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# THE WALL STREET TRANSCRIPT

Questioning Market Leaders For Long Term Investors

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## BrassRing

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DEB BESEMER is President and CEO of BrassRing, a leading provider of talent management solutions. Prior to being named President and CEO of BrassRing, Ms. Besemer was President and CEO of BrassRing Systems, the recruitment software unit of BrassRing. Under her leadership, BrassRing has grown into one of the most comprehensive software/services solution providers in the human capital management market. Software revenues have grown consistently during every year of her tenure, highlighted by 400% growth between 1999 and 2000. Under Ms. Besemer's guidance, BrassRing has assumed and retained a position of leadership among talent management Application Service Providers (ASPs). Ms. Besemer brings to BrassRing more than 20 years of experience in building and growing software companies. Prior to joining BrassRing Systems, Ms. Besemer spent more than a decade at Lotus, where

she managed a business unit with revenues in excess of \$1.3 billion and more than 4,000 employees in 46 countries. She is a former Chairwoman of the Massachusetts Software Council and currently serves as a Trustee and the Chairperson of the Nominating Committee. She is an active member of the University of Massachusetts High Tech Executive Council. In addition, she is a former Director of Kubisoft, Inc., Eprise Corporation and the Massachusetts Software Council Fellowship Program, an initiative to retrain people for jobs in software and the Internet. Ms. Besemer holds an M.B.A. from Rutgers University and a B.A. from Cedar Crest College.

### **TWST: What is BrassRing?**

**Ms. Besemer:** BrassRing is in the business of providing talent management technology and services to large, complex, organizations. So, what that means is that we provide software, expertise and outsourced recruiting services to larger organizations that have complex recruiting and staffing processes, so that they can manage that entire process more efficiently and effectively. We differentiate ourselves by a philosophy called Workforce by Design™, which establishes a vision that companies can design their own perfect workforce through a combination of technology and services. It takes a lot of hard work, and it takes expertise, but getting the right people into the right jobs ought to be the priority for any organization that depends on people for its success. So, Workforce by Design is how we differentiate ourselves from other companies — that we provide more than just software — as there are a lot of companies out there

that solely provide software. We provide software, expertise, and, most recently, we entered the outsourcing business to do outsourced talent management for companies.

**TWST: In the back of my mind, I keep hearing that job satisfaction equals job retention. Is that part of the process?**

**Ms. Besemer:** Yes, it's part of the process, and is now being called internal mobility. It is one of the things for which we provide both the technology and services. Internal mobility is how companies provide career paths for employees. For example, for many employees, a large portion of job satisfaction comes from continuous learning and advancement within a company. One of the things that we encourage our clients to do is — before they go to the outside world to find a candidate for a job — to really actively look within their existing employee base to see who they already have on staff who might be the appropriate recipient of a career advancement opportunity.

**TWST: What size company needs this, uses this, what do you see as your typical client today?**

**Ms. Besemer:** For us, the typical client is not always defined by size. It's usually defined by complexity. So, the more complex the talent management processes are within a company, the better the ROI they will get from the technology and services that we offer. So, what defines complexity? Certainly one definition is size. Another factor is process. How many people are involved in the hiring decision? And, are both recruiters and hiring managers involved? If you think about when you or anybody interviews for a job, how many people are involved in the decision to hire you. Another form of complexity is geographic. For example, a multinational company with various divisions in multiple countries. BrassRing is often the better choice for large multinational companies that have a complex environment. But some smaller companies can have complex hiring and talent management processes by the nature of the business they are in. For example, a firm that cares a lot about assessment and that has a high level of organizational complexity. The firm that assesses every candidate that comes in, giving them personality tests, seeking to understand that the candidate fits culturally in the company. Government contractors have levels of background checking and security that make the hiring process more complex. So, again, our target market is really around the complexity of the hiring process.

**TWST: How do you find your clients? How do clients find you? Are there headhunters out there that look at organizations that you know, you are asking for this job or this position and these talents, but realistically from our experience, you are not asking the right question and BrassRing could not only help you understand the questions but provide some of those answers?**

**Ms. Besemer:** There is a small market of companies that are complex enough to generate a large ROI on our technology and services. So, it tends to be the Global 2000 or 3000 largest companies. In each of those companies, there tends to be somebody in charge of worldwide talent management. And so, for us, it is making sure those 3,000 people know who we are and marketing directly to them. And, most of them do know who we are. We are a leader in our industry. Then it's up to us to convince them that investing in our technology and services will improve their results.

**TWST: Is that person usually within the human resources area or can it be in the other operational or executive areas of the company?**

**Ms. Besemer:** It is usually in the human resources area. Typically, the Head of Talent Management reports to the Vice President of Human Resources. Other people who are involved in the decision to work with us tend to be the IT group, because what we do is technology based, and the CFO, because the CFO is typically looking for the return on investment.

**TWST: What's the difference between managing knowledge inside of a company and managing its talent?**

**Ms. Besemer:** They are very similar in that, in each case, you are trying to take information and make it a corporate asset. So, for example, if you are in knowledge management, you want to make information about clients and products available throughout the organization as a corporate asset. In talent management, you want to know everything that you can about the skills and abilities and performance of your employees and external candidates. It starts with having a very good database of information that you can turn into knowledge and an asset to your company.

**TWST: We've spoken in the past with companies that can go into an organization, look at the documents related to individuals, look for key words, look for threads of communication, look for who they interact with within — inside their own organization and outside of the organization and actually create a sort of a profile of topics or subjects or knowledge areas for each person, is that what you are discussing here?**

**Ms. Besemer:** It is similar to that. Since I have a background in that area, I know it fairly well. It's similar because what you are looking at is a profile of not only your own workforce but the people who are interested in working for you. So, again, you are right. You would look for the common thread. For example, you would look at the people that have indicated an interest in working at your company, and determine how many of them have the following characteristics — PhDs versus master's versus bachelor's degrees; how many of them have a certain number of years' experience; and you would profile which are the candidates that are interested in working at our company. Likewise, of course, you can do this type of profiling for the people who already work for your company.

**TWST: Sure. With BrassRing, specifically, what was the genesis of the company? How did it get started? What's been its funding history?**

**Ms. Besemer:** The Company began through the uniting of three media companies and one venture capital firm. They were our initial investors and our owners, and have remained as such to this day.

**TWST: I was just curious how long you have been in business in this area and what precipitated BrassRing?**

**Ms. Besemer:** Well, BrassRing was formed five-and-a-half years ago. What originally precipitated the formation of the technology business — of which we are the industry leaders — goes back to the days of career fairs. At a career fair, the candidates would come and bring their resume, and recruiters would leave the career fair with a stack of resumes. The genesis of this company was to take those resumes and convert them in an electronic format, put them on a diskette, and give them to the companies who had come to the career fair. This company was then purchased by a career fair company that, in turn, was then purchased by Kaplan, which was owned by the Washington Post. A few CIOs from the Washington Post and Kaplan went and looked at this career fair company they had bought and said, "Wow, look at this technology they have." These two gentlemen envisioned what this company

could be in terms of taking these resumes, building the software around it, and making it accessible to your browser on the web to find the right candidates. That grew into not just finding the right candidates, but also managing the entire recruitment process. That was the genesis of the company.

**TWST: Very nice. What's the agenda at this point for BrassRing? What are your priorities, what would make the next 12 to 24 months a success?**

**Ms. Besemer:** Well, our number one priority is to maintain BrassRing's leadership position as the choice for large complex organizations, and increasing our importance to them. And — with the coming labor shortage that most agree is already upon us — raise top executive awareness of the importance of retaining and attracting talent in organizations to make it a top priority. Our goal is to maintain our leadership position in terms of technology, services and outsourcing.

**TWST: Introduce us to your top-level management team, yourself and a few of your cohorts, focus on experience in leadership credentials. And also your assessment as you look at that team, are they areas today you are looking — bench strengths, skill sets to add or augment? Do you apply the talents to your technology to yourself?**

**Ms. Besemer:** BrassRing has a very complete management team. Each of the executives in the Company has over 20 years' experience in either technology or in talent management. John Haworth is our executive in charge of Strategy and Marketing. John has over 20 years' experience again in technology as it's applied to the human resources function. Gary Cormier, is both our Head of Human Resources and the Head of our Consulting business, as he knows what heads of corporate human resources want. He has 20 years' experience in human resources. Jan Wahby is in charge of our worldwide Sales activities with 20 years experience in the staffing industry. Steve Turner, our Chief Technology Officer has 20 years' experience in building enterprise level software. Dick Goldman, our Chief Financial Officer, has over 20 years' experience including being CFO at a number of high-tech companies including Pegasystems, PictureTel, Giga Information Group and Prime Computer. So, as you can see, we have a combination of technology and staffing. Certainly every one of us has run our function at a larger company, and we all have every intention bringing BrassRing to that next level.

**TWST: What is the competitive landscape, who do you consider competition? Who is trying or has a similar technology or services for customers today? You mentioned the differentiator, can you relate that more to that competitive landscape?**

**Ms. Besemer:** Yes. We have to segment our competitors, because there is no other company that has both the technology and the expertise, particularly to do outsourced talent management. We have a group of competitors that are software companies, and then we have a group of competitors that are outsourcers that use some-

body else's software. We believe we are uniquely positioned in the marketplace for companies who are interested not just in technology, but really want some help in getting to the next level of talent management. And, those that are looking to outsource their function are very comfortable with us, because we own the technology that we apply, we don't obtain it from somebody else and outsource it. So, if you want me to go into those different areas on the outsourcing side, there are HR outsourcers, not necessarily recruitment outsourcers, but those that would outsource all of the HR functions, and those are large companies like Hewitt and Fidelity. On the software side, there were the three large software companies of Oracle, PeopleSoft and SAP. They were all interested in getting into this market, but I think their focus is elsewhere at the moment. There are also a wide range of small software companies that are meeting one or two of the various specific areas in talent management. For example, there is a software company that just handles hourly workers or a software company that would just offer assessment. That's the landscape of our competitors.

**TWST: Does it make sense that BrassRing will stay an independent company? Does M&A activity either to bring you into a larger organization or to perhaps add to your tool set make sense?**

**Ms. Besemer:** There are two parts of that question. Would we be the consolidator or would we be consolidated? And, in any of those cases, the number one priority for us — and for our investors — is to do what makes the most sense for our customer set. If there were a significant advantage in the marketplace, in other words, if customers think it is a really good idea, then we would either acquire or be acquired by a company. For example, last summer, we acquired a company that had some very unique cultural assessment intellectual property and people associated with it. They used both technology and had expertise in the assessment of a candidate and whether or not that candidate will fit the culture of a company. That was fascinating and it fit exactly into what we do to help companies try to get the right people in the right jobs, and it was of great interest to our client base. In addition to acquiring the technology and the expertise, we had the founder of that company join us. He is really world-renowned in terms of his expertise on cultural assessment. That's the kind of thing we look at — is there some intellectual property or area of expertise that's of great interest and value to our clients that furthers our mission? What we are not interested in is changing our mission through acquisition. We have three growth paths for the company and we always look at possible combinations along those three growth paths. Our three growth paths are: new markets, which are primarily geographic markets for us. Second, extending our product and service line, this is why we acquire intellectual property to extend our product and service line. And third, an area which is just growing in the marketplace is the outsourced talent management business. As we look at strategic combinations, it could be any combination of these three growth paths.

**TWST: What is the value of BrassRing or companies that could be similar to BrassRing for outside investors, what would compel them to look at this area to consider this as an investment region, what value should they see in such a company?**

**Ms. Besemer:** I think the value is that the market is still nascent. The market itself, both for the technology and for outsourcing, has a lot of growth potential and there is no disagreement on that among the industry analysts that cover this marketplace. This is one of the last bastions of corporate process that has not benefited enough from technology and expertise. Now, you know recruiting, for example, a lot of very large companies still do in a very old-fashioned, very inefficient way. So, the appeal is that the market is growing and there is certainly a significant amount of coverage being written about outsourcing. The other trend in the marketplace that would certainly be of interest to investors is the global momentum that really positions us and is positioning this particular marketplace for growth and success. Talent management has never been done on a truly global basis up until recently — even the largest companies in the world. And so, the valuation of our company, and what we allow organizations to accomplish, is...priceless.

**TWST: Did the pace of technology change the ways in which companies look at their own assets and manage their own assets including their personnel change? What are some of the significant trends or issues you see either in technology, people, tracking people management, talent management that you feel perhaps may ring the bell for some companies not necessarily yesterday or today but in the next year or two or three?**

**Ms. Besemer:** There are several trends in technology, both positive and negative. Let me start with one that's negative — the protection that companies need to take around privacy. Improved data protection is a positive thing, but it can be viewed as a negative because it is one of the things that companies have not paid enough attention to and must address. Technology can help them maintain the privacy of both their employee and job candidate data. There is a lot of personally identifiable information that people send to a company when they are applying for a job, and so taking the precautions around the security of that information is extremely important. Unfortunately there are technologies out there and people that are trying to get that information for identity theft.

**TWST: Do you see that as an active area for hacking or intrusion?**

**Ms. Besemer:** Yes.

**TWST: Or potential area?**

**Ms. Besemer:** A potential area in that, where we see it is five years ago, nobody even asked about security. Now, anytime we talk to a company about being a potential client, there is just really deep due diligence done on the security that we offer, particularly because we are Web-based.

**TWST: Sure. So, they are concerned about who would then have access to their data and how it is stored or secured, both inside while you are accessing it and outside are you free from intrusion.**

**Ms. Besemer:** Exactly. So, some of the other trends are software as a service, which we are. So, you don't actually buy our software and install it inside your own company. We host the servers, we own the software, and you use it — you as a company would use it as a service and pay for it as a service. So, that is a technology and business model trend.

**TWST: Which also lowers their active start-up cost?**

**Ms. Besemer:** Absolutely.

**TWST: By not having to install and change any of their own equipment or operating system.**

**Ms. Besemer:** Absolutely. And because it is a monthly subscription, we are engaged in making improvements to that product on an continuous basis that our clients benefit from.

**TWST: And seamless?**

**Ms. Besemer:** Yes, absolutely. And it is not a big project to do an upgrade for them. The other technology trend that is enabling changes in our market is it the use of Web services as a way to develop software. It permits us much more rapid application development so that we can build new things as a Web service and deploy them quickly.

**TWST: Thank you.**

DEB BESEMER  
 President and CEO  
 BrassRing  
 343 Winter Street  
 Waltham, MA 02451  
 (781) 530-5000  
 (781) 530-5500 Fax  
 www.brassring.com