

Ambler HR software company aims to streamline the hiring process

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Business

Phenom's technology and mission meet an unprecedented moment, when the U.S. economic recovery is surging and hungry for workers even as some COVID restrictions lift and partly return



Brothers and co-founders of Phenom People, Hari Bayireddi, COO, (left), and Mahe Bayireddi, CEO, (right), pose for a portrait at their office in Ambler, Pa., on July 7, 2021.

TYGER WILLIAMS / StaffPhotographer

by Christine Johnson-Hall M., For The Inquirer

Published Aug 1, 2021

Many companies can't hire fast enough as employees decline to return or quit for new opportunities. So how does your company land the right employees?

An Ambler-based international company thinks it has an answer. Phenom People uses artificial intelligence to automate tasks and personalize job searches. And in its decade in operation, Phenom has achieved attention-grabbing "unicorn" status — which occurs when a

start-up reaches the rarified ranks of being valued at more than \$1 billion. According to market intelligence firm CB Insights, it's a relatively exclusive club, with just more than 700 members worldwide.

Crafting an experience based on each user's communication and other preferences, Phenom claims to streamline the process for candidates to match them with the right job, for current employees to land a promotion, for recruiters to discover talent, and for managers to build teams faster.

"The appeal of AI-based recruitment and talent management has led to a large amount of venture capital being invested in innovative start-ups in the HR Tech space," said William Filip, managing director of Delancey Street Partners in West Conshohocken. "For most companies today, their competitive advantage comes down to constantly having the best people. This means a continuous commitment to recruiting talent."

Led by brothers Mahe and Hari Bayireddi, Phenom's more than 400 global clients include Cigna, Southwest Airlines, Microsoft and LinkedIn, Switzerland-based transport and logistics company Kuehne+Nagel, UK-based software firm Micro Focus, and multinational food processing company Marel.

Phenom reached unicorn status earlier this spring, valued at \$1.3 billion in April, and has raised \$161.4 million over five funding rounds. Its 11 investors include B Capital Group, AllianceBernstein, and Sierra Ventures, according to Crunchbase. There's talk of an IPO down the road.

"We are not predicting a time frame; however, we do see an IPO as part of our future," Mahe Bayireddi said.

Founded in 2011, Phenom is using its own platform to make hires. Phenom has 300 employees in the United States, increasing its ranks at its Ambler headquarters to 220 from 150 last year. An additional 700 employees work out of offices in London, India, Israel, Netherlands, and Germany.

Phenom doesn't have one universal job platform. Rather, its platform is integrated into the back end of a client's site. A candidate's job search is personalized to that person's skills and experience.

A candidate may start at a company's career page, seeking jobs in a specific category. Phenom's software can help shape the search by recommending opportunities based on the candidate. Automation and artificial intelligence, or AI, streamline interview scheduling and job status updates and speed up the application process.

When candidates go to Kohl's jobs website, for instance, they enter Phenom People's platform, integrated to mimic Kohl's website. The digital tools guide a candidate from online application to orientation, steering them to match skills to roles and explaining the interview

process and next steps.

Mahe compares Phenom to Shopify, which provides an e-commerce platform to host a client's online store. "What Shopify is for e-commerce" — providing a shopping platform — "we are that for companies" hiring efforts, said Mahe, who sat for a recent interview in Phenom's colorful Ambler headquarters with brother Hari.

Phenom's business model is software as a service, or SaaS, where the company doesn't sell shrink-wrapped units of software. Phenom's centrally hosted products are delivered to clients through the cloud on a subscription basis, which has the advantages of cutting out delivery costs and setting up the SaaS company with recurring revenue.

Phenom made three acquisitions during the pandemic that show how the company is evolving.

"We built the road map of the company in the middle of the pandemic," Mahe said.

The acquisitions include My Ally, an AI-driven talent management program, to improve its scheduling. Phenom also snapped up TalentCube, a video recruiting software company, to improve its video capabilities. More college students and graduates are posting brief video resumes online to network and get jobs. Mahe said Phenom's goal is to make video interviewing "feel as authentic and engaging as in-person hiring." Rounding out the trio, Phenom added Amsterdam-based data-driven recruitment agency Endouble in December. The terms of the various deals were not disclosed.

While declining to say whether the acquisitions have contributed yet to revenue or profits, Mahe said the companies have brought the prospect of accessing new markets while advancing Phenom's Talent Experience Management (TXM) platform technologies and adding talent to the team.

Colleen Stratton, Global Leader, Workforce Development at SEI in Oaks, which hires 300 to 400 people a year from college grads to data scientists to operations and marketing, said Phenom's integration cut the job posting process from 2 to 4 weeks to 1 to 3 weeks. In a purposeful overhaul starting in 2017, Stratton said SEI wanted to address inequities for women and minorities while making sure employees could see all promotion opportunities. Partnering with Phenom delivered on all fronts.

"I'm so happy with quality, diversity of candidates, and the expanded geography with the hybrid option," Stratton said. "I'm very bullish about 2021."

Phenom's technology and mission meet an unprecedented moment. U.S. employers added 850,000 workers in June, the largest monthly gain since last August, and wages rose for the third straight month — a sign that employers are using higher pay to attract applicants and that workers are gaining bargaining power.

According to Mahe, hot job sectors are knowledge workers, delivery drivers, and front-line service industry personnel.

In an increasingly automated world, the roles of recruiters and human resources leaders are even more critical, especially given that clear communication and trust can make or break a hiring experience.

Peter Cappelli, a Wharton School management professor, said that data analytics level the playing field, allowing platforms to serve up best-fit selections for users. But, he added, a bigger question may be: Can recruiters and HR managers let algorithms, a set of instructions computers use to solve a problem or accomplish a task, do their job?

“People almost always want to go with the person they like. Are you going to be able to make [hiring managers] follow the algorithm?” said Cappelli, director of the Center for Human Resources at Wharton.

When asked about competitors, Mahe said Phenom competes in different categories of client experience but doesn’t have one direct rival who delivers all of the platforms that it does.

Delancey Street’s Filip cited a few examples of companies using competing methodologies to solve the same problem — efficiently finding great talent. Among the companies are: NYC-based Pandologic takes a specific job description and the recruitment budget a company has for those jobs and optimizes the online advertising placement. Salt Lake City-based HireVue provides video interviewing technology. And San Francisco-based Mya Systems provides an online conversational AI recruitment platform to facilitate job searches at entry levels, including for recent college graduates.

Before the pandemic: Phenom offered one million jobs at any one time on platforms across 130 countries.

During the pandemic: Job offerings fell to 550,000, with hospitality and restaurant roles sinking the most. Phenom saw growth in life sciences, logistics, and manufacturing jobs, while global companies remained stagnant.

Almost every business sector is coming back, so there are now 1.6 million jobs on the Phenom platforms.

“In the 2008 crisis, the real hero was the CFO. But in the COVID crisis, the hero is the chief HR officer,” Mahe said.

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