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A dot-com that did it

StaffMarket.com links PEOs to the companies that need them

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By MICHAEL BRAGA
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posted 09/07/02

BRADENTON – Jim Hamilton and Matt Swezey left Bradenton-based Gevity HR in May 1999 – at the height of the technology boom – to start their own dot-com.

But unlike so many other high-technology start-ups of the period, StaffMarket.com is still in business.

Even more remarkably, the company, which provides an electronic marketplace where professional employer organizations, or PEOs, can hook up with a company needing their services, is profitable.

Hamilton and Swezey have already been able to repay all the money they took from their savings accounts during the start-up phase.

"I don't have my house by the river yet," Hamilton said. "But the business is doing really well."

Central to StaffMarket.com is its electronic database.

It was created by Hamilton, who was previously the project manager for the installation of Gevity HR's powerful Oracle human resources management system.

StaffMarket's database stores all sorts of information about the 300 PEOs across the country, including Gevity, Epix, Southeastern and Oasis, that have agreed to do business with Hamilton and Swezey.

It contains data about where PEOs are licensed to do business, what sort of companies they are looking to do business with, what level of workers' compensation risk they are willing to assume and what kind of health insurance and 401(k) benefit plans they offer.

The database also stores information about companies looking for PEO services – how many people they employ, their occupations and what benefits they receive.

StaffMarket.com then shares that information with both sides of the transaction and earns a referral fee from the PEO that ends up landing the client's business.

Over the past 18 months, Hamilton and Swezey say they have completed transactions for 1,500 clients. Roxie Courson's 10-person Daytona Beach law firm is one.

Courson said her previous law firm split in two last summer and its PEO used the breakup to terminate its contract. As a result, employees at the divided law firms were left without health and workers' comp insurance.

"We had to scramble to find a new PEO," Courson said. "I didn't know where to start."

By chance, Courson's husband found StaffMarket.com while surfing the Internet. Courson called the company, filled out an information sheet listing her law firm's payroll data, and PEOs began to call her within a couple of days.

"We ended up with seven or eight bids," Courson said. "I didn't have to do anything. When the PEOs



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Jim Hamilton, left, is president of StaffMarket.com of Bradenton; Matt Swezey is vice president of marketing and sales.



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contacted us they already had all our information."

Customer Service

The object of StaffMarket.com, according to Hamilton and Swezey, is to make it easier for PEOs and clients to get together.

Clubs Finder

What Hamilton and Swezey didn't realize when they started the company, however, was how much time they would have to spend on the phone collecting information from both PEOs and clients.

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"We envisioned that the system would be totally automated," Swezey said. "But we soon realized that it would need more touch points to understand a client's particular situations."

The problem now facing StaffMarket is that the PEO industry has entered the most serious crisis of its 20-year history.

PEOs are having trouble getting workers' comp insurance required by law, and hundreds are expected to go out of business before the end of the year.

At the same time, some PEOs are refusing to offer workers' comp insurance to companies whose employees are most likely to get injured on the job, such as roofers and construction workers.

In the short term, this turmoil creates opportunities for StaffMarket.com.

"Whenever buyers and sellers of services are changing their relations it's good for the person in the middle," Hamilton said.

But if too many PEOs shut down, it will threaten StaffMarket's business model.

The reason the marketplace works right now is that there are so many PEOs competing for business in the industry and their offerings are so different and complex, Hamilton said. If the number of PEOs gets whittled down significantly, there will be less need for StaffMarket's services.

"The odds of it shaking out to a very few players is very low," Hamilton said. "I think there will still be a lot of players left when the shakeout ends."

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