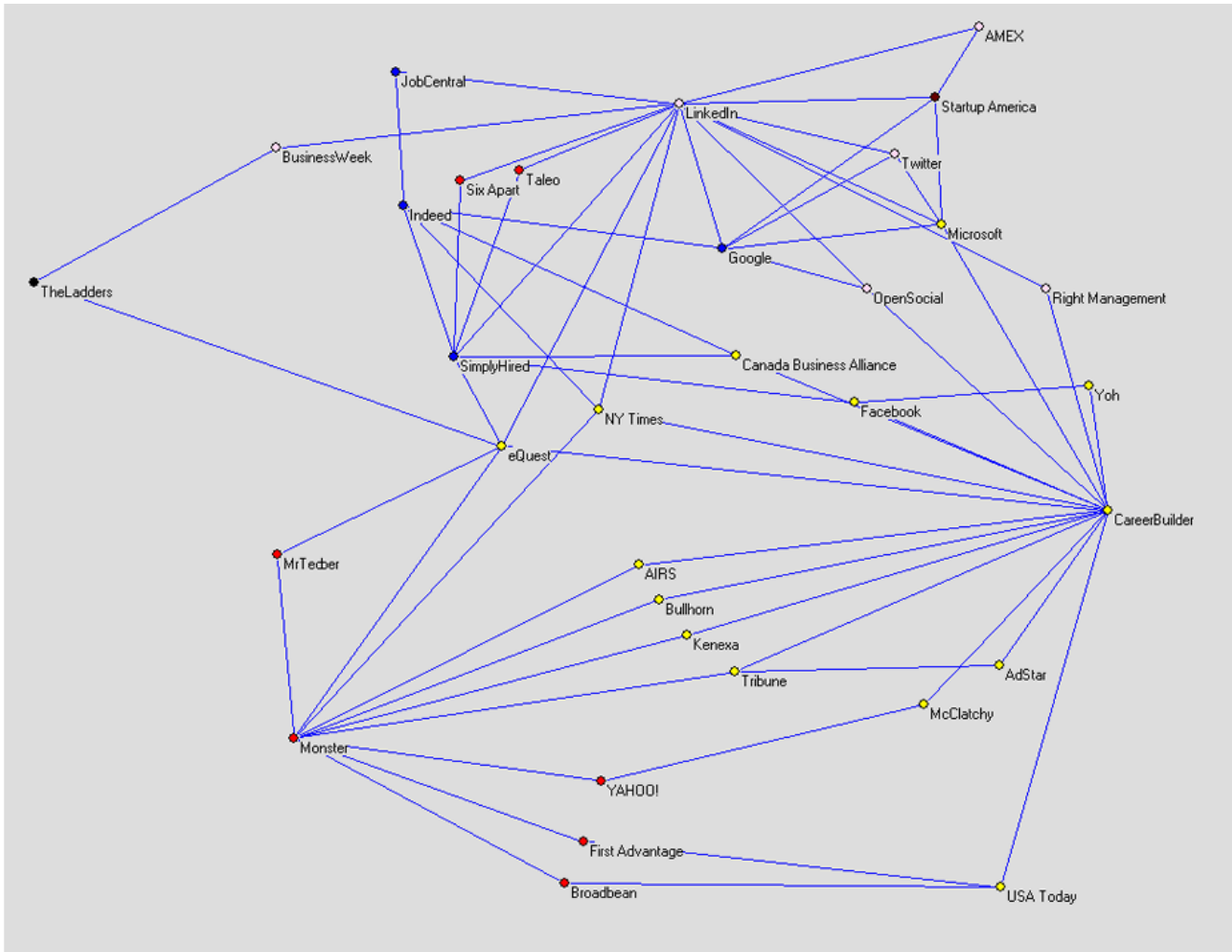


Exhibit 2 // Monster and Careerbuilder, two competing goliaths with their sights squarely set on one another, are both ignoring the emerging leader in Recruiting 2.0: LinkedIn.

As we continue our look at the core, we see niche players such as TheLadders almost completely disappear, while the importance of Indeed also begins to diminish.

Just by looking at Exhibit 2, we can see that LinkedIn is becoming a substantially connected player in the ecosystem, almost on par with the two goliaths Careerbuilder and Monster. Notably different, however, is its network proximity to the other players. Sure, it has one or two degree-of-separation connections with these two goliaths through eQuest, the New York Times (which is hedging by playing nice with everybody), Microsoft or even the OpenSocial Alliance, but more of its connections are with players such as Google, Twitter, Taleo and SixApart. Admittedly, these alliances vary in nature, with some representing solutions that help the LinkedIn platform come to market, and others representing business partners that have job-posting relationships with LinkedIn. Regardless, we can see that LinkedIn has put itself in a central position in the network; it is poised to dominate recruiting 2.0.

LET'S PLAY, "IF I WERE..."

Based on this network analysis, we can play a fun game of "if I were." Admittedly, this game is much more opinionated and based more on assumption than what may be the deep underlying reality of market dynamics for each of these players. In other words, it is always easier to make suggestions based on external observations, rather than deep knowledge of how each company operates and the challenges (organizational, strategic or otherwise) that each faces. Thus, the ideas below are based on a little more than inferences drawn from the network diagrams in exhibits 1 and 2.

If I were Monster or Careerbuilder...

I would stop chasing a dying newspaper industry and would try to grow my network aggressively toward LinkedIn. There are a number of ways of doing this, from acquiring key players platform players like eQuest, to making acquisitions of smaller aggregators like SimplyHired or Indeed.

The future of Recruiting 2.0 will be about creating professional social networks, and in the event that this cannot be done from scratch, it is imperative for these two goliaths to begin building applications on top of existing social networks like LinkedIn and Facebook. Both Careerbuilder and Monster have vast resources and huge databases of business content which can be socialized in many different ways, strengthening the stickiness of each brand.

If I were Indeed or SimplyHired...

I would focus on strategic partnerships and strengthen or in some cases establish relationships with players in the Careers 1.0 space such as eQuest, as well as strengthening relationships with new players like LinkedIn. Of course, a little more experimentation with Twitter and other new mediums can't hurt either, for these mediums will enable aggregators to become more reactive in the "freshness" of their postings. It's all about strengthening your core competencies with new social web technologies.

If I were LinkedIn...

I would leverage my dominant position in Recruiting 2.0 to finally deliver on the promise of "career website" by helping professionals develop and progress in their careers. Given the professional social graph in LinkedIn's possession, this can be done in a number of ways.