



NUCLEUS
RESEARCH

Phenom acquires Plum to scale skill validation

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The Bottom Line

Phenom's recent acquisition of Plum reflects a broader shift in talent acquisition from resume-based to skill-based and behavior-based hiring that is often discussed but difficult to execute at scale. As AI presents both new efficiencies and new risks, particularly around candidate fraud, organizations are under increasing pressure to validate talent earlier and more effectively. By integrating Plum's psychometric assessments alongside its existing screening capabilities, Phenom is positioning itself to deliver more comprehensive candidate insights within the application workflow. Nucleus expects this approach to drive improved decision-making, which can ultimately accelerate the hiring process and improve employee retention. As a result, organizations in high-turnover industries can improve crucial metrics while regaining time to allocate to expanding or enriching their longer-term talent acquisition planning.

Overview

AI can increase efficiency and reduce costs in talent acquisition by automating repetitive tasks, such as resume evaluation, interview scheduling, and candidate outreach, with greater proficiency than the NLP- and decision-tree-based systems it has begun to replace. Beyond driving time savings for talent acquisition teams, which can be reallocated to strategic talent planning and other high-value initiatives, AI can also surface insights into candidates and current hiring processes, supporting the continuous refinement of these strategies.

Despite its ability to rectify many of the bottlenecks plaguing hiring funnels, AI in talent acquisition is inherently a double-edged sword. Generative AI, in particular, has led to an uptick in both the frequency and sophistication of candidate fraud. For example, on the candidate side, AI is being used to generate embellished or fabricated resumes and create deepfake avatars. This has prompted a need for increased vendor investment in areas such as employment verification, identity verification, and technical skill assessments. However, in pursuit of holistic, full-picture candidate screening, a gap persists in validating skills that often do not appear on a resume.

The Announcement

Phenom is a well-established vendor in the talent acquisition space, embedding AI and automation throughout its Applied AI platform. The vendor is built to meet the needs of organizations across hiring types and volumes, from high-velocity frontline recruitment to specialized and executive search, offering industry-specific AI agents that support skills-based hiring at any scale.

The vendor recently announced its acquisition of Plum, a provider of psychometric-based talent assessments delivered through a platform that supports hiring, succession, and workforce planning. The model these assessments are built upon cover 10 Plum Talents across areas such as decision-making, persuasion, communication, conflict resolution, managing others, embracing differences, adaptation, execution, innovation, and teamwork. With this approach, Plum generates durable skills data that managers and recruiters can use to predict success in a specific role, beyond technical and base-level requirements on a resume or CV.

In response to the rise of AI-driven candidate fraud, Phenom notably acquired Be Applied earlier this year to add new cognitive assessment

The rise of AI adoption has led to a subsequent rise in the frequency and sophistication of candidate fraud.

Phenom's Applied AI Platform is built to meet the needs of organizations across hiring types and volumes, offering industry-specific AI agents that support skills-based hiring at scale.

capabilities within its agentic application experience. Now, with the addition of Plum's psychometric assessments, Phenom customers will be able to add an extra layer of verification in a hiring landscape where making the wrong hire is increasingly costly. The move is expected to combine Plum's behavioral science with Phenom's Hypercell framework and automation capabilities to enable scalable, full-spectrum assessment creation and skill validation. Assessments will take the full context of each role into account, based on industry, function, and geography. Organizations will also have the ability to configure assessments to unique requirements.

Phenom's acquisition of Plum closely follows the vendor's recent acquisition of Be Applied, a provider of skills-based cognitive assessments.

Expected Benefits

Nucleus expects that Phenom's acquisition of Plum will enable customers to increase retention rates while speeding up time-to-hire by integrating Plum assessments into the application experience.

Increased Retention

Nucleus found that the cost of turnover ranges from \$3,000 to \$5,000 per employee on the low end, which can quickly become unmanageable in frontline-heavy industries where turnover is a persistent challenge. Much of this turnover can be attributed to standard methods of screening, which render difficulties determining fit and future performance. In an ROI case study examining a large financial institution's pilot of Plum for its campus hiring program, Nucleus found that the organization achieved a 182 percent ROI stemming from retention benefits alone. Leaders at the organization noted that the increase was attributed to the solution's ability to help recruiters better identify candidates that fit the role and the organization (Nucleus Research W111 – ROI case study: Plum at Scotiabank, July 2022.) Phenom customers who take advantage of Plum capabilities should expect to gain access to a more complete "snapshot" of a candidate, leading to better decision-making and hires that stay with the organization long-term.

A large financial institution implemented Plum for its campus hiring and significantly improved retention across the program, achieving a 182% ROI.

Accelerated Time-to-hire

Organizations with high volumes of applicants often benefit from embedding screening as early as the application process. Rather than relying on sequential steps across different platforms, recruiters can capture more information upfront, leading to better informed and quicker decisions. Through automation, top candidates can also be moved forward without the delays so prevalent across manual screening and multi-round interview processes. Nucleus found that automating

hiring processes can shorten time-to-hire by up to seven days, with the potential for further acceleration as more manual steps in the funnel are automated.

Looking Ahead

While many vendors scramble to patch the identity verification needs exacerbated by candidate-side AI, Phenom is taking a more foundational approach by reimagining screening for the AI era. Despite widespread discussion of skills-based hiring, scalability remains a primary barrier. The acquisition of Plum, alongside the cognitive assessment capabilities of Be Applied, strengthens Phenom's ability to execute this model within a broader vision of intelligent, AI- and automation-driven hiring. In a function that is both primed for and cautious of AI adoption, Phenom's approach stands out by applying AI to restore trust and enable more defensible hiring decisions.

Phenom's recent acquisitions of Plum and Be Applied are expected to enable more comprehensive, scalable skills-based hiring strategies.