

2008–2014 Employers Background Screening Survey Consolidated Report

1. What is the leading challenge that you are experiencing with your current background screening service provider that you would like to see corrected or changed? (Choose 3 of the following items and rank in priority with (1) being the top priority)

Challenges	Total Priority Ranking					
	2008	2010	2011	2012	2013	2014
Accuracy of data	3	2	3	3	3	3
Timeliness of service	1	3	1	1	1	1
Cost	2	1	2	2	2	2
Compliance with legal requirements	-	1	-	-	-	-
Downtime	-	2	-	-	-	-

For the fourth consecutive year ‘Timeliness of Service’ is atop the number one ranked challenged by survey respondents followed by ‘Cost’ and ‘Accuracy of Data.’ These three have ranked in the top three since we began the survey in 2008. ‘Compliance with Legal Requirements’ and ‘Downtime’ made cameo appearances in the top rankings in 2010.

We believe the growing talent shortage and competitiveness of hiring top talent has been and will continue to make ‘Timeliness of Service’ a critical issue for organizations because as the ole saying goes, “if you snooze, you lose.” Background screening firms will be wise to focus their energies on ways to streamline their processes and to reduce the ‘time to screen’ to avoid being a drag on the hiring process for their clients. It’s also very interesting that in the aftermath of the now infamous EEOC New Guidance for Dealing with Arrest and Conviction Records in the Hiring Process (April 2012) which shook up the background screening community, ‘Compliance with Legal Requirements’ has not been ranked as one of the top issues for employers.

2. What innovation(s) would you like to see a background screening service provider offer to you?

Innovations Desired	2008	2010	2011	2012	2013	2014
Timely service			2	1	1	1
Online capability/web based	1	1	4	2	2	1
Better Integration with HRIS	3	-	1	3	3	3
Accuracy	1	-	3	-	-	-
Quality	2	-	-	-	-	-
Ease of use	-	-	-	-	3	-
Cost of hire	-	-	-	-	-	2
Customer service	-	-	-	-	-	2

It's interesting to observe that for the last three consecutive years 'Timely Service' has ranked as the top area where respondents want innovation. This is consistent with its top ranking as a top challenge in Question #1. 'Better Integration with HRIS' moved up from its number three ranking in 213 to tie for the top ranking this year. This reinforces the continued need for background screening firms to stay focused on integrating their services with ATS and HRIS systems.

'Cost Effectiveness' moved into a tie for the second position and joined the top three for the first time since we started the survey in 2008. We are not quite sure what drove its inclusion except we can surmise that with organizations having limped through the recession the focus on cost management remains ever present. 'Customer Service' also move into the top rankings for the first time.

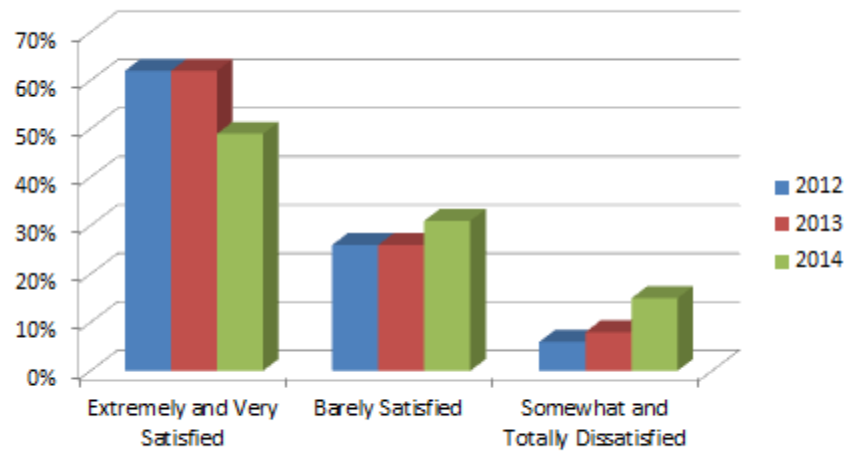
'Accuracy' ranked in the third spot consistent with its ranking under the top challenges. We believe that with the heighten legal scrutiny on background screening accuracy will continue to be a top area that background screening firms need to invest in innovation to better support their clients and to further insulate themselves from legal liability.

3. What is your level of satisfaction with your current provider?

Level of Satisfaction	2008	2010	2011	2012	2013	2014
Extremely Satisfied	8%	14%	7%	9%	6%	6%
Very Satisfied	51%	52%	54%	53%	56%	43%
Barely Satisfied	27%	23%	30%	26%	26%	31%
Somewhat Dissatisfied	13%	8%	9%	5%	6%	12%
Totally Dissatisfied	1%	-	1%	1%	2%	3%
Don't know	-	3%	-	6%	4%	4%

The number of respondents indicating that they were 'extremely and very satisfied' slipped downward from 62% in 2013 to 49% in 2014. 'Barely Satisfied' went up slightly. In total the 'Satisfied' responses were down from 88% in 2013 to 80% in 2014. Consistent with the above, overall "Dissatisfied" went up from 8% in 2013 to 14% in 2014.

2008 – 2014 Survey Data
What is your level of satisfaction with your current provider?



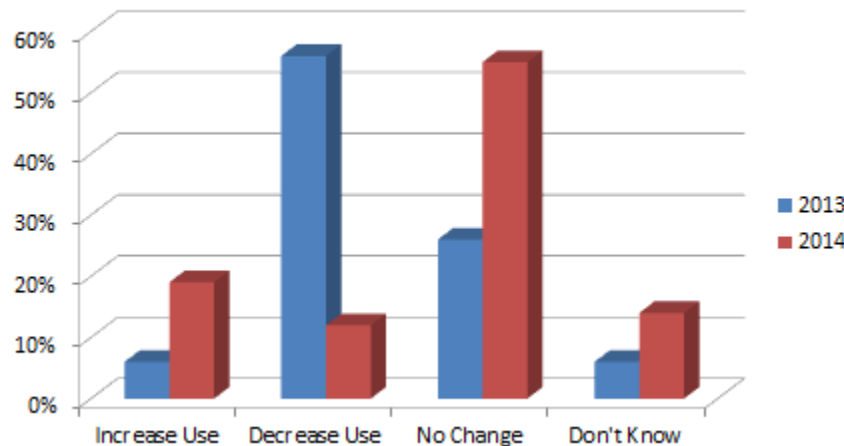
4. Has your company changed its use of criminal background checks as a result of the EEOC or OFCCP New Guidance on use of arrest and criminal records?

Considering Changing	2008	2010	2011	2012	2013	2014
Increased Use	-	-	-	-	6%	19%
Decreased Use	-	-	-	-	56%	12%
No Change	-	-	-	-	26%	55%
Don't Know	-	-	-	-	6%	14%

In 2013 we added the question about the impact of the EEOC/OFCCP New Guidance and to our surprise have seen a significant swing in the rankings. This year 19% of respondents indicated that they had increase the number of their criminal record searches versus 6% that responded the same in 2013. Likewise, this year only 12% stated they had decreased the use of criminal records versus last years' whopping 56%. It appears that the shell shock over the New Guidance is behind employers and they are adjusting to the new norm and continuing to perform criminal record checks in increasing numbers.

Even so with 56% of employers decreasing their use of criminal records in 2103 and this year 55% stating no change, this suggest that overall criminal record checking is still lower than pre New Guidance years although it is clearly making a comeback.

EEOC/OFCCP New Guidance Impact on Use of Criminal Records for Hiring



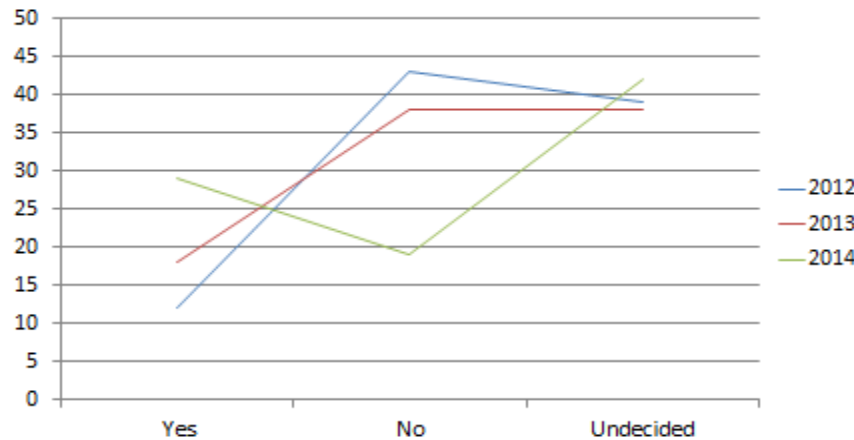
5. Are you considering changing your current background screening provider in the next 12 months?

Considering Changing	2008	2010	2011	2012	2013	2014
Yes	31%	14%	23%	12%	18%	29%
No	34%	48%	32%	43%	38%	19%
Undecided	35%	38%	45%	39%	38%	42%
Don't Know	-	-	-	6%	6%	10%

Since 2012 the number of employers definitively indicating they were looking to change providers has climbed from 12% in 2012 to 29% in 2014. 29% represents the second highest ranking on this question since we started the survey with the highest ranking of 31% occurring in 2008. Undecided rankings have remained within the same relative area over the six years of the survey ranging from 35% to 45%.

The net amount of employers that are either looking to make a change or undecided is 71%. This is up from 56% in 2013 and means that more than two thirds of end users in this survey may be willing to look for another provider. This suggests that a retention strategy needs to be an immediate concern for background screening firms to ensure they shore up their client base and minimize the churn in clients. It also means that with the end of the recession in sight the levels of competitiveness will continue to intensify.

Considering Changing Current Background Screening Provider



Demographics of Respondents

Demographics (# of employees)	2008	2010	2011	2012	2013	2014
➤ 100 employees	NA	26%	NA	15%	15%	12%
101 – 999 employees	NA	49%	NA	43%	42%	37%
1,000 – 4,999 employees	NA	18%	NA	17%	14%	11%
➤ 5,000 employees	NA	5%	NA	14%	12%	25%
➤ Don't Know	NA	2%	NA	11%	17%	15%

There were major changes in the pattern of respondents this year with us once again getting a nice distribution across all categories although it is noteworthy that 25% of our responses came from firms with more than 5,000 employees.
