



# Talent Management Systems 2010

*Market Realities, Implementation  
Experiences and Solution Provider Profiles*

**Leighanne Levensaler,**

*Director of Talent Management Research*

**Madeline Laurano,**

*Principal Analyst*

September 2009

## TABLE OF CONTENTS

<b>Introduction</b>	<b>10</b>
<b>Key Questions Addressed in This Report</b>	<b>11</b>
<b>Research Methodology</b>	<b>12</b>
<b>Talent Management Suite Solution Providers</b>	<b>14</b>
<b>Top 10 Findings about the Market for Talent Management Suites</b>	<b>16</b>
1. Talent Management Software Is Now a Well-Understood and Important Segment within Human Capital Management Software.	16
2. Most Buyers Today Realize That They Must Clearly Define an Integrated Talent Management Systems Strategy.	16
3. After Three Years of Marketing Hype, We Are Finally beyond the Early-Adopter Phase of Integrated Suites.	17
4. Few Organizations Will Buy and Implement a Suite as One, Big Project.	17
5. Buyers Today Want Both Functional Depth and Integration across Multiple Applications.	17
6. The ERP Providers Are Losing Market Share to the Pure Talent Management Software Providers.	18
7. While It Is Still a Very Competitive Market, the Real Market Leaders Are Starting to Emerge.	18
8. Leading Talent Management Providers Are Embedding Social Tools within Their Applications to Drive Talent Management Adoption.	19
9. SaaS Is the Predominant (and Preferred) Delivery Model for Talent Management Systems.	19
10. Buyers Need to Be Aware of Potential Challenges in Implementing Talent Profiles.	20

<b>High-Impact Talent Management</b>	<b>21</b>
The Business Climate	21
The Current State of Human Resources	21
The Shift to Talent Management	23
<b>Strategic HR Applications</b>	<b>28</b>
The Current State of HR Applications	28
Integrated Talent Management Systems	31
<b>The Talent Management Suite</b>	<b>32</b>
What Is a Talent Management Suite?	32
Presentation Layer	33
Application Layer	34
Data Layer	41
Peripheral Features	42
Technical Architecture	43
Talent Management Delivery Models (On-Premise Versus Hosted Versus SaaS)	45
Performance Management – The Backbone of Talent Management	47
How Talent Management Suites Provide Value	50
Case in Point: Integrating Performance and Development Planning	54
Case in Point: Integrating Performance Management and Succession Management	54
Case in Point: Pay for Performance	55
<b>The Market for Talent Management Suites</b>	<b>56</b>
Market Size for Talent Management Software	56
Customer Segments	58
Small / Medium Business	58
Enterprise	59
Global Enterprise	59

Adoption by Application Area	60
Performance Management	61
Compensation Management	62
Succession Management	62
Adoption of Talent Management Applications	63
Buying and Implementation Trends	65
<b>The Talent Management Suite Solution Provider Landscape</b>	<b>68</b>
Solution Provider Revenues	70
Solution Provider Overall Company Revenue Growth	72
Solution Provider Customer Bases (or Experience)	73
Solution Provider Focus: Industries	75
Solution Provider Service Offerings	77
Heritage of Solution Providers	80
Solution Provider Product and Growth Strategies: Build Versus Buy	81
Internal Development Efforts	82
Acquisitions	83
Solution Provider Platform Integration after an Acquisition	83
Recommendations for Buyers	86
Solution Provider Capability Charts	86
User Experience	90
Solution Provider Market Map®	94
Solution Provider Snapshot Analysis®	96
<b>The Importance of the Employee Profile</b>	<b>99</b>
Integrated Profile and Competency Management	101
The Problem with Profiles Today	103
<b>Organization Experiences</b>	<b>106</b>
What is the Current State of Talent Management	

Systems Today?	106
Do Organizations Have an Integrated Talent Management Systems Strategy?	107
What Are the Challenges with Implementing an Integrated Talent Management Systems Strategy?	108
How Do Organizations Approach the Integration of Their Talent Management Systems?	109
Case in Point: Raytheon	112
Case in Point: Premier Inc.	112
Is There a Preferred Delivery Model for Talent Management Systems?	114
Are Organizations Willing to Trade Functional Depth in Some Talent Management Modules in Order to Standardize on a Technology Platform?	115
Case in Point: ERP + Point Solutions	118
Why Do Organizations Buy a Talent Management Suite?	118
A Phased Rollout	119
Who Is Using the Talent Management Suite Today?	120
Case in Point: Aon	121
Who Is the Buyer of the Talent Management Suite?	121
How Well Do Talent Management Systems Help Organizations Implement Key Talent Initiatives?	122
Case in Point: Pep Boys	124
<b>Outlook</b>	<b>125</b>
The Next Generation of Talent Management Suites	125
Predictive Platforms – The Next Frontier	125
Solution Provider Examples	127
Next Steps	130
<b>Where Is This Market Going? Top Five Predictions</b>	<b>132</b>
1. Organizations Will Standardize on a Suite.	132
2. There Will Be Significant Solution Provider Consolidation	

in the Next Two to Three Years, Frustrating Many Buyers.	132
3. SaaS Will Continue to Dominate.	133
4. Small and Midsize Organizations Will Look for a Single Platform to Support Core HRMS and Talent Management Needs.	134
5. The Emergence of the Talent Management Suite as a Predictive Platform.	135
<b>Selecting Talent Management Software</b>	<b>136</b>
Start with the Business Issues	136
Develop a Talent Management Strategy	137
Set Clear Initiative Priorities	137
Assess Readiness	138
Develop a Three to Five Year Roadmap	139
Conduct Process Design Sessions	139
Determine High-Level Requirements and “Big Rocks”	140
Identify the Most-Suitable Solution Providers to Evaluate	141
Develop a Business Case for Funding	142
Develop Detailed Requirements Documentation	142
Develop a Request for Proposal Document	145
Develop an Evaluation Scorecard	145
Evaluate Solution Providers	146
Score RFP Responses	146
Conduct Solution Provider Demonstrations	147
Score Solution Provider Demonstrations	147
Check Solution Provider References	147
Prepare a Summary of Recommended Solution Provider(s)	148
<b>Conclusions</b>	<b>150</b>
<b>Regarding This Research</b>	<b>151</b>
Come Visit with Us	151
Join Our Research Membership Program	151

<b>Appendix I: Solution Provider Overview Charts</b>	<b>153</b>
<b>Appendix II: Solution Provider Capabilities Charts</b>	<b>157</b>
Introduction	157
<b>Appendix III: Solution Provider Profiles</b>	<b>169</b>
Authoria	170
Beeline.com	177
Cornerstone OnDemand, Inc.	185
Halogen Software	194
HRsmart	201
Kenexa	208
Lawson	216
Learn.com	225
Meta4	233
Oracle	241
Plateau Systems	256
Saba	265
Salary.com	274
SAP	283
SilkRoad technology, Inc	292
Softscape	299
StepStone	307
SuccessFactors, Inc.	314
SumTotal Systems, Inc.	322
Taleo Corporation	330
Technomedia Training Inc.	338
TEDS, Inc.	347
Watson Wyatt Worldwide	356
Workstream	364

<b>Appendix IV: Cost of a Talent Management System</b>	<b>372</b>
Introduction	372
A Market in Flux	372
Pricing	373
Total Cost of Ownership	374
Final Thoughts	376
<b>Appendix V: Research Survey Demographics</b>	<b>378</b>
Demographics of Respondents	378
<b>Appendix VI: Analysis of Solution Providers by Market Share</b>	<b>382</b>
<b>Appendix VII: Glossary of Terms</b>	<b>389</b>
<b>Appendix VIII: Table of Figures</b>	<b>396</b>
<b>About Us</b>	<b>400</b>
<b>About This Research</b>	<b>400</b>



# Talent Management Systems Customer Satisfaction 2010

*A Comprehensive Study of Customer  
Experience with Talent Management Systems*

**Josh Bersin,**  
*Principal Analyst*

December 2009

## TABLE OF CONTENTS

<b>Preface</b>	<b>6</b>
<b>Introduction</b>	<b>7</b>
<b>The Buyer's Challenge</b>	<b>10</b>
<b>Our Customer Satisfaction Research Methodology</b>	<b>12</b>
<b>The Importance of Analyzing Satisfaction by Market Segment</b>	<b>16</b>
Small / Medium Business	16
Enterprise	17
Global Enterprise	18
<b>Vendor Breakdown by Customer Segment</b>	<b>20</b>
<b>Customer Satisfaction Results</b>	<b>22</b>
General Findings about Customer Satisfaction	22
This Market Is Young and Immature	24
Talent Management Software Vendors Are Not Consulting Firms	28
Product Management Is Difficult Yet Critically Important	28
Top 10 Key Findings	30
1. Customer Satisfaction Is Moderate, with Wide Ranges by Vendor.	31
2. Smaller Customers Are More Satisfied Than Larger Customers; Vendors That Serve Smaller Organizations Are Generally More Successful.	31
3. Customers Are Most Satisfied with Talent Management Functional Features.	32
4. Customers Are Least Satisfied with Data and Systems Integration.	33
5. Customer Satisfaction Is Highly Correlated with Vendor-Provided Implementation Consulting; Most Vendors Are Not Highly Rated in This Area.	34

6. Technical Product Support Is Also Highly Correlated to Customer Satisfaction; Vendor Performance in Support Varies Widely.	36
7. Customer Satisfaction Peaks in the First Year and Then Drops Significantly in the Second Year of Implementation, with a Predictable Lifecycle of Six to Seven Years.	37
8. ERP Providers Are Not Keeping up with Talent Management Software Providers in Customer Service, Product Capabilities and Integration	40
9. Customer Satisfaction Pays Off: Vendors That Provide Higher Levels of Customer Satisfaction Are Growing More Rapidly.	42
10. Vendor Culture and Leadership Matter: Today a “Total Customer Success” Focus Is Needed to Succeed.	44
<b>Vendor-by-Vendor Results</b>	<b>45</b>
Vendors Included in This Research	46
Customer Satisfaction Leaders	47
How to Use these Findings	49
<b>Final Thoughts</b>	<b>51</b>
<b>Appendix I: A Few Keys to Selection and Implementation Success</b>	<b>53</b>
Understand and Prioritize Requirements	53
Develop a “Short List” before Final Negotiations	53
Develop a Talent Management Strategy and Roadmap	54
Evaluate Total Cost of Ownership	55
Setting Clear Expectations with Vendors	56
Evaluate Your Internal Expertise	56
Change Management and Communications	56
Develop a Relationship Management Plan	57

<b>Appendix II: General Caveats about the Market</b>	<b>59</b>
The Market Is Growing Rapidly – Evaluate Vendor Financial Viability	59
The Integrated Nature of Software Is Ahead of Integrated Nature of Businesses and HR	59
Many of the Solutions Appear to Be Similar: Ease of Use Is Key to Success, Not Sexy Features	60
Evaluate Service with the Same Rigor You Evaluate Features	61
<b>Appendix III: Important Questions for Reference Calls</b>	<b>63</b>
<b>How to Participate in 2010</b>	<b>64</b>
<b>Appendix IV: Table of Figures</b>	<b>66</b>
<b>About Us</b>	<b>67</b>
<b>About This Research</b>	<b>67</b>