

The Strategic HCM Suite Landscape: The Consolidation of Workforce Acquisition, Management, Development, and Assessment

by Christa Degnan Manning and Koppel Verma

This is a playbook for buyers to understand their options for meeting tactical HR process needs today and to prepare themselves to deliver on strategic human capital management initiatives to support business goals in the future. For vendors, it provides a valuable framework for evaluating the competitive landscape and future direction of the market.

Acronyms and Initialisms

ASP	Application service provider	OEM	Original equipment manufacturer
ERP	Enterprise resource planning	ROI	Return on investment
ESS	Employee self service	SaaS	Software as a service
HCM	Human capital management	SMB	Small to midsize business
HR	Human resources	SOA	Service-oriented architecture
IVR	Interactive voice response	SMS	Short message service
M&A	Merger and acquisition	UI	User interface

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No single provider truly supports the entire breadth of HCM process automation, but there are a considerable number of strong contenders that help align employees to achieve business goals.

The Bottom Line

Executive Summary

The advent of web-based software applications has impacted HR in every major business process area, but too often these applications operated in functional silos, precluding true employee engagement and optimization. In turn, the software market responded to enterprises anxious for integrated tools with software suites. In many cases, however, the vendor marketing messages are ahead of customer inclinations and abilities to take advantage of the breadth of their capabilities.

To provide clarity into how these suites are being used as well as their future potential, this Report reviews the software providers that can support at least two of the four strategic human capital management (HCM) process areas we defined:

- Acquisition—including candidate sourcing, recruiting, and on-boarding
- Management—including time and attendance, absence management, and scheduling
- Development—including learning management and career and succession planning
- Assessment—including employee reviews, goal setting, and compensation

While no provider scored top marks in all areas, buyers should keep in mind the following guidelines for success as they select HCM software suites in order to align HR activities to achieve their business goals. The flip side of these suggestions follows in advice to the vendor community developing strategic HCM suites.

Recommendations for enterprises

Enterprises should prioritize their HR initiatives and find vendors with strengths that match their immediate needs, while keeping in mind how well vendors' development activities align with their strategic roadmaps.

- Investigate incumbent software suppliers.
- Focus first on the processes, not the providers.

Vendors featured in this Report:

Authoria
Beeline
Cezanne
Cornerstone
OnDemand
Deltek
HR Smart
Infor
Kenexa
Kronos
Lawson
Learn.com
Meta4
NuView
Oracle
Plateau
Saba
SAP
Silkroad
Softscape
StepStone
SuccessFactors
Taleo
Ultimate
Vurv
Workday
Workscape
Workstream

- Establish personnel competencies as the core of your program.
- Don't expect a rock-solid business case or hard ROI for strategic HCM.
- Enlist employees to drive strategic HCM from the bottom up.
- Realize software as a service (SaaS) isn't everything, but it may be the only thing.
- Ask to see in-depth demonstrations to ensure functionality will work as expected.
- Commit to core HR integration as a key enabler to your success.
- ERP can do HCM, but ask yourself: can you do HCM in ERP?

Recommendations for vendors

Vendors have a lot to learn about how they compare to the other HCM suite providers, as well as how to be more successful tapping into the tremendous market opportunity.

- Stop saying your company has an end-to-end integrated solution. Articulate your true differentiators.
- Give good demos. Don't make enterprises imagine synergy between processes.
- Beef up professional services. Strategic HCM is transformation, not simply automation.
- Stop insisting SaaS is the inevitable future. Flexibility is important and deployment models will coexist.
- This isn't about software—it's about solutions. Help companies help themselves make the business case and measure metrics.
- Walk the talk. Invest in your own personnel to improve your company's product delivery and the delivery on the promises of strategic HCM.

The human capital management software market

IT has significantly impacted HR as it has virtually every major business process area. It has eased the collection, searching, and archiving of personnel data as well as streamlined the exchange of employee communications.

Core HR versus strategic HCM

In our definition, HCM software can be broken down into two major camps: core HR and strategic HCM. Core HR, which has represented half of software sales in the market to date, mainly comprises personnel records, payroll, and benefits administration.

Strategic HCM applications have evolved to support the major business process areas HR has traditionally been responsible for executing—recruiting, scheduling, training and reviewing—and these applications are driving the double-digit growth of the sector. The underlying philosophy of strategic HCM software is that integrating and optimizing these process areas should best enable employee execution of business strategy.

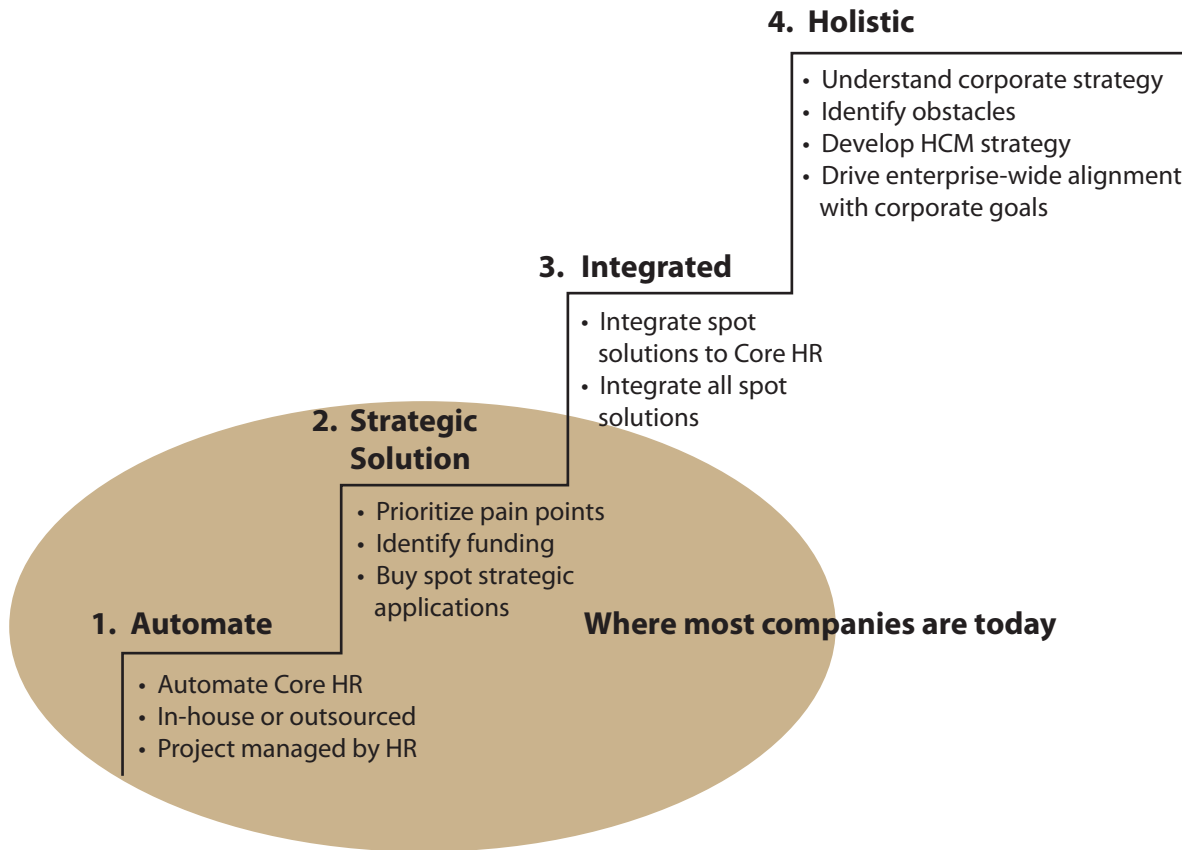
The advent of web-based software applications impacted strategic HR in every major business process area, with time and attendance as well as scheduling taking a leap forward with manager and employee self-service capabilities. Recruiting was one of the first major business areas of explosion on the Internet, and online training changed workplace education immensely.

But the true transformation of HR through the use of technology is far from being realized. While automation opened up what was once primarily an administrative function to the possibility of becoming the critical alignment mechanism to execute business strategy, different areas within HR have undertaken automation in silos and precluded true strategic impact (see Figure 1).

This isolation has not been HR's fault; few senior executives have empowered HR to take on broad cross-functional initiatives to transform how people are leveraged. Oftentimes the cultural shift and change management efforts to support that transformation are all-encompassing. Furthermore, most of the systems in the market were initially designed to solve just one of these business problems: not finding enough qualified candidates, tracking employee time; providing large-scale distributed training, and doing annual performance reviews.

That is, until now.

Figure 1: HCM strategic adoption model



Source: AMR Research, 2007

From silos to suites

In the past two years, the HCM market has undergone tremendous consolidation and organic development activities to bring these areas of functionality together in a more meaningful way. The idea is that if a company can identify its best people, it can improve its acquisition activities by hiring people with similar successful qualities. It can then better train its existing employees to meet that ideal and deploy these people as needed.

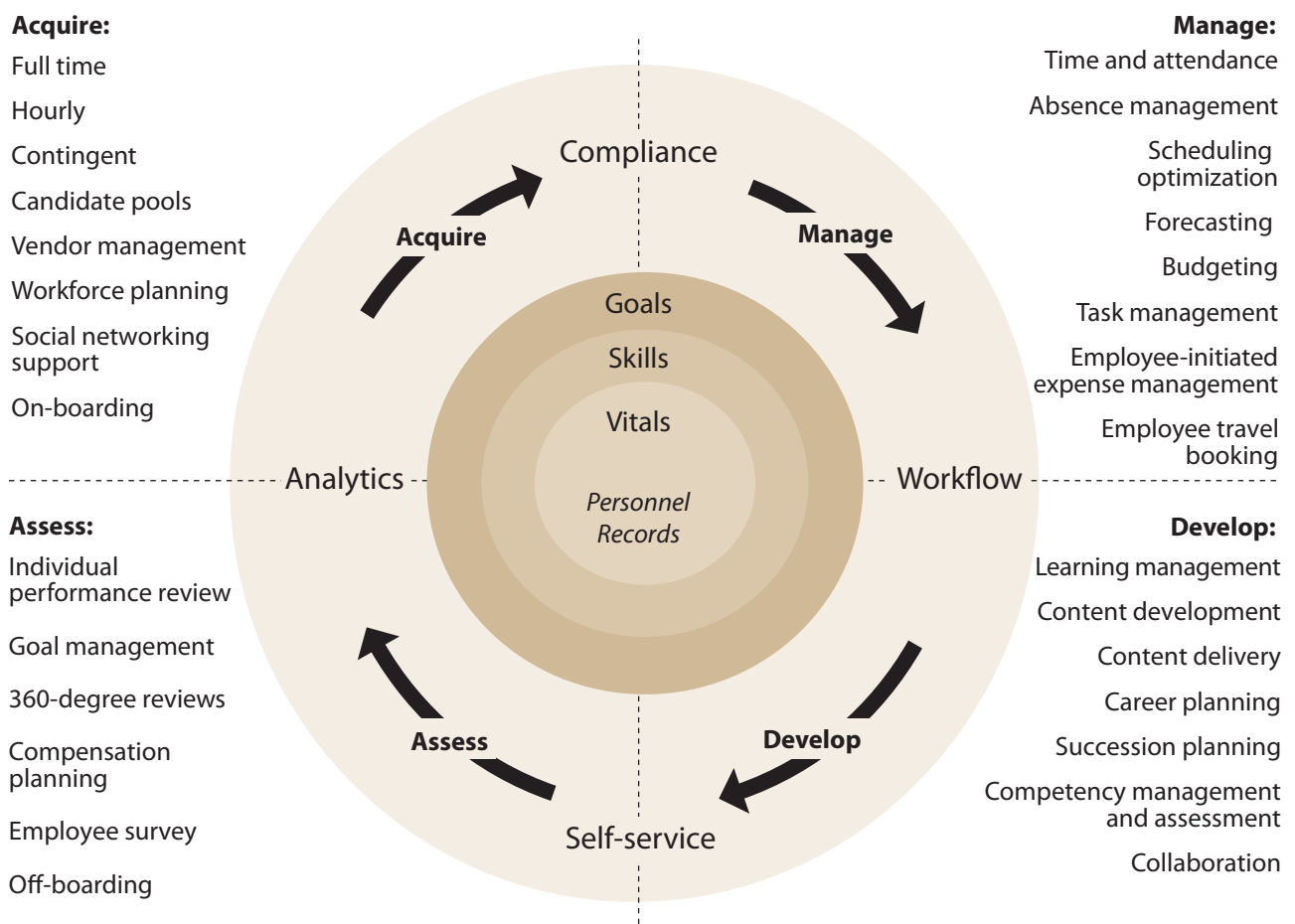
Doing these activities in the same system promises synergy as well as the ability to use the same data, workflow, and reporting mechanisms to improve adoption and compliance. This cross-process concept has fueled the more than 15 major acquisitions among the top 25 vendors in the HCM space in the past two years alone.

Yet the market evolved in such a way that these suite providers don't do the same things. Not surprisingly, companies with a learning management system background have a distinctive development bent to their applications. Companies that came out of e-recruiting have provided most of their capability in that realm.

These differences have confused the enterprise-community buyers that need to prioritize the strategic HCM initiatives to undertake today. Even individual HCM automation initiatives in one major strategic HCM area can be significant undertakings. These companies want to hedge their bets on the company that will be best equipped to support their next project down the line as pressures to hire, retain, and leverage personnel only become more acute in the global 24/7 marketplace.

To assess how far the vendor community has come to delivering on these strategic HCM promises, we have mapped out all of the HCM functional areas automated today by leading suite players to support the employee lifecycle. The purposes of this Report are to establish common strategic HCM capability definitions and evaluate the software providers that claim to support strategic HCM against the functional areas (see Figure 2).

Figure 2: The AMR Research employee engagement lifecycle



Source: AMR Research, 2007

Vendor comparison

For this Report, we identified more than 35 companies we believed could support at least two of the four main areas of strategic HCM: acquisition, management, development, and assessment. We asked each vendor to provide information on the company and its products, conduct a live demonstration of its strategic HCM capabilities, and provide five references using at least two major areas of strategic functionality.

A few companies we believed deserved inclusion, notably **ADP**, **JobPartners**, **Microsoft Dynamics**, **Sage Software**, **SumTotal**, **Salary.com**, and **WatsonWyatt/WisdomNet** declined participation.

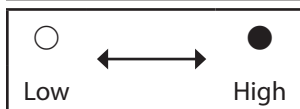
Of the 28 respondents, few could provide five references that were taking advantage of more than the vendor's core area of expertise, which is a key indicator the marketing messages are ahead of execution. Yet at the same time the references by and large expressed a preference for staying with one vendor as their organization's HCM program matured, with an interest in pursuing other areas of functionality.

The following charts rate each of the responding 28 vendors in the four major areas of functionality on a scale of one to four. In Table 1, ratings are based on vendor responses corroborated with the demonstrations. A rating of four represents the widest coverage of the capabilities listed in each area in Figure 2.

Table 1: Strategic HCM suite vendors—functional ratings

Vendor	Acquisition	Management	Development	Assessment
Authoria	◐	○	◐	◑
Beeline	◑	○	◑	◑
Cezanne	●	◐	◐	◑
Cornerstone OnDemand	◐	○	●	◐
Deltek	◑	●	◐	◑
HR Smart	●	○	●	◑
Infor	◑	◑	●	◑
Kenexa	●	○	◑	◑
Kronos	◐	◑	◐	◐
Lawson	●	◐	●	●
Learn.com	◐	○	●	◑
Meta4	●	◐	◑	●
NuView	◑	◐	◐	◑
Oracle—E-Business	◑	◑	◑	●
Oracle—PeopleSoft	◑	◑	●	●
Plateau	◐	○	●	●
Saba	◐	○	●	◑
SAP	◐	◐	◑	◑
SilkRoad	◐	○	◐	◑
Softscape	●	●	●	◑
StepStone	●	○	●	◑
SuccessFactors	◐	○	◐	◑
Taleo	●	○	◐	◐
Ultimate Software	●	◑	◐	◑
Vurv	●	○	◐	●
Workday	◐	◐	◐	◐
Workscope	○	○	◐	◑
Workstream	◐	○	◑	●

Source: AMR Research, 2007

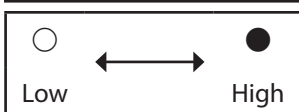


Looking beyond simple functional areas of support, we then evaluated the vendors in five key areas to determine the level of sophistication of their strategic HCM applications. Performance in those dimensions, combined with overall knowledge of the market and company histories, fed the assessment in the sixth dimension: potential. The six dimensions are as follows:

- **Usability**—An intuitive user interface (UI), integrated applications with a single sign-on, an actionable dashboard, and use of Web 2.0 technologies and concepts
- **Maturity**—Length of time the suite provider has been supporting multiple areas of Web-based strategic functionality
- **Breadth**—Average score of the support of the four areas of strategic HCM in Table 1
- **Delivery**—Deployment model options, geographic footprint, verticalization capabilities, and scope of partnership and channel ecosystem
- **References**—Ability to provide five references that are taking advantage of multiple areas of strategic HCM functionality and would recommend the vendor
- **Potential**—Execution capability and history, financial strength, strength of strategy and vision, and likelihood of being an M&A buyer versus seller

Table 2: Strategic HCM suite vendors—overall ratings

Vendor	Usability	Maturity	Breadth	Delivery	References	Potential
Authoria	●	◐	◑	◑	●	●
Beeline	◑	◑	◑	◑	◑	◑
Cezanne	●	◐	◐	◐	◐	◐
Cornerstone OnDemand	◐	◐	◑	◐	◑	◐
Deltek	◑	◐	◐	◑	○	◐
HR Smart	◐	●	◐	◐	◑	◐
Infor	◑	◐	◐	◐	◑	◐
Kenexa	◑	◐	◐	◐	◑	◐
Kronos	◑	◑	◑	◐	◑	◐
Lawson	●	◑	◐	◐	◑	●
Learn.com	●	◑	◑	◑	◑	◑
Meta4	●	●	◐	●	◐	●
NuView	●	◐	◐	◐	◑	◐
Oracle—E-Business	◐	◐	◐	◐	◐	●
Oracle—PeopleSoft	◐	◐	●	◐	○	◐
Plateau	◐	◑	◑	●	◐	◐
Saba	●	●	◑	●	●	●
SAP	◐	◐	◐	◐	◐	●
SilkRoad	◑	◐	◑	◑	◐	◐
Softscape	●	●	●	◐	◐	●
StepStone	◐	◐	◐	◐	◑	◐
SuccessFactors	●	◐	◑	◐	◐	●
Taleo	●	◑	◑	◐	◐	●
Ultimate Software	◑	◑	◐	◑	◑	◐
Vurv	◑	◑	◐	◐	◑	◐
Workday	●	◑	◑	◑	◐	●
Workscape	◐	●	◑	◑	◐	◑
Workstream	◐	●	◐	◑	◐	◐



Source: AMR Research, 2007

Strategic HCM vendor profiles

Authoria

Authoria first brought to market a communications portal for facilitating employee benefits information exchange in 1997. Now it brings a very user-friendly perspective to its strong strategic HCM suite centered in recruiting, performance, compensation, and succession. Authoria has built out its offering through acquisitions, most notably the addition of **Hire.com** for recruiting in 2005 and **AIM** for development and assessment in 2004, but it has completed considerable rewriting and integration work to pull the assets together in a compelling UI portal and single database structure.

An intuitive manager's dashboard provides high visibility into personnel-related tasks driven by workflow across the suite, organizational priorities, and organizational charts. It also includes coaching-in-context content to guide managers in tasks such as setting objectives and writing reviews.

All products are offered on demand by annual subscription based on number of employees. At the time of writing, the company has 65 customers deployed on Authoria Recruiting, 56 on Authoria Succession, 56 on Authoria Performance, 73 on Authoria Communications, 73 on Authoria Salary, and 77 on Authoria Incentive. The largest implementations of the suite support half a million users.

A long-term customer reference said Authoria has made the right business decisions, at cost to themselves, to take the long view on supporting multiple functional areas and investing in the suite to deliver on the promise of strategic HCM. It has also been flexible in adjusting its deployment methodology to support client requests.

Beeline

Coming out of the contingent workforce management realm, Beeline has seen the writing on the wall about the importance of integrated suites. The company acquired **Integrated Performance Systems (IPS)** and **Employer Services Corporation (ESC)** to add learning management, performance management, organizational development, and career and succession planning over the last 18 months.

Beeline Contingent Workforce Solutions has 57 direct customers and another 32 through a reseller. Its largest implementation is 75,000 concurrent users. Its Beeline Talent Management Solutions offering has 41 development customers (with the largest implementation supporting 30,000 users) and 25 assessment customers (20,000 in the largest implementation). All solutions are delivered in a hosted model, and pricing is based on a percentage of spend on contingent labor for that product and annual fee licensure deal for the talent management modules.

The main differentiator of its acquisition capabilities is that it can support both contingent and direct-hire projects and services. The company also offers contingent-hiring managed services, consulting, and recruitment process outsourcing, the latter representing one third of its current business. On the talent management side, it has some nice career planning capabilities that pull together training, long-term development plans, performance, and compensation, although the reference we connected with for this Report only used its contingent capabilities.

Cezanne

Primarily serving midsize European companies to date, Cezanne acquired its long-standing UK-based partner, **HRM Software** in June 2006. HRM developed the HRCharter organization-charting product, notably OEMed by Authoria and Workstream.

Offering more than 10 different HR software modules, Cezanne started with its core HR functionality, which is used by more than 300 customers since it first deployed a web-based version in 2000. Next came succession and development (57 customers), learning (209 customers), and assessment (151 customers), all of which debuted in web versions in 2002. Other modules since 2002 include workforce acquisition (157 customers), budget (108 customers), salary analysis (104 customers), pay review (16 customers), and organization charting (258 customers). The company debuted time and attendance in 2007 and has picked up 5 customers so far.

Its primary strengths are its international capabilities, depth of strategic capabilities, and built-in integration with a core HR system of record. It also has a strong partner network for localizing and implementing its suite of value-added resellers that localize, sell, and support Cezanne's HCM solutions across Europe and in the United States, Australia, Mexico, and Costa Rica. A reference said it has been a huge advantage to use one system throughout the world for both core HR and strategic HCM.

Cornerstone OnDemand

Taking advantage of its early strength in employee development in 2001, Cornerstone added competency-based assessment capabilities in 2002 and on-boarding capabilities in 2006. In on-boarding, Cornerstone has 15 customers, with the largest supporting 10,000 users. In development, it has 75 customers, with the largest supporting 160,000 users. In assessment, it has 50 customers, with the largest supporting 50,000.

Typically delivered through an enterprise subscription model, Cornerstone is priced per active user per month or year. It serves all size companies and is 100% SaaS.

Differentiators include compelling features such as compliance capabilities that a reference noted was a big win for her HR group that selected the system, as the company's compliance department had been looking for a separate solution. Yet because Cornerstone OnDemand packages the compliance certification capabilities within its competency module, the reference felt her company would be paying for a whole separate product it might not fully use. The reference was also disappointed that promised UI enhancements were over a year late and that implementation and support services were initially weak, although the reference noted they have shown some improvement lately.

Deltek

Deltek supports strategic HCM as a part of its ERP suite for project-based organizations. Its product, CostPoint 6.0, has time and attendance at its heart, and was first delivered to market in 1995 with core HR capabilities. Today, time and attendance has 2,200 customers and core HR 630.

Strategic modules have debuted recently. The company has 50 customers for acquisition, which debuted in 2006, and 5 for development, which debuted this year. Time and attendance's largest customer has 100,000 users, but its other modules are enterprise-wide deals sold by a traditional on-premises software license and delivery model, so Deltek was not able to report number of users. We recommend that project-based organizations consider it for strategic HCM, especially if they use or may use the rest of the Deltek ERP suite.

HRSmart

Targeting companies with more than 8,000 employees, HRSmart started off in the acquisition space in 1999, adding assessment capabilities in 2001 and development in 2002. Today it has 380 customers in acquisition, with the largest implementation supporting 120,000 users. It also has 53 customers in assessment, with the largest implementation supporting 30,000 users, and 76 in development, with the largest implementation supporting 80,000 users.

HRSmart is offered through a hosted delivery model or perpetual license. Of note, **Monster.com** stamps its own private label on HRSmart and resells it in the United States. The company has a few other international resellers in South Africa and Asia Pacific.

The company's main differentiators are its single database structure from its organic development and the ability to customize the suite, which a reference cited as a key criterion for its success with the firm. For midsize to large companies needing a flexible deployment model and implementation approach to acquisition- and development-focused strategic HCM, HRSmart is an interesting option.

Infor

Infor HCM Workforce Management is this roll-up software company's solution for HR automation. It comprises a number of assets gained through acquisition, most notably Infor's purchase of **SSA** in 2006 (which had purchased **Infinium** in 2002 and **Boniva** in 2005) and **Workbrain** in 2007.

Infor notes it has more than 1,600 HCM customers across all its offerings, but in web-based strategic HCM adoption, however, the breakout is as follows: in workforce management, Infor has approximately 150 customers, with the largest deployments supporting 350,000 workers, and in development and assessment (sold together), it has approximately 50 customers, with the largest deployments supporting 2,000 employees.

Infor's acquisition capabilities are provided to customers via OEM agreement with **First Advantage**. It has 33 customers there, with 4,000 users in its largest implementation. Also of note, Infor has 650 web-based core HR customers, with 140,000 users in its largest deployment.

All of Infor's core HR capabilities and 90% of strategic HCM capabilities have been sold as licensed software on premises, but 10% of its talent modules have been offered in a hosted model. We suggest customers with existing Infor assets consider what offerings the company has in strategic HCM areas of interest, as Infor is doing some interesting service-oriented architecture (SOA) development work to bring everything together.

Kenexa

Kenexa is a strategic HCM specialist that started out in assessment and gained a footprint through acquisition, notably adding **Webhire**, **Knowledge Workers**, **Gantz Wiley Research**, **BrassRing**, and **PSL** in 2006. It added to its recruitment-process outsourcing capability this year with the purchase of **StraightSource**.

The company's talent acquisition and employee performance management applications include Kenexa Recruiter BrassRing v.9, Kenexa Recruiter v.16, Kenexa CareerTracker

v. 4.6.1, and Kenexa StoreFront v.1.2 for retail. It has 600 customers in acquisition, 25 in development, and 75 in assessment. Kenexa's largest acquisition implementation to date is for an organization with over 300,000 employees, including over 5,000 concurrent users in over 50 countries. The largest succession planning implementation has 8,500 users. In assessment, it has 60,000 concurrent users conducting performance reviews and setting goals.

While the company has a mixed bag of deployment models from its acquisitions, it claims 80% of its revenue is considered subscription. The balance is from professional services not provided as a part of an application. Kenexa's pricing model is based on the employee population and overall scope of the project. The standard application service provider (ASP) model includes an implementation fee and an annual lease fee, as well as potential optional fees.

Kenexa's key differentiator is that the company provides not only technology, but also consulting services, content, and outsourcing services to support strategic HCM initiatives. It has a survey practice and more than 70 industrial organizational psychologists on staff.

A reference we spoke to for this Report was primarily utilizing recruiting, but has been satisfied with the company's performance so far. Of note, she said the company has not fully realized benefits yet because the system is robust and can do many things, but the company is constantly looking to Kenexa for advice on how to grow with the product. She said Kenexa is very good at guidance: they "don't just want to sell product, but have good post go-live support."

Kronos

After cornering the market in workforce management, Kronos has set its sites on the strategic HCM suite. The company has started to add capability through acquisition, most notably the purchase of hourly-based hiring solution provider **Unicru** in 2006 and its recent investment in UK-based applicant tracking system provider **MrTed LLP**.

Today, Kronos offers Workforce HR and Workforce Payroll, and has 650 customers in core HR (it acquired the **Best Software** customer base in 2003) with 160 customers taking advantage of the product's acquisition and assessment capabilities. Its flagship workforce management offering is Workforce Central, which has 528 customers in absence management and more than 2,500 in time and attendance and scheduling. The largest customers for Workforce HR and Workforce Payroll have 8,000 users. The largest customers for Workforce Central time and attendance and scheduling have more than 100,000 users, and the largest customers for absence management have 30,000 users.

Pricing models for Workforce are per employee license and for the acquisition module per employee per month (as Unicru was offered as SaaS). A reference we spoke to for the Report said one of the key things the company likes about the Workforce offering is its easy integration with ERP and ability to track workforce activities through data collection on the shop floor. He noted the company will definitely take advantage of Kronos for future strategic HCM functionality within the system it has bought but hasn't deployed yet.

We expect Kronos to be a contender for leadership in the strategic HCM space with its established customer base and commitment to expansion. After it picks up one if not more of the leading providers in areas it does not currently support, it will rise to the top echelon of strategic HCM competitors.

Lawson

Lawson is bringing to market this year an entirely new strategic HCM suite built using its SOA Landmark tools. Over the past few years, it has been beefing up its HCM activities, most notably with the introduction of an assessment offering as well as the acquisition of CAS performance management for healthcare in 2006.

Its SOA approach has enabled it to build out a new platform with reusable components, such as competency models, user-defined question sets, and organizational groupings. In this way, clients can expect easier configurations, maintenance, and expansion of the HCM suite for better operational efficiency and functional delivery.

Lawson strategic HCM will layer on top of its S3 HCM offering to let current customers take advantage of their Lawson investments while giving access to the new strategic products—Talent Acquisition, Performance Management, Incentive Compensation Management, and Succession Management—in an integrated environment. Of note, this new suite from Lawson will be offered as SaaS and priced per employee per month.

Differentiators include a global approach, with its first beta customer based in France, and transition management, which is a core capability allowing organizations to configure and tailor their own business processes that may differ from country to country or industry to industry, such as on-boarding, reviews, promotions, benefits enrollment, and career development. The inclusion of Lawson Business Intelligence as the analysis tool wrapping the application is also a strength, as it can track many metrics across the business for Lawson ERP customers as well.

While this solution has not reached general availability yet, we see its functionality easily meeting the needs of Lawson's existing customer base of over 1,000 HR clients and as a viable standalone product to rival other major providers. A beta customer we spoke with noted the solution has been very straightforward to implement, easy to use, and has met its global needs.

Learn.com

Learn.com got its first customer for its learning management system in 1998 and has expanded the development offering primarily into assessment through organic development and acquisition. Learn.com acquired **Learn2 Corporation's** e-learning assets in 2002 and the assets of **Mentor Media Group, Inc.** in 2004 to add just-in-time software application training capabilities.

Learn.com debuted LearnCenter X in 2006, and has more than 360 customers on this most recent version. Its largest implementation has 136,900 concurrent users, with pricing by active user per year. A large majority (96%) is delivered through SaaS mode, with only 4% sold as license.

Learn.com's biggest differentiator is that all its strategic HCM functionality is included in the standard offering for the same price. However, the suite centers on development as the heart of strategic HCM, so it has been best suited for companies with talent strategies that seek to build from within.

Although Learn.com targets firms with up to \$1B in revenue, a reference we spoke to for this Report noted the company has been more suited for small firms and that it needs to work on its ability to serve larger clients. That being said, he noted senior executives have been involved with his account and service levels keep getting better.

Meta4

Starting out providing core HR capabilities to European companies, Spain-based Meta4 has more than 1,000 customers in 80 countries today. The company reports the majority of its customers start with core HR and tend to purchase strategic HCM modules as their HR needs evolve.

Its product suite, PeopleNet 7, had its latest version out in July 2006. All capabilities are included in the base system price. The suite is predominantly licensed on premises, but SaaS is growing to just about 5% of company revenue. License fee is per number of employees.

The company notes its solution provides the scalability to target small to large global companies, serving small customers with just 50 employees through its outsourcing partners, as well as 3 million people for a Latin American government.

Compelling features are its Active Manager Self Service, which is moving the use of the system from a transactional focus to a process focus, with active links to help managers do their jobs more easily. It also includes the Active Dashboard, featuring analytic intelligence details to give more data in context.

A reference we spoke to for this Report noted his company was reorganizing and had investigated alternatives to Oracle, its incumbent ERP provider's HCM offering. The team found Meta4 easier to use and less expensive. The No. 1 benefit is the company now has one application globally, with the administration much simpler. Currently this customer is doing an analysis to go deeper with Meta4, planning to grow with the suite and using more of its functionality.

NuView

Targeting companies under \$1B in revenue, NuView has 120 customers for its core HR solution; 40 for acquisition, and 10 for management, development, and assessment, which are offered together. Delivery is currently mixed, with about half traditional license, 12% ASP, and the balance SaaS.

The company's differentiator in its target market is that it provides an underlying toolset, NuViewTools, to let customers customize how manager self-service works, add additional fields or tables to the database, and create ad hoc reports. Metrics are also an overlying theme to the suite, as it has built relevant metrics into each module for customers to monitor.

Offering **Enwisen** content help on benefits and policies through a partnership, NuView also partners to provide an online legal advisement on HR matters via an embedded link in the software and/or phone, delivered by a dedicated legal team through subscription fee.

NuView is an interesting option for midsize companies with mature strategic HCM programs that want a flexible solution for both core HR and strategic HCM.

Oracle

Oracle offers two strategic HCM suite products: Oracle HRMS 12 and Oracle PeopleSoft 9. Oracle HRMS 11i was its first generation of web-based applications. Oracle HRMS 12 was released in January 2007, and there are several customers currently in various stages of HCM implementation.

Long the company to beat in the HR software space, **PeopleSoft** was acquired by Oracle in December 2004 and Oracle has committed to continuing its development. Many of PeopleSoft's advancements in strategic capabilities are in its latest release, which has few adopters to date. However, PeopleSoft's reputation for usability, the availability of good functionality in all areas of HCM, including core HR, and its existing installed customer base are its greatest assets.

The biggest differentiator for Oracle today is the ability to leverage core Oracle technologies like its portal, middleware, and business intelligence in both product suites. It is also hard at work developing a next-generation strategic HCM offering in its Fusion product.

A reference we spoke with for Oracle HCM noted the company has a policy that it will use Oracle for every functional area of the business. In HCM, the company uses Oracle for core HR, acquisition, management, and development although it was not able to deploy assessment except for compensation because of internal resource constraints. Noting the company was on the latest version of 11i, the reference said the weakest areas of the Oracle HCM application were usability and reporting, but functionally it could basically do everything employees needed.

Oracle was not able to provide references for strategic HCM use of the PeopleSoft suite by the deadline for this Report.

Plateau

A leader in development, Plateau offers the Plateau Talent Management Suite 5.8 that is composed of performance management, compensation, succession planning, career development, and learning. Plateau acquired compensation vendor **Nuvosoft** in February 2006.

As an SOA-based solution, Plateau supports web services, with a key differentiator being its hundreds of native web-service integration points and prepackaged connectors to simplify data sharing with HR applications. The system also offers Plateau Offline for utilizing the same interface as the Plateau learning management system for people working off the network.

Plateau offers both SaaS and on-premises pricing and deployment options to accommodate enterprise and small-to-midsize (SMB) customers. About a third of revenue is currently coming from SaaS.

Plateau has 260 customers in development, which debuted in 1997, and 40 in assessment, which came out in 2006. Its largest deployments are in development, with three million users for a large nonprofit and 600,000 for one of the U.S. armed forces.

We spoke to a customer with 500,000 users that was very satisfied with system performance, but was only using it for development capabilities and would likely stick to their homegrown performance system because of the complexity of their processes. However, another reference that had a positive experience with development chose Plateau to fill their assessment need, as it could provide an on-premises system. The customer has found major benefit in having one UI for both development and assessment modules, experiencing reduced costs on the training and consulting side because employees were already familiar with the Plateau system.

Saba

Long the leader to beat in enterprise learning management, Saba added assessment capabilities back in 2001 to make its educational capabilities more meaningful to enterprises. Today, Saba Enterprise 5.4 has 560 customers in development, 240 of which are deployed on a recent web-based version. 40 of those companies also take advantage of assessment, with 10 deployed on a recent web-based version.

Targeting the upper midmarket of companies with \$300M to large firms with more than \$1B in revenue, Saba sells its products by user-based pricing based on number of employee profiles, and they are available as a license, hosted solution, or SaaS. However, SaaS is just getting off the ground, representing 6% of 2006 revenue.

Its largest deployments are judged by number of employee profiles: 330,000 for development and 15,000 for assessment. However, the company noted two assessment deployments of over 150,000 employees, with each currently in implementation.

We see Saba's key differentiator as its philosophical approach of enabling employee success—its employee self-service (ESS) home page is even dubbed MySuccess—through an organically-developed platform for learning and performance in a single suite that includes competencies as well as employee and job profiles. It also has a built-in collaboration platform acquired through its purchase of **Centra Software** in 2006 that is being used for knowledge transfer and management capabilities in both formal and informal settings.

References we spoke to for this Report said configuring the system has been easy and that managers really like how easily they can access employee data and dashboards. One noted they initially selected Saba because it could provide an on-premises solution, but then they switched to hosted and appreciated that flexibility. One also noted Saba has very good consulting services, which we see as increasingly important because of the transformational nature of many strategic HCM initiatives.

SAP

Topping our list in 2006 as the No. 1 seller of HR software, SAP offers SAP ERP HCM 6.0, which includes core HR and a number of strategic features. By and large, its strategic capabilities have not been deployed among the more than 10,000 enterprises that have licensed SAP HCM to date, but interest in the product offerings' latest developments has been very high.

For its training and events (development) and time and attendance (management) capabilities included in SAP ERP HCM 6.0, SAP has tracked about 2,000 customers and approximates 125 are live with assessment functionality also included in ERP. For the SAP E-Recruiting and E-Learning modules that are sold separately, the company has shipped about 400 licenses each of which it believes there are 150 live in deployment.

The interest in the strategic HCM aspects of its offerings can be identified in the sales of E-Recruiting and Learning Management in 2006. E-Recruiting was up about 100 transactions, including upsells to current customers and net new customers, and Learning Management saw 150 transactions, both upsell and net new.

Differentiators for SAP include its global footprint and the fact that many HCM capabilities come with the ERP license so that there can be no additional software costs. Core HR deals include performance and succession management, as well as time management and benefits administration. Learning, recruiting, payroll, and self-service interfaces to the system have separate engine prices, but ERP customers also get a portal and business analytics as a part of SAP's NetWeaver system foundation.

Implementation, on the other hand, can require significant consulting and systems integration resources as well as SAP system maintenance resources, which are in high demand and can be costly. References we spoke to for this Report had large commitments to SAP as the platform of choice in their organizations, but were able to achieve significant strategic HCM results following well thought-out and executed implementations.

Silkroad

Primarily targeting midsize companies through a SaaS model, Silkroad has customers with a few hundred employees to more than 20,000. It acquired its acquisition capability OpenHire from **Outtask** in early 2004. In 2005, SilkRoad purchased **Human Asset Technologies** for its employee performance management application.

SilkRoad's Life Suite includes OpenHire for recruiting management and applicant tracking, with 56 customers (the largest supporting 130,000 users); RedCarpet for on-boarding, with 44 customers; WingSpan for performance management, career development, and succession planning, with 56 customers (the largest supporting 8,000 users); GreenLight for compensation with 45 customers; and Eprise, which serves as an employee intranet for 150 companies (the largest having 100,000 employees).

Differentiators for the company include the RedCarpet product, which not only handles the task and forms management of on-boarding, but facilitates socialization of new hires as well by serving as a personal portal to the company. Easy-to-administer career microsites in OpenHire and employee intranets and communication tools in Eprise earn ease-of-use points as well.

A customer reference we spoke to noted the company has a very strong customer service focus, and he feels the company is also cost-competitive. He thinks its biggest shortcoming is a lack of product integration between its acquired assets.

Softscape

Family-owned Softscape seems to have the broadest and most mature application suite in the strategic HCM specialist space, with capabilities in all four key areas coming to market by 2004. Targeting all size companies, it has had the bulk of its customers in assessment (85) and development (43), with less than 10 in acquisition, workforce management, and core HR, which it offers as well.

Product delivery varies, with about half opting for SaaS and others licensed or hosted through an ASP model. Its largest implementations are in development and assessment, with more than 100,000 concurrent users and 47,000 concurrent users, respectively. Workforce management boasts an instance with more than 85,000 concurrent users.

The key differentiator is that the suite is inherently integrated, since all capability has been developed organically. The suite also includes some additional features worth calling out, including survey management, collaboration tools, and grievance and incident tracking.

A reference initially looked to Softscape for performance assessment capabilities back in 2000 and found at first his company had to drive a lot of the implementation itself. But today Softscape has made “huge strides” in service, with project managers listening better and understanding the product set. He did acknowledge internally it took his company some time to figure out how to roll out strategic HCM globally itself, and he advises other enterprises to do the same before deploying any kind of software.

StepStone

Originally a UK leader in acquisition, StepStone expanded to address development and assessment through acquiring **ExecuTRACK** in early 2007, which added performance, succession, career development, compensation, and learning management to the company’s i-Grasp and EasyCruit e-recruiting lines. EasyCruit is a talent acquisition application targeted at SMB companies primarily in the Nordic regions of Europe.

Today, it has 285 customers taking advantage of its workforce development capabilities and 118 in assessment. StepStone’s e-recruitment offerings have 650 customers and it also has 258 core HR customers. Pricing for StepStone’s solution is by monthly license fee per employee, including support.

The largest deployment for recruitment, which is delivered entirely by SaaS, has 210,000 users. The largest implementation of development and assessment is 95,000 users. Customers primarily license this latter software with 70% installed on premises, 15% in an ASP model, and 15% in SaaS.

StepStone differentiators include its global capabilities and Customer Success group which features dedicated relationship managers and best-practice consultants that deliver quarterly audits and technology optimization reports to clients, according to the company. The solutions are available in 23 languages.

SuccessFactors

Championing SaaS in performance-focused strategic HCM, SuccessFactors offers modules that utilize a single-code base running in a multitenant architecture. It markets three editions of its application suite: Enterprise, for organizations with more than 1,500 employees; SuccessPractices, for organizations with 300 to 1,500 employees; and Professional Edition, for organizations with up to 300 employees.

Pricing is based on a fixed-price, one-time implementation fee and annual per-user subscription fees per module. It includes all upgrades to the suite, which number 74 since inception in 2001.

SuccessFactors has more than 1,300 customers, with more than 2 million individual users. The customer with the largest installation has 116,000 users.

A key differentiator is SuccessFactors' NEXT initiative, which it believes represents the future of software. As SuccessFactors explains: "Instead of being an IT-driven application, NEXT is user driven. Instead of being used by only a small percentage of the organization, it's used by everyone, everyday." We see significant validity in this, since strategic HCM is likely to be driven from the bottom up as more and more employees demand career planning, development opportunities, and visibility within the organization.

References noted that usability was high, with 95% of one reference's employees surveyed after rollout feeling confident using the system. Looking at modules beyond performance in SuccessFactors, one reference determined it can do its company's goal management in the basic performance module without having to buy the formal Goal Management module, but the compensation module doesn't quite meet its needs in terms of variable compensation today. The same reference, though, said it is interested in succession planning and career development with SuccessFactors, as it sees synergy in the suite's approach.

Taleo

A leader in the acquisition space since its product debut in 1999, Taleo debuted Taleo Performance, a compelling organically-developed product set, this month, which features performance management, goal management, career planning, and succession planning. In early 2007, Taleo acquired **Jobflash** and has embedded its interactive voice response (IVR) and event scheduling capabilities into the flagship Taleo Enterprise workforce acquisition application.

To date, the company has offered Taleo Enterprise as its large-market, talent acquisition product line and Taleo Business Edition for the midmarket. Offering 100% SaaS, Taleo has 1,000 customers for these products, including 33 of the Fortune 100. In all, it reports more than 900,000 users processing 60 million candidates.

Taleo primarily offers its software on a per-employee, per-year subscription pricing model, which varies by industry and company size. Optional services, such as onboarding and analytics dashboards, are priced individually and separately from the core talent acquisition system.

Key differentiators in the suite include the UI of the new Taleo Performance offering as well as Taleo Connect, its integration technology. A reference said he was very impressed by Taleo Connect because it eliminated custom integrations, allowing the company to import and export data into the product without even speaking with Taleo.

As an early adopter in 1999, the reference also noted his company has completely changed the way it is using the technology from Taleo, from tactical recruiting to more analytics-based talent management with prehiring assessments and metric-driven dashboards. The reference has also experienced excellent performance of the system, with more than 50,000 users. Another reference said the company could have been more flexible in its implementation processes and felt there are limitations to the SaaS model, but overall Taleo has had superior capabilities in talent acquisition and service delivery.

Ultimate

After leading in midmarket core HR functionality, Ultimate has raised its stakes in the strategic HCM game in the past year through some key acquisitions. In 2006, Ultimate purchased **RTIX Limited** and its wholly-owned subsidiary RTIX Americas, Inc. for performance management and reviews capabilities. Also in 2006, Ultimate acquired the rights to the source code of **First Advantage's** online recruitment and talent acquisition application.

With these acquisitions and its OEM agreement with Infor's Workbrain to provide workforce management functionality, Ultimate is going for the full house in strategic HCM. Its solution is typically priced per employee per month, ranging from \$6 to \$12, depending on the selected functionality.

To date, it has secured approximately 500 customers in talent acquisition, 120 in workforce management, and 180 in development and assessment areas as a part of its UltiPro Performance Management offering. It also has more than 1,500 core HR customers. Its largest customer has approximately 45,000 employees during high retail season, which could be considered concurrent users.

Ultimate's key differentiators include offering core HR capabilities as the backbone of its solution and the ability to do custom, ad hoc query and real-time data mining over the Internet. A reference we spoke to had a very positive experience with Ultimate, but was only using core HR functionality. However, he noted the company plans to grow with Ultimate, adding acquisition and assessment solutions. He anticipates these modules will integrate easily. This reference is definitely looking to Ultimate first for HCM capabilities before looking at another vendor.

Vurv

Starting out in talent acquisition, Vurv expanded its footprint in strategic HCM through technology company purchases. In 2004, its **KnowledgePoint** acquisition provided the foundation for the Vurv Perform Assessment product, as well as the Vurv Express Performance product. In 2005, its **InfoTech Works** acquisition provided the foundation for the Vurv Compensate product, and in 2006, its **InScope** acquisition provided a competency library and job-modeling toolkit. Its **People Business Networks** acquisition in 2007 provided unique end-of-employee-engagement decision support and off-boarding functionality.

Vurv's target market for its Vurv Enterprise 8.0 enterprise suite is organizations with 2,000 or more employees. Its Vurv Express product offerings for recruitment and performance serve organizations with under 2,000 employees. Pricing is \$1 to \$2 per employee per module per month for the enterprise business. A little more than half of its revenue is from SaaS subscriptions, with a fraction coming from traditional licenses (10%) and the balance from professional services (35%).

Products in the suite include Vurv Recruit 7.3, which has 325 customers; Vurv Perform 3.3, which has 24 customers; and Vurv Compensate 3.3, which has 3 customers. The SMB Vurv Express Recruitment has 709 customers and Vurv Express Performance has 811.

In terms of scalability, Vurv reports its recruitment platform has 2.5 million active users and 20 million active candidates. The company notes its technology has been tested successfully, with as many as 50,000 users per hour per application server. For internationalization, it is being used in 23 languages and 153 locales.

Differentiators include its global support as well as Vurv's Career Site Studio, which lets customers create unlimited, audience-specific interactive career portals that optimize new technologies, such as Web 2.0 and short message service (SMS). It also includes both on-boarding and labor agency vendor management in the core Vurv Recruit module.

A reference we spoke to for this Report said Vurv was its "best implementation ever." The company has been flexible, easy to use, and puts a lot of information about its talent acquisition processes at users' fingertips that had been hard to find in the past. It has begun using performance management capabilities from Vurv, and although some of the system support has been disappointing, the reference noted Vurv sincerely absorbs client feedback and has taken action to improve training for its client service professionals.

Workday

There has been much anticipation in the industry about Workday, given key founder Dave Duffield's history in the HCM space as the leader of PeopleSoft—and it is well-deserved. Leveraging the latest SOA approach to development, Workday has been able to debut a considerable amount of thoughtful HCM capability in a short amount of time. Workday Human Capital Management Version 2 was released on June 30 of this year. Version 1 debuted in November 2006.

Enabled by its underlying technology approach, key differentiators are organization charting and reporting, which are core to the system and make interacting with personnel records and information meaningful from every interface. Users can hover a cursor over an employee's name in any view and see all the actions and data associated with that personnel object.

All that being said, with just 15 customers as of July 2007 and only 6 of them live, Workday's success is not a foregone conclusion. References we spoke with for this Report had not fully implemented much strategic HCM capability, although they were bullish for the success of the suite. Companies with no single core HR system and nascent strategic plans are good fits for Workday today.

Workscope

Although we invited Workscope to participate in this Report, after analysis it may have been fairer to leave the company out, since it does not support any strategic HCM functionality outside of assessment as we define it today. However, as it does have some succession planning capabilities in the works, we'll share the information we collected.

Workscope's flagship offerings are Workscope Compensation Planner and Workscope Performance Manager, which it offers as SaaS. It has about 40 customers in assessment and 60 in core HR, which it supports as a part of a benefits administration outsourcing service at the company.

Its largest customer has approximately 350,000 employees using assessment, and it has approximately 50,000 for core HR. Its differentiation is an integrated compensation and performance solution that provides configurable and scalable software for global clients. Workscope notes customers have experienced extremely high levels of user adoption because of the software's usability.

A reference for this Report said, of the web-based compensation tools it short-listed, Workscope was the most intuitive and seemed it would require less hands-on training. In a post-live survey, 95% of users rated their experiences with the application as satisfactory. Of note, however, this reference said this company has made some attempts with performance management from Workscope to try to use an integrated approach with competencies for development, but it was not a success because of the complexity of his organization.

Workstream

Of all the strategic HCM suite contenders, Workstream is perhaps the acquisition poster child considering its history. It acquired **Kadiri** in May 2004 for its compensation planning offering; it added **Bravanta** in June 2004 to offer noncash incentives and rewards administration. In October 2004 it bought **HRSOFT LLC** to add performance management and acquired **ProAct Technologies** in December of that year to form its HR communication, knowledge management, and Total Rewards Statements offering. Workstream added **Exceed** in January 2006 to support competencies, performance management, development, and succession planning.

Workstream's suite is currently in version 6.2, but it plans a major suite-wide upgrade this Fall with a new unified UI. Workstream prices its solution per employee per month for a subscription, with the average deal for 10,000 employees.

The company does not disclose product-level customer numbers, but will say its applications support more than 4 million employees and have an estimated more than 250,000 users. Targeting companies of all sizes, Workstream does say that 46 Fortune 500 companies use some element of its offerings.

Differentiators include Workstream Total Rewards Statements, which provide a comprehensive view of all employee compensation and benefits information, as well as Workstream Communicator, which can serve as a personalized HR portal or a comprehensive information and knowledge repository.

Recommendations for users and providers

Overall, this research was eye-opening for a number of reasons. Although strategic HCM has been talked about for decades, few companies seem to have comprehensive programs in place to systematically evaluate and engage employees throughout their lifecycles with the company. With so many ERP implementations still underway, it can be understood that companies have not been able to devote their attention to personnel processes and automation. At the same time, however, this has resulted in a woeful neglect of the essential ingredient that makes up every business: people.

We see the largest issue hindering strategic HCM adoption as one that few companies are able to methodically address: what makes a company's employees successful? The fact that this answer changes as the business changes with market conditions—and the velocity of change only increasing—means that companies do have to take action and invest in strategic HCM today.

Adding to this situation is the generational shift underway in the business marketplace. Younger professionals are demanding better insight and accountability for career progress as well as expecting to use rich web-based, self-service solutions. For this reason, we believe the solutions that are most compelling to front-line employees to want to use them everyday will drive strategic HCM suite and ultimate strategic HCM initiative success.

The good news is the enterprises that have waited the longest to automate may benefit from the latest availability of suites that consolidate relevant information in an intuitive solution. As they provide more and more examples of synergies from integrating acquisition, management, development, and assessment, strategic HCM will be considered a must-have application set.

For enterprises

We have said before that where enterprises start to reengineer and automate in strategic HCM depends on their own business goals and abilities to manage change. However, we share the following advice from the over 50 enterprise interviews conducted for this Report, as well as our own experience from all demonstrations and market interactions.

Investigate your incumbent software supplier

We expect consolidation to continue in the strategic HCM market, but perhaps not as fast as it has in the past two years. As we have seen from the relative immaturity of the enterprise customer base, there is a lot of functionality companies can use in their existing suites with which they have relationships. If you have one of the players in this Report for one strategic area, see what an incremental investment might deliver your firm in terms of value in your strategic HCM activities.

Focus first on the processes, not the providers

Companies can't do all of strategic HCM all at once, so prioritize what you can do today and make sure you know how you need it to work before trying to automate by looking at enterprise processes, what needs to change, and why. This helps prepare for good software implementations in the first place, and by the time first initiatives are reaching general acceptance, you will have greater clarity into how your processes interrelate as well as how the market has evolved.

Establish personnel competencies as the core of your program

Competencies, or the individual characteristics and qualities that personnel exhibit as well as the specific skills required for success in a position, are the backbone of sophisticated strategic HCM, but are often one of the last things companies consider. For enterprises with an HCM blank slate, we encourage you to start with competencies because they can inform every other HCM business process you undertake.

Don't expect a rock-solid business case or hard ROI for strategic HCM

Most of the enterprises we spoke to for this Report embarked on a strategic HCM process initiative without major business benefit cases. In many instances, there was a general sense productivity across the company was being held back by suboptimal HR processes or systems, or the enterprise honed in on key issues like long-term vacancies or poor audit compliance issues to get the okay to invest. Fewer still have calculated any type of hard-dollar ROI, although all agree the improvements to the business are clear. It may be difficult, but try to gain C-level attention for investments in strategic HCM as a competitive differentiator and cultural imperative to help move it to the front of everyone's mind and get cross-functional cooperation.

Enlist employees to drive strategic HCM from the bottom up

If you can't get C-level attention directly, try to get help from everybody else. As mentioned above, younger generations of workers are going to be much more demanding in the workplace, and that even means wanting systems that provide visibility into career development options, either with your company or somewhere else. Make your ESS offering, not on an external third-party social corporate networking site, where they see their futures.

Realize SaaS isn't everything, but it may be the only thing

Many of the best best-of-breed vendors tackling strategic HCM have come to market since the advent of the Internet and fervently believe the future of IT delivery is SaaS. However, many of the enterprises interviewed noted they chose their provider because

of delivery model flexibility, and ones that were forced to choose SaaS because it was the only option for the most sophisticated functionality noted they were often frustrated by configuration-versus-customization options during deployment. If you do choose to use best-of-breed SaaS, be prepared that you may not be able to do everything exactly your way. That being said, these companies have good visibility into best practices, so consider the suggestions they have that may save you on costly customization issues down the line if you choose another route.

Ask to see in-depth demonstrations to ensure functionality will work as expected

A number of vendors in the process of this research did not have well-prepared demonstrations and often asked us to imagine what a result would be with the data or appropriate workflows in place. Apparently, sales consultants did the same to many enterprises that ended up surprised during implementations when things did not work out exactly as they had imagined. Give vendors scenarios of how your processes will work in the system and ask to see it. If it doesn't work, or they promise it will be entered onto the development wish list, keep looking or be prepared to compromise.

Commit to core HR integration as a key enabler to your success

Many enterprises sharing lessons learned for this Report noted that implementations were hindered by poor core personnel information. It was either scattered in different systems and formats, inconsistent, or simply did not exist. Trying to clean this up was a huge undertaking that was not factored into the strategic HCM implementation and often set things back considerably. Of note, enterprises that had strategic HCM from a solution provider that also provided core HR noted this as a benefit during their reviews of their vendors, which is the big factor in our prediction that eventually core HR and strategic HCM will be delivered in one system.

ERP can do HCM, but ask yourself: can you do HCM in ERP?

With so much invested in ERP systems, everyone wants to know if strategic HCM can really be done in these suites. While much functionality exists, the usability and lack of componentization in these traditionally transactional systems can make it challenging to execute and interrelate processes. Today's best of breeds have the benefit of being able to take advantage of newer technologies to make it easier to visualize information and workflows, but ERP is working hard to catch up. For now, unless you have a very disciplined organization with significant system resources with domain expertise in HR, expect to pay in professional services help what you may have saved in HCM software license fees bundled into ERP.

For providers

In light of the enterprise recommendations above, we suggest vendors in this space pay particular attention to execution over the next two years and delivering on the promises that they have made. That being said, based on the relative immaturity of enterprises, there is tremendous upside to be gained from helping businesses realize the benefit of strategic HCM, with plenty of business to go around.

As you go to market, though, particularly keep in mind:

Stop saying your company has an end-to-end integrated solution

And definitely stop saying you are the only one to have it. No one has the full breadth of capability in HCM, and everyone does it differently. Clearly articulate exactly what it is your system does and show it.

Give good demos

As we mentioned, we saw a lot of bad demos where the company did not take the time to fully populate information and workflows and had us imagine what the outcome would be. While it can be easy to imagine, it isn't always so in execution, so invest some time and make it work. A number of references for this Report also noted they should have spent more time in demonstrations to understand exactly what the systems can do. Prospects certainly will now.

Beef up professional services—your own and your partnerships

Done right, executing on strategic HCM is a reengineering undertaking that requires significant soul-searching on the part of executives, massive change management, and ongoing commitment to improvement. If all you have are implementation people focused on getting in and out as quickly as possible, deployments will suffer and real results will elude your customers.

Stop insisting SaaS is the inevitable future

It may be, but as more and more strategic HCM becomes mission critical, more and more companies may want to opt to keep their implementations behind the firewall or at least segregated with its own database. We are not wedded to the idea of multi-tenancy as a key requirement of true SaaS—clearly customers outside of IT don't even care. The delivery assessment scores in this Report were often driven down by a company only offering one method of delivery. SaaS may make sense for your business model, but it can also preclude some customers. Many references noted they chose a particular vendor because it was not SaaS or expressed regret they had to go with SaaS when they would have preferred on premises. It is still early in the market to declare one method a winner, and we think on premises and SaaS models will coexist.

This isn't about software, it's about solutions

Although we went into this research hoping to find enterprises were able to tie their investments in HCM initiatives and applications to real corporate strategy goal results, few of the companies had any real business case for their programs, and fewer still measured results. The more and more you focus on metrics and how you are enabling business results through the way you support the different areas of strategic HCM, the more your customers will feel comfortable to spend money with you and get the budgets to do it.

Walk the talk

If the idea that strategic HCM is all about people being the fundamental driver of business success, treat your own organization with the same respect. Although this is a fast-moving market that is naturally going to experience growing pains and personnel turnover, we were surprised how many references were candid about the poor implementation and ongoing service support they were receiving from their vendors. More than once we heard, "We know their product better than they do." Look at how you are developing your own people to deliver on the promises of this market. There will certainly be ROI in that.

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