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Avionté Acquires SimpleVMS: Forging an End-to-end Integrated Platform for Contingent Talent Acquisition and Management

AVIONTÉ simplevms This document has been licensed to **Avionté** and **SimpleVMS**

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Contents

Introduction	**03**
Avionté's acquisition objectives	**04**
Key acquisition drivers	**05**
Key implications and outlook	**07**
Things to watch for	**09**
Conclusion	**09**

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Introduction

On August 1, 2023, Avionté, a Bloomington, Minnesota-based enterprise staffing and recruitment software provider, announced its acquisition of SimpleVMS, a Cincinnati, Ohio-based Vendor Management System (VMS) provider. The financial terms of the deal were not publicly disclosed.

Founded in 2005, Avionté offers technology solutions to more than 1,000 staffing agencies spanning the clerical, light industrial, information technology, and professional services areas across North America. Avionté staffing platform, AviontéBOLD, provides Candidate Relationship Management (CRM) / Application Tracking System (ATS) functionalities, billing and payroll solutions, and a candidate attracting and onboarding engine for staffing firms. AviontéBOLD also integrates with Avionté 24/7, a mobile talent platform, where candidates can find and apply for jobs, schedule work assignments, and receive payments.

Founded in 2009, SimpleVMS is a web-based vendor-neutral VMS with integrated timekeeping solutions and a robust customer base within the Clerical and Light Industrial (CLI) sector. It has capabilities to integrate with a range of technologies including ATSs, payroll systems, warehouse management solutions, and back-office systems. Oswald will continue to remain President of SimpleVMS, as it operates as a dedicated division under the Avionté umbrella.

Everest Group anticipates that this acquisition will significantly transform the contingent talent acquisition process for the firms' clients, enhancing efficiencies and accelerating job requisition fulfillment. While generating positive outcomes for employers, Managed Services Providers (MSPs), and talent alike, staffing agencies – operating at the intermediatory point of the talent acquisition process – will experience the most substantial benefits.

In this viewpoint, we outline the acquisition's objectives, analyze its key drivers, assess its impact on Avionté, SimpleVMS, and their respective stakeholders, and examine its implications for the broader market.

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Avionté's acquisition objectives

According to Rishabh Mehrotra, CEO of Avionté, the acquisition will combine the AviontéBOLD ATS, which serves staffing vendors, and the Avionté 24/7 mobile talent platform, which serves talent, with SimpleVMS' offerings for employers and Managed Services Providers (MSP) to create a comprehensive integrated platform for end-to-end Contingent Workforce Management (CWM) and staffing. Mehrotra further stated that the acquisition of SimpleVMS, which has grown through referrals and staffing vendor partnerships, will bring various stakeholders involved in contingent talent acquisition together and provide a holistic view and seamless experience throughout the contingent hiring value chain. Moreover, the various technologies at Avionté's disposal post-acquisition complement one other and can generate far more value together than standalone individual components.

> While we have already developed solutions for staffing agencies and talent, SimpleVMS will help us to bring employers within the same ecosystem, thereby creating a truly end-to-end staffing and recruiting platform.
>
> – Rishabh Mehrotra, CEO, Avionté Staffing Software

According to Jason Oswald, President of SimpleVMS, most VMSs are designed with a focus on employers and MSPs, and prioritize internal procurement workflows. However, critical candidate management workflows between employers and staffing agencies are often ignored, which leads to a lot of friction and inefficiencies. As a result, staffing agencies also face several issues such as duplicate data entry into disparate systems, data discrepancies, and limited ability to coordinate candidate management with enterprises. According to Oswald, the acquisition will solve this issue, and the two-way integration between Avionté and SimpleVMS will streamline the contingent talent acquisition process, reducing time to fill open positions. Furthermore, the integration will enable Avionté to provide staffing vendors with real-time access to data such as attendance and timesheets.

> Through the acquisition, we are creating a seamless integration that will provide a competitive advantage for staffing agencies and employers, resulting in more strategic partnerships and efficient contingent workforce programs.
>
> – Jason Oswald, President, SimpleVMS

Key acquisition drivers

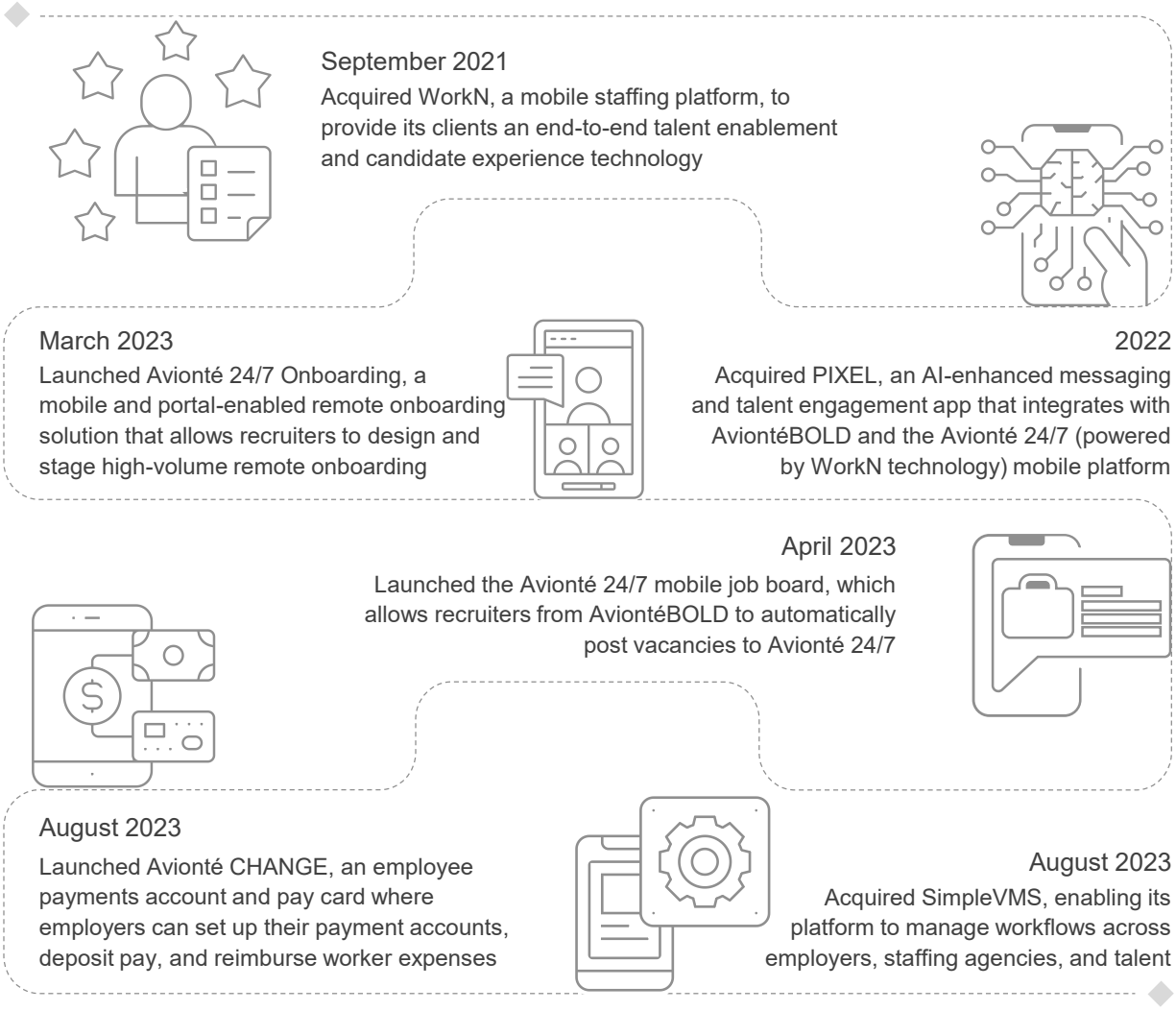
The need for an integrated technology ecosystem

The increasing necessity for integrated technology solutions in the staffing industry prompted Avionté to acquire SimpleVMS. A look at Avionté's investments over the past couple of years (see Exhibit 1) clearly highlights the company's strategy to bridge gaps among various contingent workforce acquisition and management stakeholders to develop an end-to-end integrated technology.

EXHIBIT 1

Key Avionté investments

Source: Everest Group (2024)

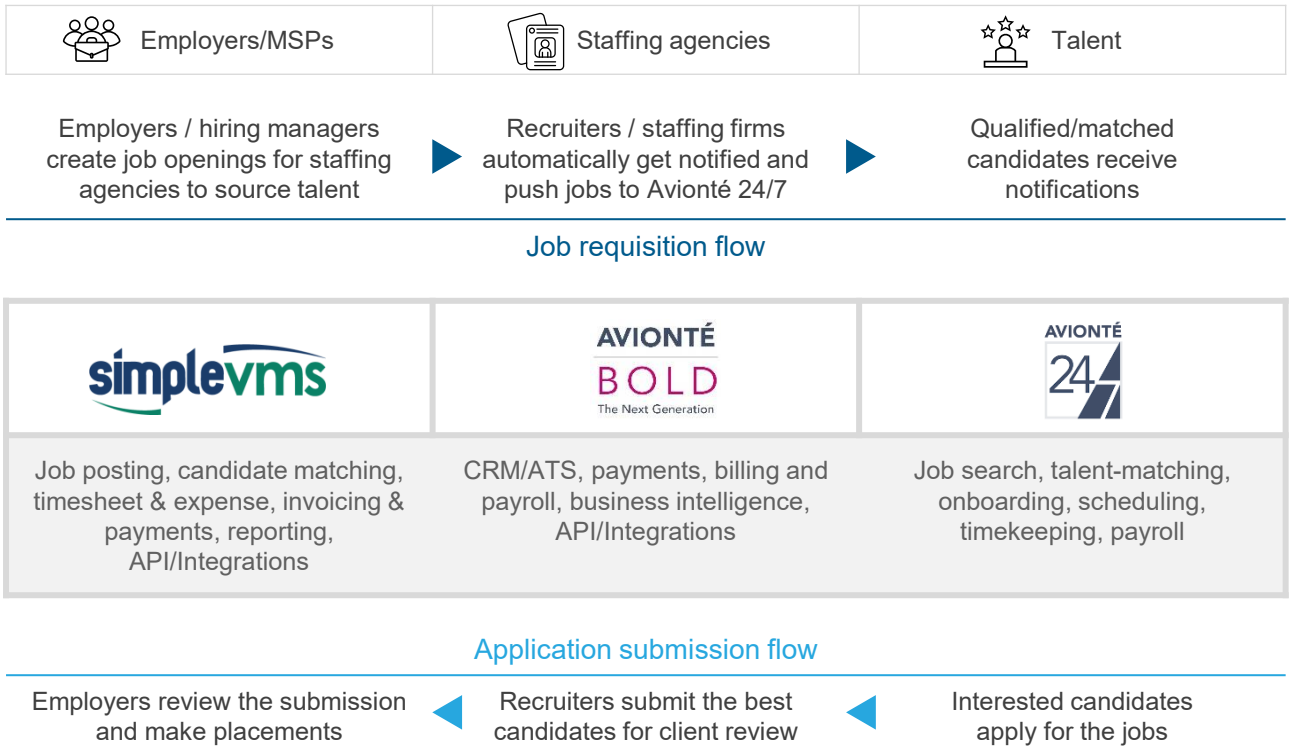


Through the acquisitions of WorkN and PIXEL, coupled with the launch of the Avionté 24/7 job board, Avionté has streamlined workflows and information exchange between staffing agencies and talent. As a logical progression, the acquisition of a VMS will improve collaboration between employers or MSPs and staffing agencies and bring employers, staffing agencies, and talent under a single ecosystem.

EXHIBIT 2

Avionté's technology ecosystem

Source: Everest Group (2024)



Leveraging the combined power of 24/7 app and PIXEL, staffing agencies can create marketplaces of pre-qualified talent and automatically send job notifications and shift schedules directly to this pre-qualified talent pool, allowing candidates to select their preferred shifts, locations, and job roles.

Historically, a VMS functioned as a distinct technology from a staffing ATS platform, and a poorly integrated VMS and staffing ATS will not only impact the quality of service staffing agencies deliver but also increase their administrative costs. Avionté recognized the need to break down these barriers and enable seamless collaboration among employers, staffing agencies, and talent. Through the integration of SimpleVMS' capabilities with Avionté's staffing solutions, the aim is to provide a comprehensive, streamlined, efficient, and transparent contingent talent acquisition and management experience.

Data harmonization across platforms

SimpleVMS, AviontéBOLD, and Avionté 24/7 integration – through automated linkages – enables uninterrupted data flow across the entire ecosystem, facilitating real-time analytics, reporting, and dashboarding functionalities. Beyond enhancing recruitment efficiency, the data integration between VMS and ATS can refine the timekeeping process and reduce invoicing and billing discrepancies. Detailed attendance information such as punch-in and punch-out times and locations, can be shared with staffing vendors in real time. Consequently, collaboration among stakeholders will improve, enabling staffing firms to form stronger partnerships with their clients. In addition to increasing talent

sourcing efficiency and reducing invoicing and billing errors, integrated systems offer enterprises comprehensive data for reporting and analytics, aiding in strategic decision-making.

Why SimpleVMS is a fit-for-purpose acquisition

SimpleVMS has established staffing vendor partnerships, which are ultimately Avionté's customers and potential customers. While Avionté and SimpleVMS will continue to offer their products to the market separately, the acquisition has introduced a new sales channel, enabling staffing agencies, when engaging with enterprises, to advocate for an integrated Avionté and SimpleVMS solution.

Avionté and SimpleVMS' strong presence in the CLI sector, combined with SimpleVMS' functionalities such as automatic job refilling when a worker leaves a job, shift scheduling, and credentialing, positions it as an attractive integrated offering for enterprises and staffing agencies within these industries. Additionally, SimpleVMS has built a comprehensive suite of timekeeping tools, with functionalities such as real-time punch-in/punch-out time features for different departments and cost-per-unit calculations, which is a fundamental necessity for the light industrial sector. It also built an important light industry timesheet feature: accommodating multiple pay rates for the same worker during instances of overtime and shift change.

SimpleVMS also has a dedicated implementation team responsible for handling clients' onboarding processes and offers an easy-to-implement solution. Additionally, it provides training for end users and extends support post implementation.

Key implications and outlook

Implications on key stakeholders

The acquisition's impact resonates across stakeholders, presenting multiple benefits such as enhanced collaboration, transparency, and responsiveness. For staffing vendors, the combined ecosystem including VMS, ATS, and mobile-enabled talent marketplace can reduce time delays, eliminate the extra effort associated with VMS interactions, and allow scaling of recruiting operations. Staffing vendors can utilize the time saving and other efficiency gains to focus on forming stronger strategic partnerships with their clients and delivering better service at lower costs. They can also focus on expanding their talent pools and increasing the lifetime value of talent in their databases by prolonging their retention and keeping them consistently engaged.

Employers and MSPs benefit from accelerated requisition fulfillment and enhanced staffing vendor responsiveness. The streamlined talent acquisition process empowers them to respond to workforce demands and improve hiring outcomes and operational agility. Lastly, talent / prospective candidates can benefit from the various roles and options available through the talent marketplace. They will also have real-time visibility into available positions, consistent engagement with staffing agencies, and a seamless job placement process.

Impact on the VMS and staffing market

This is the first significant acquisition in North America that combines a staffing platform with a VMS solution. It will strengthen Avionté's position as an end-to-end VMS and staffing solution provider. As the first mover, it has the potential to influence market dynamics and the competitive landscape.

The integration between staffing ATS and a VMS is not a novel concept; most VMSs have integration capabilities and support VMS automation, and some staffing ATS providers have established two-way integration with VMSs. However, Avionté and SimpleVMS will have a much deeper two-way integration and have an edge over other partnerships as they can offer their clients one-stop solutions. Avionté will essentially have more control over the future roadmap and development of SimpleVMS and consequently offer more customizable solutions.

While some VMSs have candidate management functionalities, and a few even have a proprietary ATS, this acquisition triggers larger ATSs in particular to pursue acquisitions or establish stronger strategic partnerships with VMSs. The competition will heat up, and success will depend on several factors, particularly the level of integration to create a unified system of record for the entire staffing and recruitment process.

Potential to become the provider of choice for the small- and mid-market and CLI

Most large enterprises already have VMS solutions in place, and consequently, the small- and mid-market is emerging as an attractive segment from a new market opportunity standpoint. Small- and mid-market enterprises will find Avionté's offerings compelling as they expect a simpler version of VMS that is flexible and easy to implement.

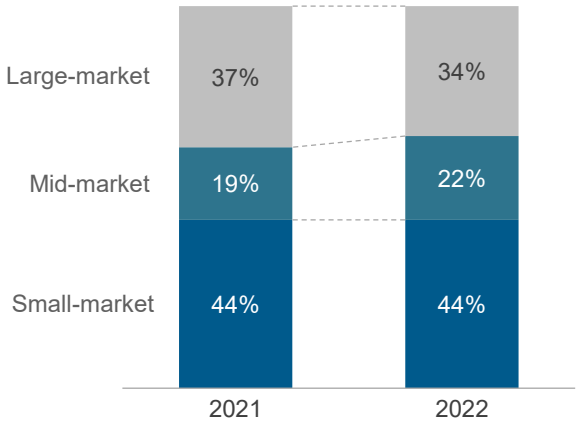
While Avionté and SimpleVMS have a presence across multiple industries, their robust functionalities and experience in the CLI space uniquely position them to gain significant share in CLI because the enterprises and MSP's adaption of VMS in these sectors is relatively less than some other mature industries. Their capability to provide end-to-end solutions can also establish a barrier to entry for both VMS and staffing ATS providers looking to enter these evolving sectors.

EXHIBIT 3

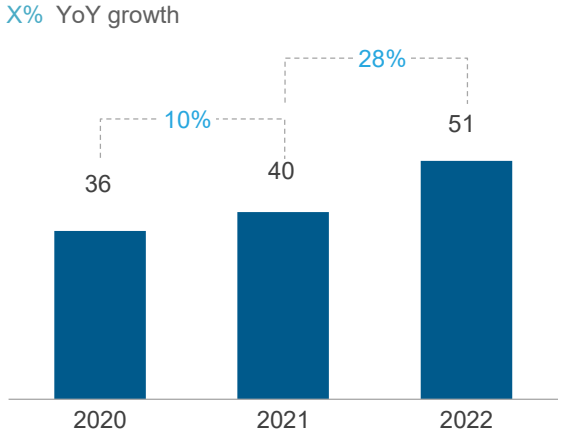
VMS market adoption: buyer size and blue-collar job family coverage

Source: Everest Group (2024)

VMS deal breakdown by buyer size[1, 2]
2021-22; percentage share of active VMS deals



VMS leverage for blue-collar spend management
2020-22; annual spend under management, US$ billion



1 Based on deal information available for 22 VMS providers constituting 75-80% of the overall VMS market
2 Small-market buyers are enterprises with <US$1 billion in revenue, mid-market buyers are enterprises with US$1-5 billion in revenue, and large-market buyers are enterprises with >US$5 billion in revenue

Things to watch for

Integration management

While we expect several potential synergies for the acquirer and acquiree, the acquisition's success will depend on the effective transition and integration of their respective capabilities. A strong operational and governance structure, coupled with efficient delivery capabilities, will be crucial to serve enterprises, MSPs, staffing agencies, and talent. Equally important is the emphasis on Avionté's brand to highlight the unique competitive advantages the post-acquisition entity offers.

Key stakeholders' response

The market success of this acquisition depends upon Avionté's and SimpleVMS' ability to cross-sell their respective offerings, the level of support from staffing agencies, and the response from enterprises and MSPs. The integration holds the strongest appeal for staffing agencies, and Avionté is also planning to introduce a channel partnership program for staffing agencies. It will be interesting to see the extent of market traction Avionté will achieve through this sales channel.

Operationalizing total talent acquisition and management

Enterprises are increasingly demanding total talent acquisition and management, which takes an integrated view and implementation of common strategies across all talent categories. While Avionté and SimpleVMS are currently focused on staff augmentation, there is a potential to extend their capabilities to include services procurement, independent contractors / freelancers, and even permanent employees. Going forward, Avionté also intends to further increase the efficiency of associate/talent management by staffing firms by equipping them with relevant technology and integration capabilities needed to retain, reskill, and redeploy existing talent. It will be interesting to see what approaches Avionté takes to operationalize total talent management.

Conclusion

In a rapidly evolving talent acquisition and management market, demand for an integrated technology ecosystem continues to grow. Avionté's strategic acquisition of SimpleVMS will break down the barriers between VMS and staffing ATS technologies while delivering value to employers, staffing agencies, and talent. Moreover, it is likely to set new standards for collaboration, transparency, and efficiency in contingent talent acquisition and management and potentially strengthen its position as a market leader in the mid-market and the CLI spaces. Avionté will need to continue to work toward the successful integration of SimpleVMS' capabilities in order to realize potential synergies and create value for key contingent workforce stakeholders.

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