Unbiased

Bias Mitigation in Your ATS

UC Berkeley ELPP, Fall 2020

Executive Summary

Companies want diversity, but most seem unable to execute the processes that will yield a truly diverse organization. *Unbiased* streamlines diversifying your workforce, using proven techniques that remove opportunities for bias from hiring processes and standardizing the interview around the requirements of the role. Using *Unbiased*, you will generate neutral-language job descriptions that programmatically inform your interview panel questions and requirements, review automatically blinded resumes, and make hire/no-hire decisions informed by grading rubrics. Finally, *Unbiased*'s algorithms will ensure that your job offers and overall compensation package are equitable across employees.

Opportunity

Diversity is demonstrably good for business; in 2004, researchers at the University of Michigan found that diverse groups can solve problems better than a more homogenous team of greater objective ability. ([Study.](#)) To be clear: this means that an objectively smarter group of individuals, for example Ph.Ds from similar university backgrounds, *underperformed* when solving problems compared to a group of individuals from less-homogeneous backgrounds with lower/no degrees. In 2015, McKinsey repeated this study in a non-controlled environment and came to the same conclusion after comparing teams at 366 public companies. ([Study.](#)) We can confidently state that diversity yields teams that perform better and are more innovative.

Additionally, there is a legal impetus to organizational diversity: the 2018 California quota law for boards of directors has a 2019 deadline for two women on five-person boards and a 2021 deadline for three women on seven-person boards; investment firms such as BlackRock have brought similar diversity requirements to their boards since 2017, threatening a vote against nominating/governance committees if similar gender ratios are not met.

This is not new information, yet we continue to have issues with homogeneity in technical orgs; companies are investing in unconscious bias training for their employees, but it continues to be difficult to apply the concepts to their hiring practices to yield demonstrable results. A recruiting manager at a large telecommunications company described the problem as such: even though all employees have undergone unconscious bias training, they're still facing issues "overcoming bias from the client side -- from the hiring manager, the hiring teams."

How often have you posted a job req by copying and pasting from something previously used, and then ran an interview where the interviewers were using questions from their "favorites" file without truly validating that they're assessing a certain skill, and then huddled just to find that someone was against the hire for an unmeasurable reason? Processes are laden with inconsistency from the creation of a job requirement through the resume screen, interview, and leveling.
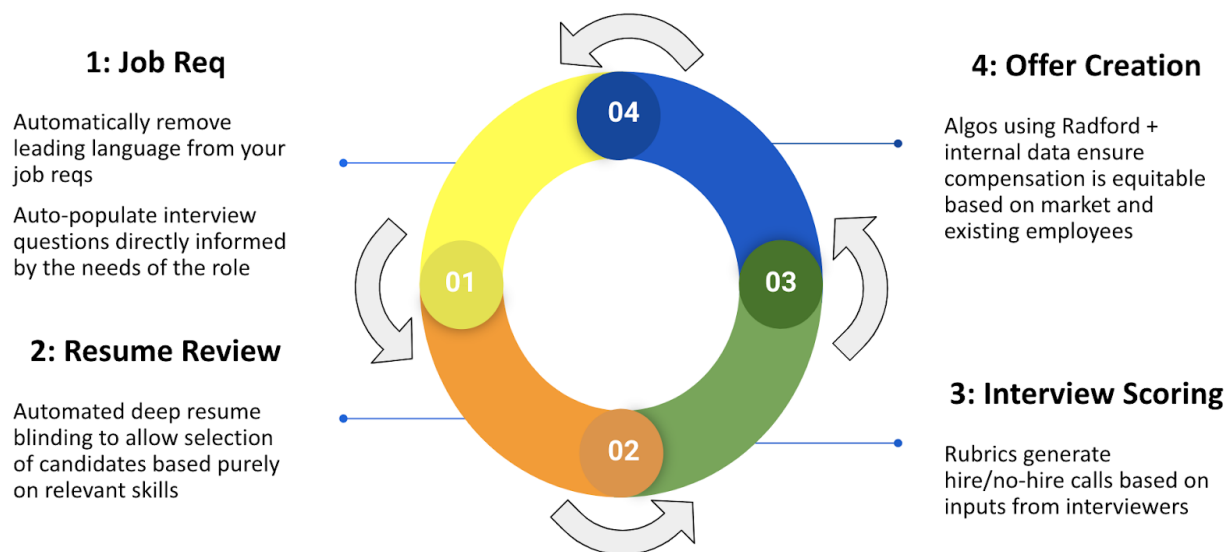
We surveyed professionals in the recruiting, hiring manager, and D&I executive space:

- Hiring managers struggle with unconscious bias: most don't know how to apply best practices and learnings around unconscious bias to their interview processes
- Recruiters can't manage the increased scope of work: hiring professionals focus on pipeline and interview management, and do not have the experience or bandwidth to do legwork around blinding resumes, etc.
- Executives want integration: companies do not want multiple tools to have an effective Applicant Tracking System (ATS)
- Interviewers are concerned with candidate quality: there concerns about "lowering the bar" or changing the expectation of what quantifies "qualified" when addressing issues of team diversity
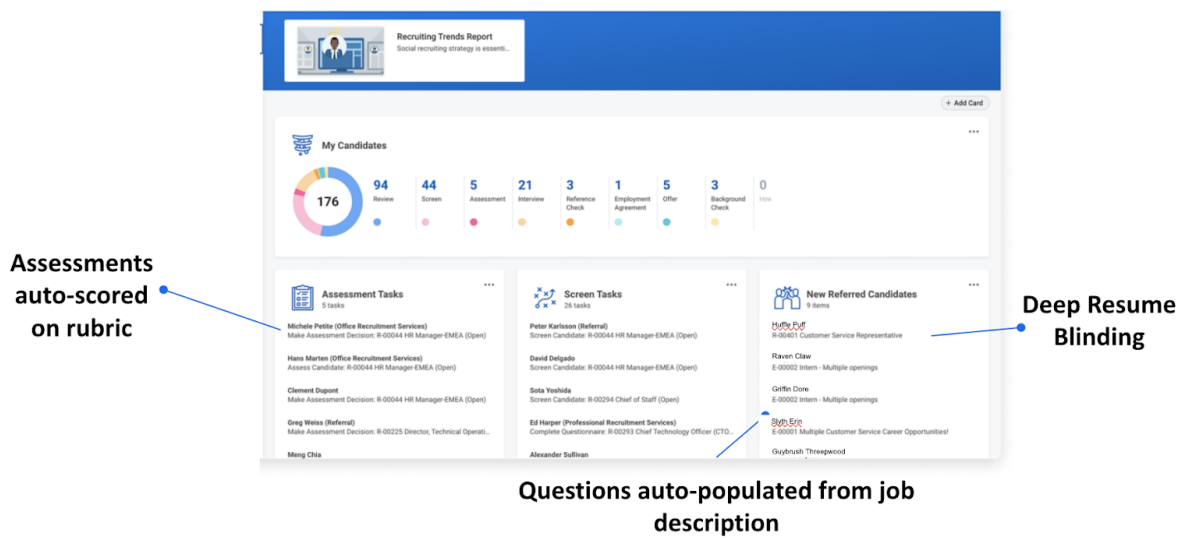
This is the problem that *Unbiased* aims to solve.

Solution

Unbiased is an application that streamlines the hiring process, standardizing the interview around the requirements of the role and providing a structured and quantitative approach to evaluations.
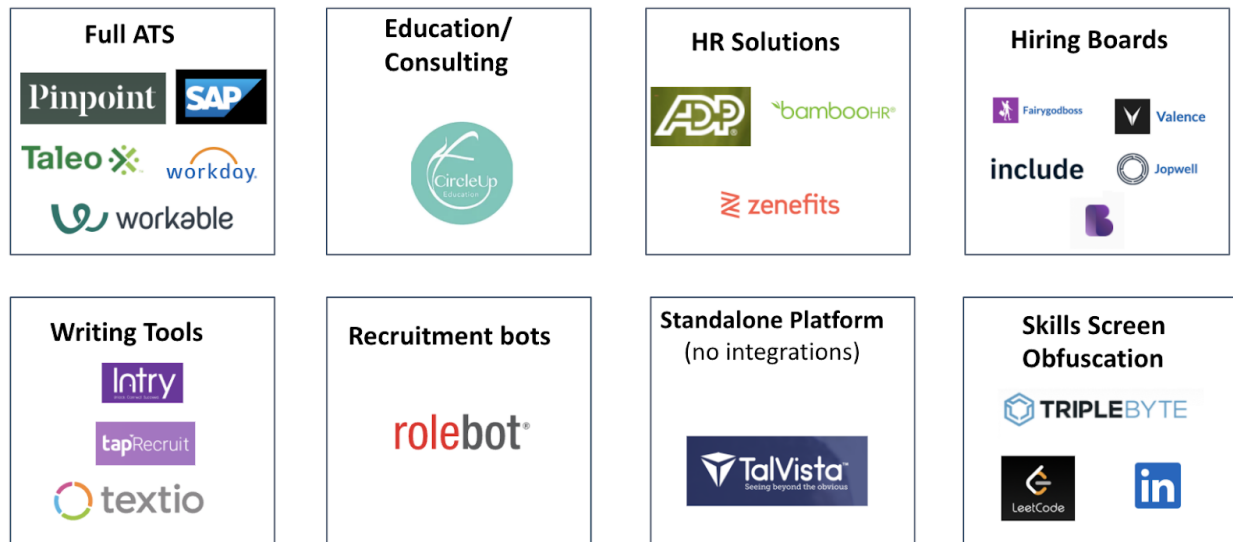
1: Job Req

Automatically remove leading language from your job reqs

Auto-populate interview questions directly informed by the needs of the role

4: Offer Creation

Algos using Radford + internal data ensure compensation is equitable based on market and existing employees

04

01   03

2: Resume Review

Automated deep resume blinding to allow selection of candidates based purely on relevant skills

02

3: Interview Scoring

Rubrics generate hire/no-hire calls based on inputs from interviewers

As an example of an integration, Workday ATS has a marketplace in which to create integrations: https://marketplace.workday.com/

Here is a mockup of what an MVP integration may look like:

Assessments auto-scored on rubric

Deep Resume Blinding

Questions auto-populated from job description

Landscape Analysis

Full ATS
Pinpoint SAP
Taleo workday
workable

Education/ Consulting
CircleUp Education

HR Solutions
ADP bambooHR
zenefits

Hiring Boards
Fairygodboss Valence
include Jopwell

Writing Tools
Intry
tapRecruit
textio

Recruitment bots
rolebot

Standalone Platform
(no integrations)
TalVista
Seeing beyond the obvious

Skills Screen Obfuscation
TRIPLEBYTE
LeetCode in

After looking at the overall landscape of applications focused on hiring and recruiting, we identified that the solutions varied widely across different emphases. The solutions closest to our approach were found as DEI features found in full ATS systems, or as DEI features meant to be used standalone without integrations into ATS systems (HR data had to be exported). The other sectors focused on approaches to team education, writing bias accountability, and diverse hiring boards.

Looking at the DEI features found in full ATS systems, one competitor stood out among the rest. Pinpoint is a full ATS system which also includes some impressive DEI features, including a few of the features we as a team have identified as conducive to reducing bias in recruiting,

interviewing and hiring processes. Since Pinpoint is a full ATS and requires a company to migrate from their existing ATS to Pinpoint to use the platform, Pinpoint offers a full Customer Success team to aid in customer migration and onboarding. This drives the friction and the platform price up and gives *Unbiased* an opportunity to offer the critical DEI tools at a fraction of the cost:

Main Competitor: Pinpoint

Pinpoint

Full ATS Features:

- CMS: branded candidate journey
- Talent pipeline
- Application drop
- Integrations with Google Meet/Zoom etc
- Customizable forms
- Offer Pack
- Full CMS team support to onboard customers onto platform

DEI Features:

- Interview Scorecards
- Blind Screening
- Automatic application summaries
- Equality monitoring dashboard
- Interview standardization (coming in 2021)

Friction point:
Pinpoint requires you migrate from your existing ATS

Price:

$3,000 - $5,000 / year

(all onboarding, implementation, training and support is included in that price)

Unbiased Opportunity:
Nix the ATS features, integrate with ATS directly, remove migration costs, cut the price and the fuss

Business Model

The three most widely used ATS systems in the industry are currently Workday, Taleo, and SAP SuccessFactors as seen here:

Top Applicant Tracking Systems Used By Fortune 500 Companies

UltiPro 1.2%
PeopleClick (PeopleFluent) 1.2%
HRMS (Oracle) 1.2%
Cornerstone OnDemand 1.4%
ADP 2.6%
Homegrown 2.6%
Unknown 4.8%
iCIMS 7.4%
Kenexa BrassRing (IBM) 9.4%
SuccessFactors 14.4%
Workday 22.6%
Taleo 22.4%

ONGIG
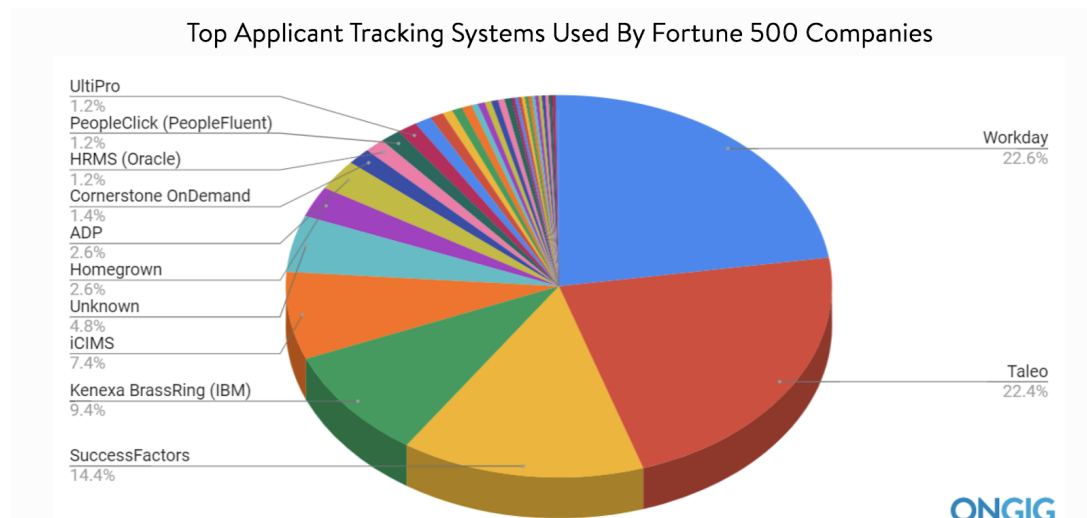
Focusing on building integrations with those three major ATS solutions provides a market of over a billion dollars. Building and marketing these three integrations directly to companies (B2B) gives us a clear target market to pursue. We would charge a platform fee and a fee per resume reviewed which would give *Unbiased* room to offer incentives and discounts to encourage platform adoption. Maintaining an API-based integration solution also keeps our operational costs low.

● **Target Market** Companies currently using a major ATS (Workday, Taleo, SAP): >$1B market	● **Revenue model** Platform fee + per Resume reviewed
● **Who is our customer?** **Who pays us money?** The company that wants to hire someone is both.	● **Costs** APIs, cloud-based, $10-20K/mo to run

Go-to-Market Strategy

The *Unbiased* go to market strategy is best articulated by answering 3 questions:
- **What** are we going to launch? The MVP is an API integration with the top 3 ATS systems employed by enterprises today: Workday, Taleo, SAP (in that order).
- **How** are we going to drive adoption? By partnering with these 3 ATS vendors, and developing and executing joint marketing strategies that help them differentiate in the market (by offering bias mitigation capabilities) with very minimal investment. Additionally, as we move past MVP and provide capabilities for smaller companies, providing introductory incentives like a 3 month trial we expect to drive adoption.
- How is the product **packaged**? The product is packaged in 3 distinct tiers: Startups, Medium-sized companies and Enterprises. We guesstimate these tiers have the following usage requirements for ATS systems:

Usage by Tier
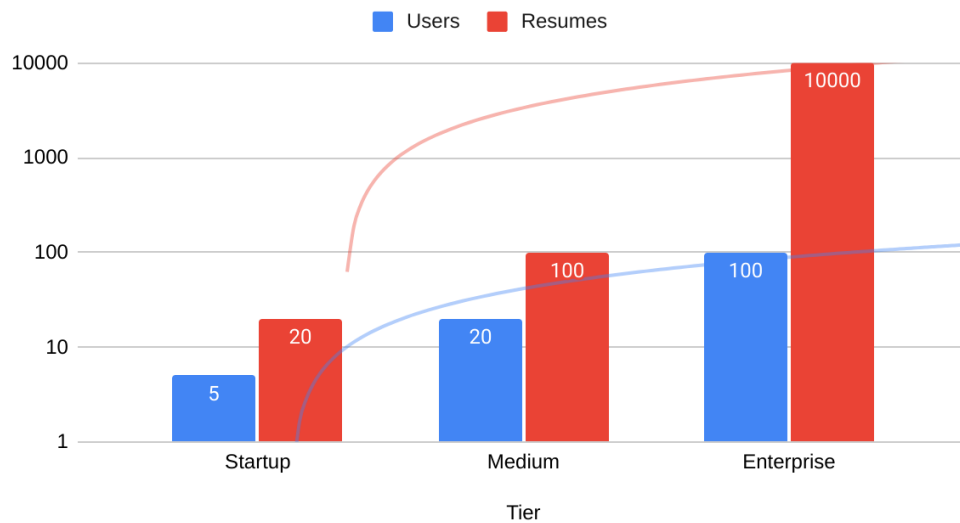
With enterprise customers hiring approximately 40 candidates a year, research indicates that each position will attract 250 resumes, so an enterprise will utilize *Unbiased* on approximately 10000 resumes a year.

Contrastingly, a smaller startup, who also can benefit from *Unbiased* to ensure their team benefits from diversity during the critical early stages of the business, might only hire 5 people a year, and only attract a handful of resumes for each position.

Based on this approximate usage, we will package and price *Unbiased* as follows:

Revenue by Tier
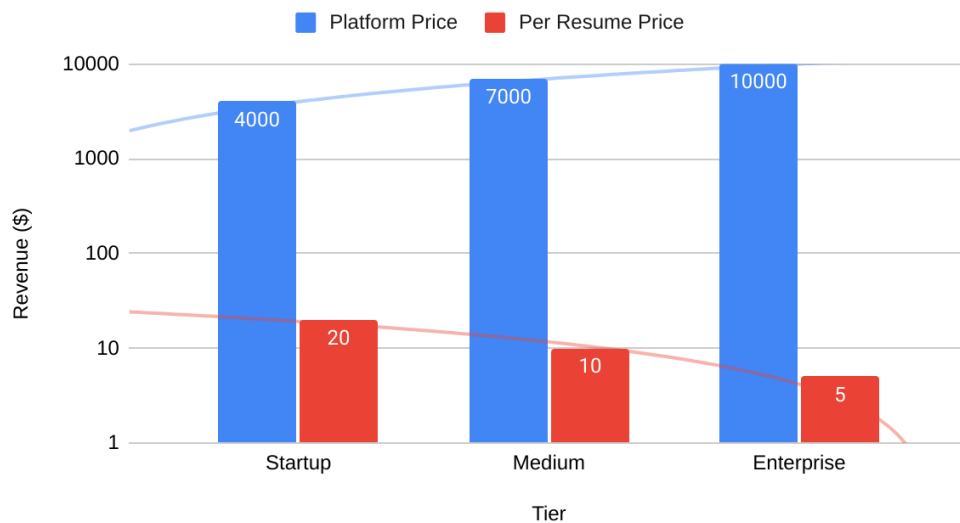
We see a higher platform cost for Enterprise users, as this higher up-front cost is less significant for an enterprise, and a lower per-resume cost as they will drive a lot of usage so we want the usage-price to be meaningful for us but not disincentivize their adoption. At the other end of the spectrum, Startup users will have a 60% lower platform cost, but 400% higher usage cost as we want to lower the barrier to entry, but then drive profitability by way of adoption.

- **Who** will we be targeting first? Given the initial MVP will only work with the enterprise-solution ATS systems, we will strongly be targeting enterprise customers for our initial go to market. We hope to drive this adoption as a byproduct of the differentiation opportunity we are providing the ATS systems. An approximate timeline for what we expect customer adoption to look like is below:
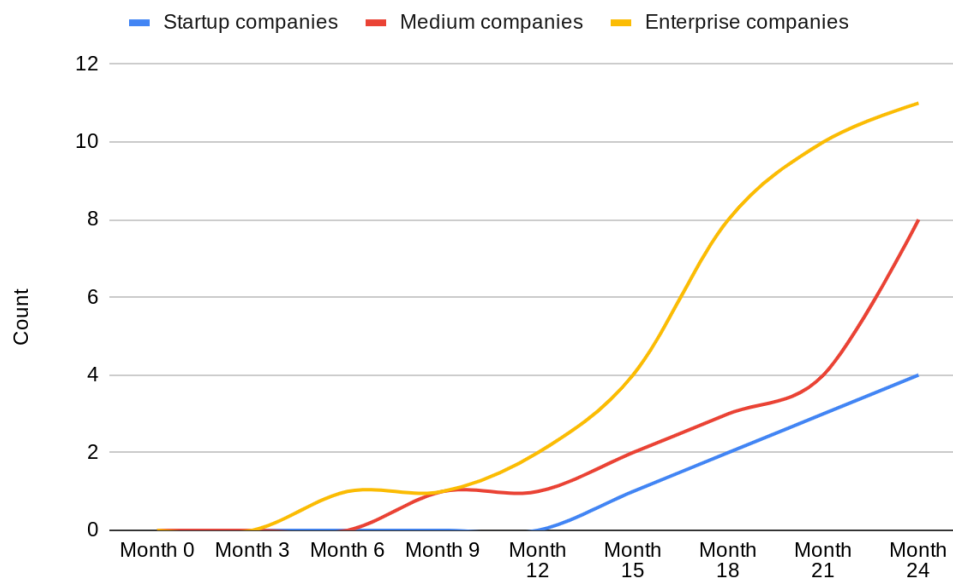
Here you can see early adoption of a single enterprise customer, validation, then driving wider adoption, and at a 3-9 month lag, iterations and improvements beyond MVP to allow onboarding of medium-sized and startup companies.

Financials

Based on the above go to market strategy, we can perform some [rudimentary financial analysis](#), resulting in:
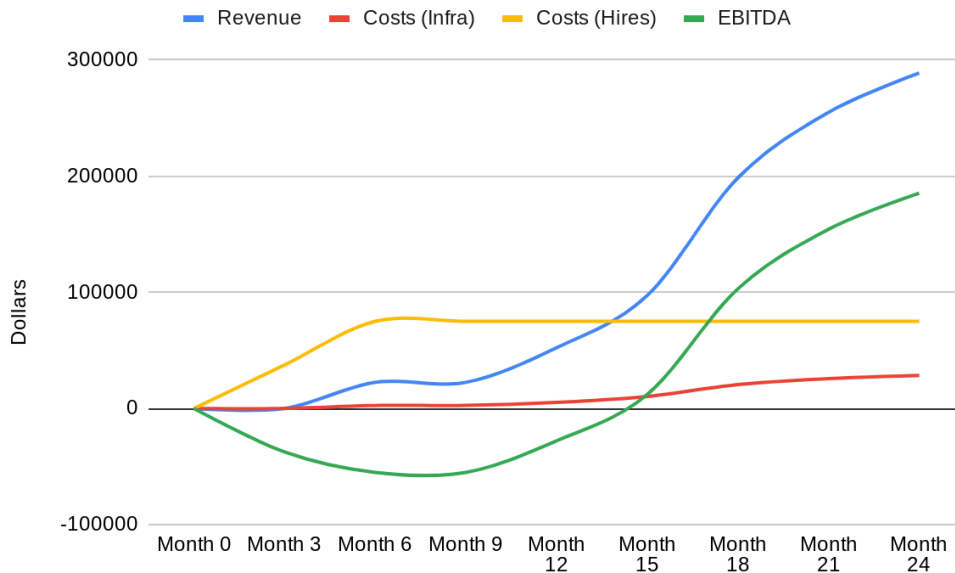
This chart shows our desire to hire early to reduce time to market, the gradual and early revenue from the single enterprise customer then growing significantly starting at the 12 month mark, and importantly, the fact that we expect to become EBITDA positive before the 15 month mark.

Summarized below, this shows that we generate a return on investment well before the 2 year mark:
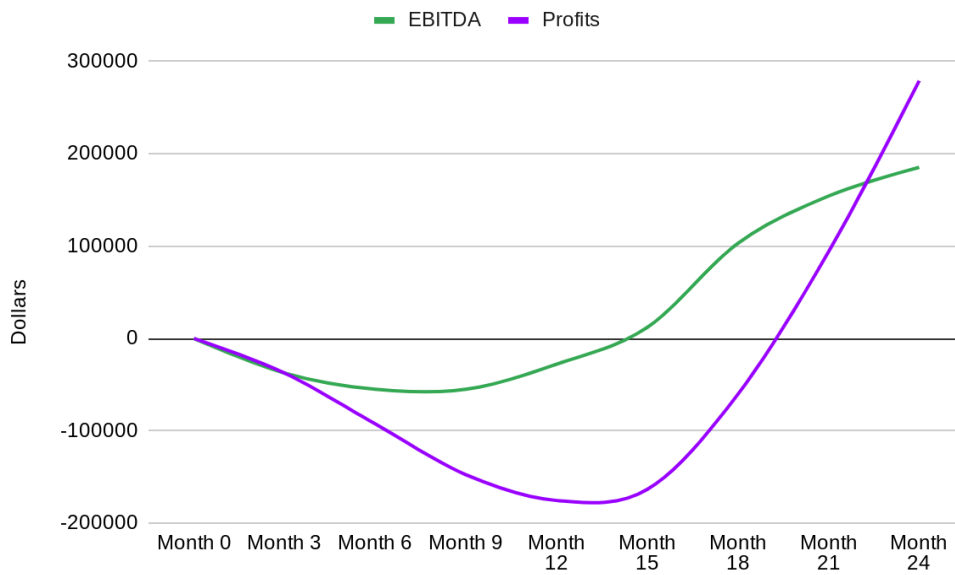
The Ask

As we move towards this improved and *Unbiased* future, we want your assistance to get there even faster. We are asking for 3 things:
1. Connections: ATS integration contacts/joint marketing
2. First customer introductions: enterprises please!
3. Seed Funding: $650K, 2 years all costs

With your help, we expect to be able to deliver value within 6 months to organizations that most desperately need it (large enterprises), and to everyone within 2 years.

Team

Our executive team is:
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