

EXCERPT

IDC MarketScape: Worldwide Integrated Talent Management 2013 Vendor Analysis

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IN THIS EXCERPT

The content for this paper is excerpted from the IDC MarketScape: Worldwide Integrated Talent Management 2013 Vendor Analysis by Lisa Rowan, (Doc # 242562). All or parts of the following sections are included in this Excerpt: IDC Opinion, In This Study, Situation Overview, Future Outlook, Essential Guidance and Learn More. Figure 1 and 3 are also included.

IDC OPINION

This IDC study represents a vendor assessment of the integrated talent management market through the IDC MarketScape model. This research is a quantitative and qualitative assessment of the characteristics that explain a vendor's success in the marketplace and help anticipate the vendor's ascendancy. The evaluation is based on a comprehensive and rigorous framework that assesses vendors relative to the criteria and one another and highlights the factors expected to be the most influential to success in the market, both short and long term. Key findings include:

- ☒ It is interesting to note that list price has risen fairly dramatically this year over last year. Pricing on average rose close to 40%. While most deals are likely negotiated downward, the starting price is carrying a premium. Those vendors with price points above the average need to take heed lest they price out of deals. Likewise, those vendors with much lower prices may be unnecessarily perceived as less robust based on undervaluing.
- ☒ IDC's 2013 *Survey of HR Executives* shows that universally, client scores of their vendors' offerings went up. Each of the buyer criteria scores rose by 1.5–2 tenths of a point or more. Integration, depth of capability, and customer service all shot up. Interestingly, despite price increases, buyers largely see vendor offerings as being priced appropriately for the value realized.
- ☒ Differentiation is more difficult to qualify than ever before. All of the vendors covered here have solutions that appeal to buyers. With the gaps in functionality closed or closing fast, it will be those nonfunctional factors that will tip the balance. Customer service becomes ever more important in a SaaS market as the barriers to change are far lower than with on-premise. Social integration is heating up with HR buyers, so getting into the fray on the social front will become essential very soon. Providing compelling use cases and client references remains key.

IN THIS STUDY

This IDC study represents a vendor assessment of the integrated talent management market through the IDC MarketScape model. This assessment discusses both quantitative and qualitative characteristics that explain a vendor's success in this emerging market.

This IDC MarketScape covers a variety of vendors participating in the integrated talent management market. The evaluation is based on a comprehensive and rigorous framework that assesses vendors relative to the criteria and one another and highlights the factors expected to be the most influential to success in the market, both short and long term.

This study is composed of two sections. The first provides a definition of what characteristics IDC believes lead to success in the integrated talent management market. These characteristics are based on buyer and vendor surveys and key analyst observations of best practices.

The second part of this study provides a visual presentation of multiple vendors into a single bubble chart format. This format concisely displays the observed and quantified scores of the reviewed vendors.

The document concludes with IDC's essential guidance to support continued growth and improvement of these vendors' offerings. This document replaces *IDC MarketScape: Worldwide Integrated Talent Management 2012 Vendor Analysis* (IDC #234365, April 2012).

Vendor information, including versions covered and ownership, is as of March 31, 2013.

Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions, on the IDC MarketScape, detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

IDC conducted an end-user survey, completed in March 2013, of 510 HR executives of firms with 500+ employees. Included in the survey were specific questions about vendors covered in this analysis. Questions included satisfaction with a variety of factors including but not limited to depth and completeness of solution, appropriateness of delivery model, comfort with upgrade release schedules, integration, and customer service.

Note: All numbers in this document may not be exact due to rounding.

SITUATION OVERVIEW

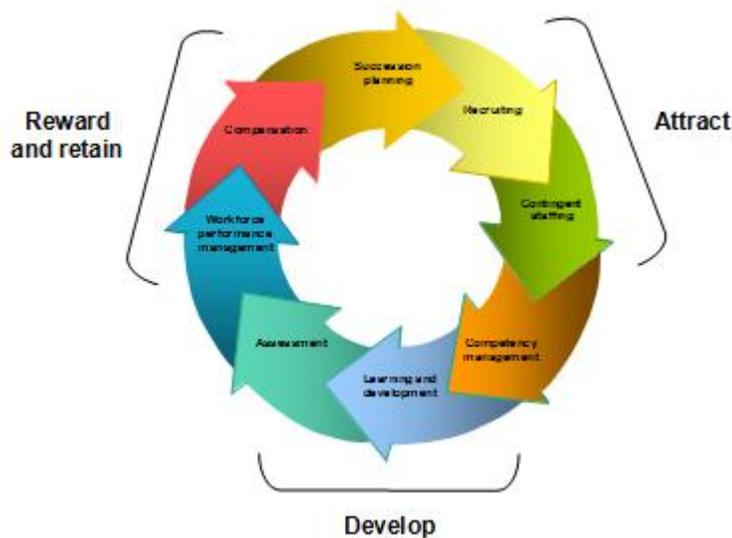
IDC defines talent management as those functions that serve to attract, develop, reward, and retain the workforce. Made up of a variety of functions, talent management includes the areas of recruiting and staffing, learning and development, performance management, compensation management, and career and succession planning, all supported by a base of competency management and assessment (see Figure 1).

IDC depicts talent management as a continuous circle to represent the interdependency of the various functions.

This IDC MarketScape focuses on the market for solutions and services serving all of the talent management functions mentioned in Figure 1 through a single integrated end-to-end offering. While talent management is still a young market, it is beginning to mature, with greater market penetration. It is a market that has gained and continues to gain a lot of attention and is of interest to both buyers and suppliers. Subsequent sections of this document offer definitions and the characteristics IDC identifies as important for success in this market.

FIGURE 1

Talent Management Value Cycle



Source: IDC, 2013

FUTURE OUTLOOK

IDC MarketScape Integrated Talent Management Market Vendor Assessment

The IDC vendor assessment for the integrated talent management market represents IDC's opinion on which vendors are well positioned today through current capabilities and which are best positioned to gain market share over the next few years. Positioning in the upper right of the grid indicates that vendors are well positioned to gain market share. For the purposes of discussion, IDC divided potential key strategy measures for success into two primary categories: capabilities and strategies.

IDC's most critical criteria for positioning on the y-axis and x-axis are as follows:

- ☒ Positioning on the y-axis, or capabilities axis, reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here, and now. Under this category, IDC analysts look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.
- ☒ Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategies align with what customers will require in the next three to five years. The strategies category focuses on high-level strategic decisions and underlying assumptions about offerings, customer segments, business, and go-to-market plans for the future, in this case defined as the next three to five years. Under this category, analysts look at whether or not a supplier's strategies in various areas are aligned with customer requirements (and spending) over a defined future time period.

Figure 3 shows each vendor's position in the vendor assessment chart. The number of client lives served by two or more major talent functions (recruiting, learning, compensation, performance management, and succession/career planning) is indicated by the size of the bubble. The market for integrated talent management is still maturing, so actual market size is an estimate and therefore is also estimated based on number of employee lives served.

FIGURE 3

IDC MarketScape Worldwide Integrated Talent Management Vendor Assessment



Source: IDC, 2013

Vendor Summary Analysis

This section briefly explains the key observations that resulted in one vendor's position in the vendor assessment graph. While each vendor was evaluated against each of the strategy and capability characteristics, the description here provides a brief excerpt of the findings that represent this one vendor's score.

A number of scores are taken directly from the mean of clients' responses to IDC's 2013 *Survey of HR Executives*.

Oracle Talent Cloud

Oracle Talent Cloud includes a full set of cloud-based talent management offerings such as recruiting and onboarding, learning, performance and goal management, succession and development planning, talent reviews, and compensation planning. IDC estimates Oracle Talent Cloud has 5,500+ customers. Special lightweight versions of some products are offered for SMB customers with <3,000 employees (not covered in this analysis). Oracle Talent Cloud leverages underlying technology from Oracle and Taleo, which Oracle acquired in April 2012. Taleo established itself as a frontrunner in cloud recruiting after its founding in 1998; five years ago, it built a robust suite of performance management products and, in 2010, the company acquired Learn.com. Meanwhile, Oracle has delivered a broad set of core HR and talent management solutions in the cloud using its Fusion technology. Oracle brought these teams together, and they are now harmonizing the user experience and incorporating Oracle's strong offerings for mobile and tablets (Oracle Fusion Tap), social collaboration (Oracle Social Network), and business intelligence (Oracle Business Intelligence), as well as Taleo's strong integration platform. Oracle offers these products through its expanded, dedicated global field teams, and it collaborates with its network of partners providing integrated solutions (via Oracle Validated Integrations, OVI) as well as system integration and consulting services.

Oracle Talent Cloud is in the Leader category in this analysis. Strengths include strong integration with core HR, clear vendor viability, global reach, and R&D.

Oracle is publicly traded on Nasdaq: ORCL.

ESSENTIAL GUIDANCE

This IDC MarketScape finds that the field has tightened even further since the 2012 analysis (see *IDC MarketScape: Worldwide Integrated Talent Management 2012 Vendor Analysis*, IDC #234365, April 2012). Largely, uniform progress was made by the vendors covered in this analysis, some through acquisition and some through organic development. Observations include:

- ☒ **Pricing.** It is interesting to note that list price has risen fairly dramatically this year over last year. Pricing on average rose close to 40%. While most deals are likely negotiated downward, the starting price is carrying a premium. Those vendors with price points above the average need to take heed lest they price out of deals. Likewise, those vendors with much lower prices may be perceived as less robust unnecessarily based on undervaluing.
- ☒ **Customer perceptions.** IDC's 2013 *Survey of HR Executives* shows that universally, client scores of their vendors' offerings went up. Each of the buyer criteria scores rose by 1.5–2 tenths of a point or more. Integration, depth of capability, and customer service all shot up. Interestingly, despite price increases, buyers largely see vendor offerings as being priced appropriately for the value realized.
- ☒ **Differentiation.** Differentiation is more difficult to qualify than ever before. All of the vendors covered here have solutions that appeal to buyers. With the gaps in

functionality closed or closing fast, it will be those nonfunctional factors that will tip the balance. Customer service becomes ever more important in a SaaS market as the barriers to change are far lower than with on-premise. Social integration is heating up with HR buyers, so getting into the fray on the social front will become essential very soon. Providing compelling use cases and client references remains key.

LEARN MORE

Related Research

- ☒ *IDC's Software Taxonomy, 2013* (IDC #241527, June 2013)
 - ☒ *Worldwide Human Capital Management Applications 2012 Vendor Shares: Total Market, Core HR, Workforce Management, Recruiting, Learning Management, Performance Management, and Compensation Management* (IDC #240959, May 2013)
 - ☒ *Worldwide and U.S. Human Capital Management Applications 2013–2017 Forecast: The Cloud Spurs Continued Growth* (IDC #241032, May 2013)
 - ☒ *Worldwide and U.S. Talent Acquisition and Staffing Services 2013–2017 Forecast and 2012 Vendor Shares: Market Flattens as New Models Emerge* (IDC #240576, April 2013)
 - ☒ *2012 HCM Market Year in Review* (IDC #lcUS23880912, December 2012)
 - ☒ *IBM to Acquire Talent Management Vendor Kenexa* (IDC #lcUS23664912, August 2012)
 - ☒ *What HCM Solutions Did Buyers Change, Why, and What's Next?* (IDC #235979, July 2012)
 - ☒ *IDC MarketScape: Worldwide Recruiting in Integrated Talent Management 2012 Vendor Analysis* (IDC #235599, June 2012)
 - ☒ *IDC MarketScape: Worldwide Integrated Talent Management 2012 Vendor Analysis* (IDC #234365, April 2012)
 - ☒ *Oracle to Acquire Taleo for \$1.9 Billion* (IDC #lcUS23317612, February 2012)
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Synopsis

This IDC study represents a vendor assessment of the integrated talent management market through the IDC MarketScape model. This assessment discusses both quantitative and qualitative characteristics that explain success in this market. This IDC MarketScape covers a variety of vendors participating in the integrated talent management market. The evaluation is based on a comprehensive and rigorous framework that assesses vendors relative to the criteria and one another and

highlights the factors expected to be the most influential for success in the market, both short and long term.

"The vendors serving the market for integrated talent management have advanced their offerings in features and functions through both organic development and acquisition," says Lisa Rowan, research vice president, HR, Talent, and Learning Strategies for IDC. "The gaps continue to close, with buyer perceptions going up and integration, depth of capability, and customer service all garnering better marks from buyers than in 2012."

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