



Research Report

PeopleMatter: Human Resources Management for Today's Dynamic Workforce

Executive Summary

PeopleMatter provides integrated human resource management software designed to support the management of *hourly workforces* in various service industries. The company offers a mobile, cloud-based Software-as-a-Service (SaaS) platform developed to help employers hire, train, and schedule talented workers. PeopleMatter's goal is to address all aspects of the hourly-worker employee life cycle for both large and small businesses.

PeopleMatter SaaS offerings include HIRE, LEARN and SCHEDULE – software modules that do exactly what their names say they do. They help applicants apply for jobs – and while applying, prospective employees provide skills and attitude information that can be used by employers to determine whether job applicants have the best overall match to the job. Learning tools help employers create courses, assign content and test comprehension – the associated course work helps employees grow professionally by learning new skills. The scheduling module helps employees easily find work schedules (and adjust them if necessary); while helping employers optimize schedules, communicate changes, and control labor budgets.

PeopleMatter has also recently introduced an impressive analytics environment known as “PEOPLElytics”. PEOPLElytics is a tablet-based prescriptive analytics tool targeted to C-Level executives that collects employee and workforce data from all PeopleMatter modules, as well as external sources (Bureau of Labor statistics, Census demographics, and even on-line restaurant reviews, for example) and correlates that data to answer hiring questions. Not only does PEOPLElytics collect and analyze data, executives can use this product to drill down into individual manager, store and metric performance.

PeopleMatter seems to have found a solid market niche with its emphasis on supporting hourly workforces. The company believes that this segment has been overlooked by traditional HR software vendors such as Taleo, Cornerstone and Kenexa. PeopleMatter's strategy appears to be working extremely well. As of this date, PeopleMatter has 1,258 customers in 44,481 locations with 3.1 million user accounts. Customers are primarily in food service, hospitality, and service including big names such as Subway, Wendy's, Comfort Inn, Holiday Inn Express, JiffyLube and Planet Fitness. One of the company's recent wins, Charlotte Russe – a mall-based retail store aimed at teens, is significant since it gives PeopleMatter a marquee account in retail, which represents a huge potential market for them.

In this *Research Report*, *Clabby Analytics* takes a closer look at PeopleMatter, its products and its future strategic direction. And we very much like what we see...

Company Background

PeopleMatter is VC funded, with investors including StarVest Partners, C&B Capital, Harbert Venture Partners, Intersouth Partners, Morgenthaler Ventures, Noro-Mosley Partners and Scale Venture Partners. The latest round (October 2013) of \$16M in Series E funding was led by StarVest but included the participation of all prior investors. StarVest invests primarily in emerging technology and service companies with a particular focus on companies with Software-as-a-Service (SaaS) offerings. StarVest Founder Deborah Farrington has also joined the PeopleMatter Board of Directors. The latest round of funds is being used to launch new products, invest in sales/marketing, and expand internationally.

PeopleMatter has 150 team members (using the moniker of team member – rather than employee – is indicative of the company's culture which is collaborative, informal and interdependent, as opposed to being hierarchical). The company is headquartered in Charleston, South Carolina in a building that is a converted historic space with a modern, open interior to facilitate idea exchange and informal interaction. On breaks, software engineers gather in break rooms where they can play video games, or talk local college football or basketball. Each of three floors has a distinct personality based on the type of work being done (engineering, sales etc.), and the top floor is home to a roof deck that is used for post-work team gatherings and movie nights.

The culture is integral to the company's success, and the product portfolio reflects the young, hip vibe of the company and its team members. This is important because PeopleMatter customers in target markets of food service, hospitality, retail and service are hiring primarily young workers, ages 20-30, who expect a hiring experience that is quick, interactive, intuitive, engaging and "mobile-first".

As for target markets, PeopleMatter is focusing on SMB as well as national accounts in the food service, hospitality, service and retail industries. SMB selling is managed by an inside sales team, while selling to companies with more than 1,500 employees is managed by sales reps in the field. Selling to franchises offers an interesting "bottom-up"/"top-down" sales approach that has proved to be very effective for PeopleMatter. In some cases, sales have been made to individual franchise owners with one or more stores, and in other cases, the sale has been made at the National level. Individual franchise owners may own multiple franchise types (Subway and Papa John's for example) so a national sale to Subway could provide an entry to point to other franchises at the local level.

Product Offerings

PeopleMatter product offerings fall into two categories: 1) the platform; and, 2) an analytics environment.

The SaaS platform offering has been designed to assist employers, job-seekers and employees:

- For employers, the platform offers a tightly integrated set of three modules – HIRE, LEARN and SCHEDULE – that can be used to manage the entire employee lifecycle. In fact, it is the only product of its kind to include a scheduling module. With built-in workflows and approvals, it helps employers find new employees,

learn more about their employee skill sets, and manage the scheduling of hourly employees. Further, it helps ensure compliance with federal regulations.

- For prospective employees PeopleMatter offers user-friendly on-line applications that include quick “skills assessments” that take only minutes to complete. These assessments generate profiles that allow hiring managers to determine the suitability of a candidate for a particular job. Further, job applicants can learn quickly if their applications have been accepted (this is important because candidates often apply for several jobs – so fast turnaround works as a big advantage for nimble employers).
- For employees, PeopleMatter software offers an easy-to-use hiring and scheduling program that gives employees flexibility in scheduling (pending the approval of managers).

The PeopleMatter modules: HIRE, LEARN and SCHEDULE are offered in a SaaS model, paid monthly by location. This makes more sense than a user-based model since the industry is characterized by high turnover which would require constant adjustments if a user-based pricing model was employed. The typical contract length ranges from 24-36 months.

PeopleMatter's new PEOPLElytics offering is a business analytics environment that makes suggestions as to what actions should be taken proactively to address problems before they occur, complete with supporting data (this type of analytics is known as “prescriptive analytics”). PEOPLElytics can also immediately assign actions to specific team members using communication tools that email the task, record activity and track progress so that actions can be analyzed to determine their impact and effectiveness. For example, PEOPLElytics can look at numbers of applicants per job across several locations and make inferences as to why some locations have fewer applicants than others. Those inferences will be used to suggest an action plan. Data gathered may indicate that the majority of applicants in one location are qualified, but that there are very few of them. Based on this, PEOPLElytics will recommend that the job be promoted through a source that is producing better results in other locations. A team member can be assigned the task of pushing the job opening through this additional source and results can be seen on the ROI screens to see if the recommendation is working.

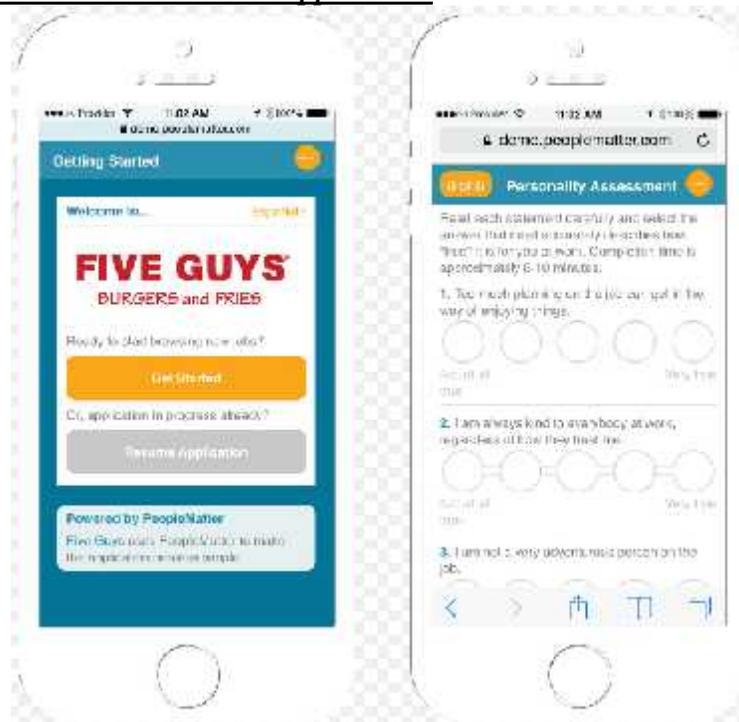
The Market

PeopleMatter is designed to address the needs of today's service industry businesses with a solution that supports multiple brands and locations, high turnover, and a large hourly workforce. It is an ideal platform to support the rise in part-time employees driven, in part, by legislation such as the Affordable Care Act. The Affordable Care Act mandates that businesses with more than 50 full-time employees provide health care insurance or incur a fine, causing many businesses in the service industry to cut full-time hours and hire more part-time employees. As a result, businesses are being forced to hire, manage and train additional employees, which leads to greater complexity in scheduling—all of which drive up costs. An automated platform, such as PeopleMatter, can easily manage this additional burden by streamlining the entire process.

As stated previously, on the job-seeker side, candidates in the service industry are primarily young workers who expect a quick and engaging application process from their device of choice – which in most cases is a mobile device. In fact, according to The Undercover Recruiter, 27% of job seekers expect to be able to apply for a job from their mobile device and 68% of job seekers use their mobile device to search for jobs once a week or more. Career Builder reports that 40% of mobile candidates will abandon an application process that is not mobile friendly.

The PeopleMatter job application is mobile-optimized, which has resulted in a 53% increase in job applications for PeopleMatter customers completed via mobile since launch. Today PeopleMatter is seeing more than 1 in 5 job applications coming in from a mobile device. In a tight labor market, moving paper-based hiring, training and scheduling to online and mobile addresses the needs of job candidates while giving employers a competitive edge (see Figure 1).

Figure 1 – PeopleMatter Mobile Job Application



Source: PeopleMatter November 2014

PeopleMatter Platform – A Closer Look

As stated in the *Executive Summary* section of this report, the PeopleMatter SaaS platform consists of three modules:

1. PeopleMatter HIRE offers a customizable job application form that includes assessments, background checks and tax credit screening, I-9/E-Verify, applicant tracking, and onboarding,
2. PeopleMatter LEARN enables online training to be delivered to every employee by providing course creation, management of pre-requisites, test creation and

assignments. Employees and managers can see upcoming courses and overdue assignments from their phones using the PeopleMatter App.

3. PeopleMatter SCHEDULE allows managers to build schedules and can publish shifts to employees' mobile devices to enable them to see and trade their shifts with other employees. Managers can see and approve schedule changes based on employee hours worked and other factors (for example, if two employees are available to trade with a coworker, the manager can easily see if taking the additional shift will require the company to pay overtime to either employee or put the employee over the 30-hour ACA benefits threshold).

Major features of the PeopleMatter platform include:

- A mobile- first SaaS Model for easy mobile access to back-end, cloud hosted platform services (HIRE, LEARN, SCHEDULE);
- Social networking tools to improve communication, help find new employees, build brand and drive customer loyalty;
- An employee WorkFile to enable the viewing and updating of employee data and forms within an online paperless WorkFile;
- Open APIs to enable integration with other systems including payroll, T&A and POS as well as the ability to add custom features to the PeopleMatter platform;
- Support for a voice-controlled digital assistant to check messages and manage schedules via a mobile device;
- Integrated tax credit processing (1 in 5 hourly workers qualifies – enabling employers to claim important tax credits);
- Workforce management features to facilitate employee status changes including the transfer of team members to other stores using their online WorkFile, as well as offboarding and rehiring employees. Features include workflows and checklists, for improving efficiency and ensuring compliance;
- Pay rates and ranges controls that can be easily integrated with payroll systems; and,
- Automated roles and rights filters to set and manage job roles and permissions

While the bulk of PeopleMatter technology is developed in-house, PeopleMatter did recently acquire PeopleClues, a global provider of employment assessments. The PeopleClues assessment tool is a unique 6 minute personality and attitude assessment that combines expeditious completion with high quality results. In 2012, PeopleClues became a strategic partner with PeopleMatter – allowing PeopleMatter to integrate their service-industry assessments with the PeopleMatter Platform and their PeopleMatter HIRE product.

PEOPLElytics – A Closer Look

PEOPLElytics is an innovative, graphically-driven business analytics tool designed to help the common man better manage his or her service business. It uses an approach known as prescriptive analytics to determine where problems may be found – and then make recommendations (potential prescriptive actions) to remedy situations.

PeopleMatter: Human Resources Management for Today's Dynamic Workforce

For employees, PeopleMatter's mobile applications make it simple to apply for jobs, complete the necessary training and manage schedules, all from a mobile phone. And this means that employers will attract more qualified applicants. For employers, PeopleMatter identifies the individuals with the right skills for the job – which cuts down on job churn.

Most notable in our evaluation of PeopleMatter product offerings was the ease-of-use of both the platform and analytics offerings. PeopleMatter has a real talent for simple and straightforward product flow and graphical user interfaces that make it easy for “the common man” to use its products.

This company's innovative engineering talent – combined with the company's young, hip culture – bode well for the future. Look for solid growth and international expansion as its platform and analytics products become more widely known and used.

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