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TIM BOREHAM
CRITERION



Wowing the workplace (and testing the market)

Your columnist has often referred to jobs wrangler and facilities manager Programmed Group as the canary in the coalmine on the “real” economy.

We’re pleased to report the songbird is out of the shaft and trilling about the sharp upshift in activity in sectors such as tourism, healthcare and education.

In the last six months, reports Programmed chief Chris Sutherland, the baton of growth passed from the resources sector to household services.

“For the first time in three years we have seen demand from non-resources offsetting the (decline of) the resources sector,” he says. (To read more on a forecast uplift in GDP see David Walker’s feature on this page.)

Sutherland’s observation deserves extra weighting, given that Programmed recently subsumed Skilled Group in one of those George Orwell-style “merger of equals”.

This combines Skilled’s status as the country’s biggest hirer of blue-collar grunt with Programmed’s facilities management reach: anything from painting schools to managing race tracks.

The non-resources outlook supports last month’s official employment stats that seemed too good to be true.

At a corporate level, Programmed is also making faster than expected progress on extracting \$20m of synergy benefits from the Skilled

integration. All the elements for a robust share rally? No, actually.

Investors are spooked by the poor performance of the resources side of the business, which saw earnings collapse by 67 per cent in the first half on the back of a decline in marine work.

In acquiring Skilled, Programmed inherits an even bigger exposure to the energy market. The shares have been slaughtered since Thursday’s results, but if Sutherland is right about that smooth baton pass, this makes for a buying opportunity.

Traditional recruiters such as Programmed face a more potent threat than idle mines: disruption from cloud-based innovators in the workplace sector. Taking their cue from poster child I-Page (IPG), a slew of start-ups are chancing investor appetite for IPOs based on the more efficient hiring and deployment of people.

TikForce, which is doing the rounds for \$4.5 million-\$6.5m, has devised a verification service for both employers and potential employees. To the best of its ability, TikForce checks the credentials of job applicants — anything from driving licences to diving licences. In the case of existing workers, their credential might have long expired.

A feature is that the employee or candidate retains the right to the certification, which can be presented to other employers.

The individual controls what information is presented, in that

a ballet coaching certification may not be relevant to driving trucks in the Pilbara.

At the heart of the TikForce offering is a tie-up with Australia Post, which enables workers to be validated in post offices, using the same process as a passport application. Its initial client is Melbourne train operator Metro, TikForce verifying 2000 workers and subbies.

Uber is listed as a “targeted organisation”, given the ride-sharing group’s need to validate and track 20,000 drivers.

The market’s appetite for these workplace-themed offerings has been encouraging.

TikForce is a variation on **CVCheck (CVI, 49c)**, which listed in early September at 25c on the premise of providing a single online portal for 1400 services covering global police, credit and bankruptcy checks.

Of course, it’s safer for a company to employ talent referred by its own network or workforce. As with I-Page, **Reffind (RFN, 99c)**, which listed in July at 20c a pop, facilitates this. Reffind’s app-based tools also enable employers to communicate better with workers, especially in large and disparate workplaces.

That’s also the gist of the Perth-based **Velpic (VPC, 7c)**, which listed on November 12 having raised \$4m at 2.5c apiece.

Velpic, which has developed a workplace learning platform, boasts the listed car dealer Automotive Holdings as an



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anchor client.

Shopping centre tycoon John Gandel's son Tony is an investor in this one. Gandel junior also backed the recently listed workplace technology company **Dubber (DUB, 70c)**, which improves the management of recorded phone conversations. Its shares have more than tripled since its March debut.