

APPS RUN THE WORLD

Human Capital Management

Enterprise Applications Market Report 2010-2015,
Profiles Of Top 10 Vendors

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Summary

This applications market sizing report focuses on the 2010 performance of the top 10 applications vendors in the human capital management applications market.

The HCM market is made up of these elements: Compensation, Core HR, eLearning, eRecruiting, Performance Management and Workforce Management. Each of the elements contributes heavily to the making of a new type of organizations that place a premium on hiring, retaining and promoting talents as a key enabler for sharpening their competitive edge.

As the job market begins to recover around the world following a protracted recession, the fight for talents is intensifying and forcing companies to invest in applications designed to automate such functions as employee review, corporate learning, succession planning, time and attendance and scheduling.

Not only will the automation of the business processes remove the bottle neck that often debilitates employee morale and productivity, it also provides HR professionals and line of business executives the insights and the supporting data to analyze how their employees handle their jobs and take appropriate measures to address any shortcoming.

HCM applications are designed to be more than just a tool for managers and employees to measure and improve their overall contributions to corporate goals. At the core, companies are turning to these applications to better understand employee sentiments – or the labor pool for that matter - at a time when there's a widening gap between the large amount of vacant positions and a lack of qualified candidates to fill them. The situation gets murkier with the pairing of the demographic shifts, which result in the retirement of baby boomers in droves in both the private and public sectors, and the arrival of a new generation of young workers who possess different work and lifestyle expectations, not to mention their attitude toward technological use at work and at play.

The labor market is undergoing tremendous change, giving birth to a new set of tools that companies are keen to leverage in order to help them find the right employees, train them continuously, while setting them on the right course for the future, which is fraught with challenges for both the employers and their people assets at best.

Top Line and Bottom Line

On the top line, the HCM applications market is experiencing growing momentum with economic revival at hand in Europe and North America and even brighter prospects in burgeoning economies such as Brazil, China, and India where standardization of HR processes is still a work in progress.

Multinationals and local employment agencies have been adding workers at a brisk pace, while technology innovation has kept pace with new user demands for easy access to personnel records as well as Web 2.0 tools for employees to collaborate through social networks and ubiquitous mobility services.

The introduction of integrated talent management solutions that span multiple HCM elements such as combining eLearning and performance management to facilitate end to end career development has allowed vendors to boost average selling prices.

After more than 10 years of selling Web-based HCM applications, major vendors have solidified their swift ascent to the top ranks of the marketplace through aggressive pricing, mergers and acquisitions, and continuous product enhancements by taking advantage of Cloud-enabled technologies and HR content from strategic partners, while broadening their fledgling ecosystems to expand globally.

The flip side of their expansion is that profitability remains elusive for many HCM applications vendors, a footnote as well as the impetus behind the consolidation wave that has engulfed the market in recent months.

Like many tech sectors that are maturing, the HCM applications market has reached the point of a major shakeout that could thin its ranks. The question is whether this round of consolidation will usher in a new group of powerful players that could set the rules of human resources management, potentially transforming how the masses view the value of work.

Market Overview

The HCM applications market has begun to transform itself from an internal-facing environment to a more transparent approach that is akin to a customer-facing system because of two trends: social networking and Cloud-based technologies.

Whereas HCM systems in the past were designed to store employees' records, new applications are capable of handling such tasks as delivering ad-hoc learning as part of corporate communications by capturing video, audio clips and other content from an individual, or groups of employees, and delivering them to another.

The popularity of sites from Facebook to Youtube has made even the most staid corporations to rethink their HR policies when their employees are thrusting themselves into the social media scenes with gusto. Recently SuccessFactors acquired Jambok, an eLearning startup that capitalizes on social media revolution, allowing its HCM clients to incorporate social learning tools into their work environments.

Oracle, which is expected to make its latest Fusion HCM Applications generally available in the second half of 2011, is banking on a key feature called Network at Work that allows workers to build their own internal social network and use it to collaborate with other domain experts and colleagues.

Suffice it to say that social media could be the new force that turns corporate hierarchy upside down, tearing down barriers that used to be sacrosanct, similar to the impact of email on how the top brass communicates with its troops and vice versa.

With the advent of Cloud computing, companies are faced with an onslaught of HCM offerings that threaten to give conventional online and offline HR products a run for their money. Fairsail, a Cloud-based HCM solution that leverages the Salesforce.com AppExchange platform, has reached 2,300 users following its founding in 2008 and a new round of funding in recent months.

Workday, another disruptive Cloud-based HCM vendor, saw 90% growth in 2010 on the strengths of winning key accounts such as Chiquitas, Flextronics, McKees Foods, many of which have seen reduced total cost of ownership, better performance and improved HR processes after replacing traditional on-premise systems with Workday's Cloud-based approach.

Jockeying for the best position to provide these Cloud-based systems has triggered a growing number of mergers and acquisitions in the HCM applications market just within the past few months. Among the top 10 HCM vendors, the consolidation wave has already reshaped the competitive landscape and their ranking.

The following table illustrates the new ranking of the 10 largest 2010 worldwide HCM applications vendors and their shares based on aggregated license, maintenance and subscription revenues including those of their recent acquisitions on a pro-forma basis.

Vendor	2010 Share(%)	2010 Applications Revenues From Human Capital Management(\$M)
SAP	16.4%	975
Oracle	15.7%	935
Kronos + PDSI	8.6%	512
Taleo + Learn.com	3.7%	219
Kenexa + Salary.com	3.3%	198
SumTotal + Softscape + Geolearning	3.3%	195
Lawson + Infor	3.3%	195
SuccessFactors + Plateau	3.3%	194
Ultimate	2.9%	173
Lumesse(Stepstone Solutions + MrTed)	2.2%	133
Subtotal	62.5%	3729
Other	37.5%	2233
Total	100%	5962

With the exception of SAP, Oracle and Ultimate Software, all the top 10 HCM applications vendors have made at least one acquisition in the HCM market in recent months.

In doing so, vendors such as SumTotal, Kenexa, SuccessFactors and Lawson could add a full percentage point if they are able to retain the recurring revenue streams of their acquired companies.

Another way to look at the changing competitive landscape is that over the past few years the top three HCM vendors(SAP, Oracle and Kronos) have only edged up slightly in their combined shares from 35% in 2006 to 39% in 2010.

However the other seven vendors that followed them have doubled their combined shares during the period from 11% in 2006 to 22% in 2010.

Some of these seven vendors like Kenexa, Taleo, SumTotal, and Lawson were on the list of top 10 vendors in 2006, but SuccessFactors, Ultimate and Stepstone(now known as Lumesse) were not underscoring their swift ascent to the 2010 list.

One of the biggest driving forces behind their ascent has to do with their successes with their Cloud-based HCM applications, which include a combination of on-demand, hosted and Software As A Service delivery models over the public Cloud via the Web infrastructure or private Cloud via virtualized or hosted environments within a private network. The growing acceptance of their Cloud strategy has meant easy access to their applications without incurring significant IT investments on the part of their customers.

Customers

Judging from the explosive growth of customers and users, Cloud-based delivery of HCM applications has taken the market by storm. Since 2000 Taleo has seen a sharp increase in the number of customers running its eRecruiting and talent management applications via on-demand delivery. The figure soared from 50 in 2000 to more than 5,400 in 2010. When Taleo went public in 2004, it had 365,000 registered users relying on its applications to complete the recruiting process. Today the number has topped 20 million.

Similarly Cornerstone OnDemand, which raised \$137 million in its initial public offering in March 2011, had 3.3 million users in 2009 and that figure now exceeds 5.2 million. The significant increase can be attributable to OEM partners such as ADP, which has helped promote Cornerstone's talent management applications to its more than 30 million core HR and payroll users.

There are signs that Cloud-based HCM applications have won the business of not only a growing number of large and midsized organizations, but also securing their complete support that leads to full-blown replacements of their existing legacy systems.

For example, Texas Roadhouse, a restaurant chain with 33,000 employees, recently migrated to the on-demand platform from Ultimate Software after using its on-premise products for years and found improved processing speed and HR transaction performance.

In the fourth quarter of 2010, Ultimate signed its biggest deal with an unnamed customer with 90,000 employees around the country and the implementation will start in 2012.

The substantial gains in mind share and expected utilization have changed the rules of the game in the HCM applications market as Cloud-based vendors begin to position themselves as the viable alternative to on-premise systems to the extent that the on-demand delivery model has subsumed the traditional marketing pitch of on-premise vendors.

Oracle, for one, is pitching its Oracle Fusion HCM as an on-demand product that redefines the total Cloud ownership experience because of its security, performance, reliability, ease of customization, and most importantly availability as a service.

Top 10 Applications Vendors In Enterprise Market

The following table lists the 2010 shares of the top 10 applications vendors in the Human Capital Management(HCM) market and their 2009 to 2010 applications revenues(license, maintenance and subscription) from the market.

Vendor	2010 Share(%)	2010 Applications Revenues From Human Capital Management (\$M)	2009 Applications Revenues From Human Capital Management (\$M)
SAP	16.4%	975	871
Oracle	15.7%	935	813
Kronos	8.4%	503	457
Taleo	3.3%	199	173
Ultimate	2.9%	173	137
SuccessFactors	2.8%	164	122
Kenexa	2.6%	155	134
SumTotal	2.4%	144	135
Lawson	2.1%	124	112
Lumesse	1.8%	109	89
Subtotal	58.4%	3481	3043
Other	41.6%	2481	2441
Total	100.0%	5962	5484

Vendors To Watch

In 2011 a number of major contenders are vying to unseat the top 10 HCM applications vendors as customer defections and channel alliances collide, triggering a bloodbath in the marketplace.

Among the key vendors to watch are Cornerstone OnDemand, Halogen, Peopleclickauthoria, Workday, as well as a slew of aggressive players from Jive to Socialtext that have turned social media technologies into a disruptive force capable of transforming the HCM applications market.

Both Peopleclickauthoria and Workday have received strong backing from major investors, the former from Bedford Funding and the latter from New Enterprise Associates.

Recently Peopleclickauthoria purchased Aquire to beef up on workforce planning and analytics capabilities following its successes in selling eRecruiting and Vendor Management solutions to handle large-scale hiring for big retailers and major employers.

Workday, on the other hand, posted \$150 million in booking in 2010 after earning a 99% customer satisfaction response from its base of more than 200 clients, more than 130 of whom have already gone live with Workday HCM and payroll applications. Workday now plans to go public in the second half of 2012.

What these vendors have in common is their distinct value propositions: Cornerstone OnDemand for its OEM strategy, Halogen for its healthcare domain expertise, Peopleclickauthoria for its contingent workforce recruitment, and Workday for intuitive user interface that puts green-screen ERP systems to shame.

The question is whether the rise of this new breed of HCM applications vendors will come at the expense of the incumbents or help propel the market to new heights because of their ability to expand into previously untapped opportunities.

Outlook

On the upside, the worldwide HCM applications market is poised to grow in a measured but sustainable pace as global economic recovery is lowering unemployment, which in turn could prompt organizations to spend more on identifying and retaining talents through process automation.

The recent hiring of 50,000 workers in one day by McDonald's suggested that such large-scale workforce expansion could take place across different industries.

Additionally the positive outlook from HCM applications vendors echoed the optimism for their products as well as the synergistic benefits many of them should be able to realize from the latest round of mergers and acquisitions.

On the downside, any sudden spurt of hiring may well be ephemeral because of uncertainty over geopolitical risks and other macroeconomic factors from rising commodity prices to weak housing market, all of which could hurt consumer spending and make any meaningful job growth elusive at best.

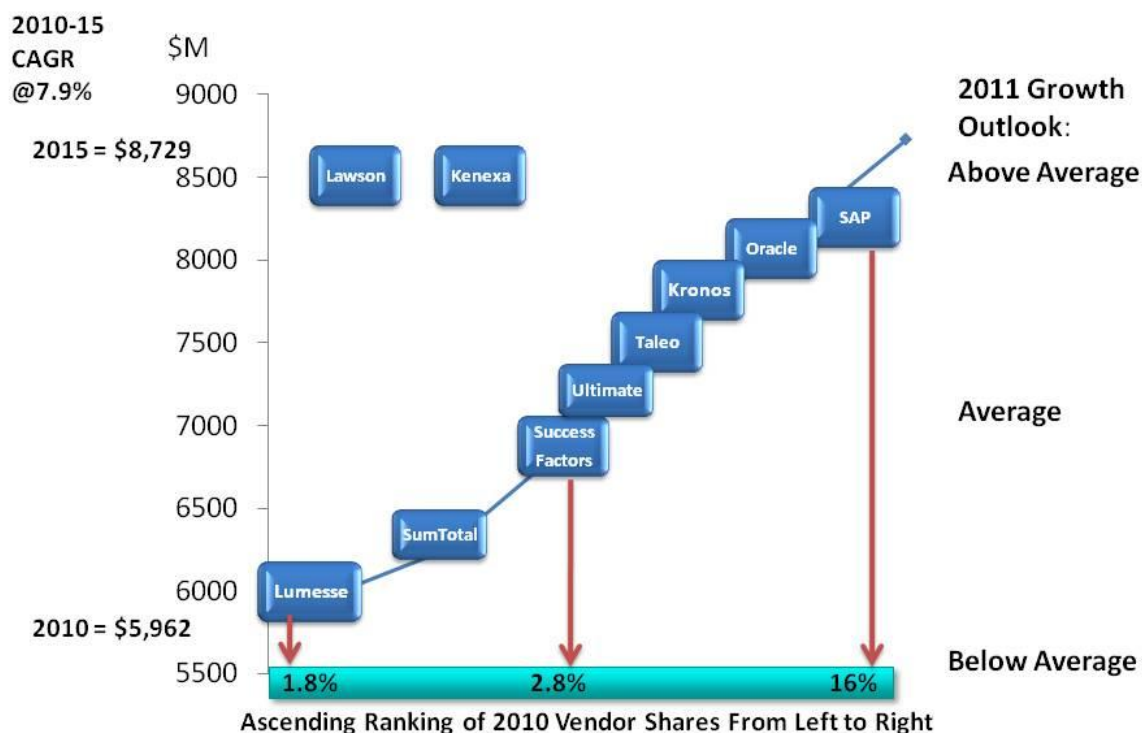
The lackluster job picture is the result of lingering effects of a stubborn recession that has forced employers to think twice before reverting to the hiring mode prior to the financial crisis. It is conceivable that developing countries such as US and many parts of Western Europe will continue to face high single-digit unemployment rates - covering those that have ceased to look for jobs – in the years to come.

What's more likely is a growing emphasis of the other end of the employee lifecycle through more extensive use of retention and workforce planning tools as well as career development programs, all of which could have a direct impact on how and where HCM applications vendors will make their money in the long run.

SCORES Box Illustration

The following graphic shows the 2010 shares of the top 10 human capital management applications market with SAP claiming the top spot at 16%, followed by Oracle, Kronos, Taleo, Ultimate Software and others. Based on our SCORES methodology, Kenexa and Lawson are rated above average for their growth potential in 2011. The market is expected to achieve a 7.9% compound annual growth rate rising from \$5.9 billion in 2010 to \$8.7 billion by 2015.

2010 Shares of Top 10 Apps Vendors in HCM Market, 2011 Growth Outlook, Forecast Through 2015



Worldwide Human Capital Management Applications Market Forecast 2010-2015

\$M	2010	2011	2012	2013	2014	2015	CAGR(%)
HCM	5962	6,238	6,831	7,494	8,146	8,729	7.9
Yr to Yr Change(%)		4.6%	9.5%	9.7%	8.7%	7.2%	

\$M includes license, maintenance and subscription revenues

Source: APPS RUN THE WORLD, June 2011

Market Definitions

Compensation management, Core HR, eLearning, erecruiting, performance management, and workforce management form the basis of Human Capital Management applications. Increasingly analytics capabilities for reporting, predictive modeling for what-if scenarios and personalized dashboarding are being embedded in HCM systems to deliver strategic insights to managers and HR professionals, while boosting workforce performance.

Compensation Management

Compensation management applications are designed to automate the process of providing cash and noncash compensation to employees. By automating the process, companies gain visibility into the total compensation packages including both variable and non-variable pays being offered in order to align compensation with organizational targets including corporate performance, profitability and customer satisfaction measurements.

Other key features include:

- Seamlessly manage compensation budgets and allocation in a single, shared tool.
- Streamline pay recommendation workflows and approvals.
- Support multiple pay and incentive practices.
- Ensure budget compliance and adherence to compensation guidelines.
- Calculation and distribution of commissions, spiffs, and incentives to employees.
- Compensation analysis using internal and external data for retention risk analysis
- Linking salary, commission and incentives — cash and noncash — to business objectives
- Workers compensation systems
- Payroll and payment engine interfaces
- Account payables integration

Core HR

Core HR applications are designed as personnel administrative systems recording details of an employee's relationship with the corporation (as opposed to the department or group to which the employee belongs) as well as management of other human resources used by the enterprise (e.g., contingent labor, contractors), including human resources employed by suppliers such as staffing agencies.

Core HR systems need to scale and be updated continuously to accommodate globalization requirements, flexible work rules, and legislative and union rules including country-specific hiring and termination policies.

eLearning

eLearning applications refer to software applications that automate the administration, tracking, and reporting of training events. Other applications include the delivery of online courses for corporate training, as well as the management, tracking, or integrated software solutions whose focus is on the learning environment, including:

Learning content management systems include those designed to create, store, assemble, and deliver personalized e-learning content in the form of learning objects.

It also includes applications supporting the development of tests and test environments, including simulated environments and environments recreated for test purposes.

eRecruiting

eRecruiting applications are designed to automate the recruitment process through better tracking of applicants, screening and skills assessment, profiling and resume processing, and identifying talents inside or outside the organization.

Other key features include:

- Manage skills inventories
- Create and manage job requisitions
- Identify appropriate employment candidates
- Coordinate team collaboration within hiring processes
- Facilitate resource planning
- Deploy workers to appropriate jobs, projects, or teams
- Employee development and succession management
- Social networking support

Performance Management

Performance management applications are designed to automate the aggregation and delivery of information pertinent to the linking of job roles and the mission and goals of the organization. More specifically, the system allows users to automate the performance review process by using mechanisms such as training and key performance indicators to constantly track and monitor the progress of an individual employee, work team, and division.

Some of the key features include:

- Assessment of individual career objectives and organizational skills gaps that impede performance and job advancement
- Continuous reviews and establishing milestones
- 360-degree evaluation and real-time feedback
- Performance appraisal automation
- Goal setting and tracking
- Employee surveys
- Alignment of human assets to corporate objectives
- Learning development and job improvement programs
- Fast tracks for top performers
- Delivering training
- Content creation and templates
- Social networking support

Workforce Management

Workforce management applications are designed to automate the deployment of workforce through workload planning, scheduling, time and attendance tracking, resource management, and rules and compliance management. In some cases, workforce management applications are being bundled with customer relationship management applications in a contact center environment.

Other key features include:

- Skills and certification tracking
- Shift/vacation bidding
- Workload planning, forecasting, scheduling
- Scheduling optimization
- Customer wait-time forecasts
- Coverage management
- Absence management
- Labor activity tracking

- Rationalization of revenue per full-time equivalent
- Cost of sales activities
- Sales resource planning based on local and regional opportunities

Profiles of Top 10 Applications Vendors In Enterprise Market

- SAP
- Oracle
- Kronos
- Taleo
- Ultimate
- Successfactors
- Kenexa
- SumTotal
- Lawson
- Lumesse

SAP

Walldorf, Germany

www.sap.com

Overview:

Having invested heavily in complementary technologies from analytics to mobility, SAP has bolstered its human capital management(HCM) strategy by aligning its applications with the needs of a new generation of HR and line of business executives to replicate best-in-class talent management practices at the global level. Typical customers are organizations that want to streamline end-to-end HR processes to boost productivity, while improving their overall ability to hire, groom and retain the best available talents.

Applications Revenues In Human Capital Management:

	2009	2010
\$(M)	871	975

2010 Applications Revenues In Human Capital Management By Region:

Region	2010(\$M)	% of total
Americas	341.2	35%
EMEA	487.5	50%
Asia Pacific	146.2	15%

2010 Applications Revenues In Human Capital Management By Company Size:

Size	2010(\$M)	% of total
XL(5K ees and above)	565.5	58%
Large(1K-5K ees)	331.5	34%
SMB(1K ees and below)	78	8%

2010 Applications Revenues In Human Capital Management By Revenue Type:

Type	2010(\$M)	% of total
License	321.7	33%
Maintenance	643.5	66%
Subscription	9.7	1%

2010 SCORES Box:

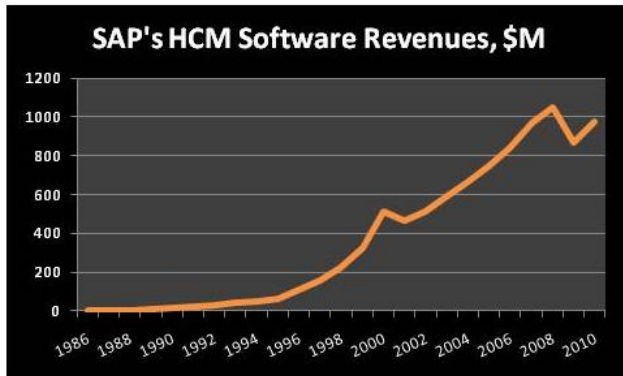
Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Above average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 16% share in the Human Capital Management market, SAP's ability to maintain and win share in the market segment in 2011	Average

Full overview:

For decades SAP has been addressing the HCM needs of its customers by offering them a full line of core HR, payroll and talent management applications as part of its ERP software suite.

By scaling up its HCM solution map to synchronize with the rapid expansion of its customers, SAP has been able to add global support and localization capabilities to allow for enterprise-wide adoptions of its core HR and talent management applications.

Shortly after making its foray into the HCM market in 1987, SAP experienced explosive growth with core HR as one of the key pillars of its popular ERP R3 systems, securing thousands of customers and hundreds of millions of dollars in software revenues by 2000, as shown in the following graphic that details SAP's HCM license and maintenance revenues over the past 25 years.



Source: APPS RUN THE WORLD, May 2011

After rebounding from the Dot Com bust in 2001, SAP added new country versions for local best practices and legal compliance, as well as new modules for eRecruiting and eLearning.

Having enjoyed a resounding success in asset-intensive industries like oil and gas and process manufacturing, SAP's increased momentum marked a turning point with large-scale adoptions of its HCM applications by services and public sector organizations, especially those that were in brisk hiring mode.

The massive customer migration to its new ERP 6.0 releases and the corresponding enhancement packs from different versions of the legacy R3 systems has contributed to the standardization of employee self service and manager self service as top scenarios for their upgrades paving the way for organizations to quickly and easily Web-enable their HR business processes.

SAP recovered from the Great Recession by stressing the benefits of HCM delivery through a shared services framework to help customers reduce IT costs. In 2010 it started developing Rapid Deployment solution methodology specifically for HCM applications.

That was followed by the integration of its BusinessObjects offerings into HCM applications strengthening workforce analytics and other role-based reporting and dashboarding capabilities.

Over the past few months, SAP has begun to inject another dose of innovation into its HCM strategy by leveraging mobility and in-memory database to create a new breed of applications that could become game changers with key attributes like real-time accessibility and high performance computing.

Key Applications For Human Capital Management:

SAP ERP HCM for Workforce Planning and Analytics, Talent Management, Core HR and Payroll, HCM Service Delivery, SAP Business ByDesign

SCORES Analysis

Strengths

With a scalable HCM solution set, SAP has mastered the art of automating HR business processes on a global scale. Top customers including Bayer, Comcast, and Velero have trumpeted the advantages of using SAP HCM applications to put their employees – with headcount exceeding 100,000 in many cases - on a central system that allows for rapid rollout of HR policy changes, updates as well as additions such as enterprise learning, annual performance review or similar programs conducted in greater frequency.

SAP is adding another dimension to the scalability factor by turning to HANA, its new in-memory database technology designed to compress the amount of time to crunch large amounts of data without touching the disk. In the case of HCM, SAP is expected to raise the ante by putting its workforce planning applications on HANA.

SAP BusinessObjects Strategic Workforce Planning, which became available in restricted release in early 2011, was one of the first off-the-shelf products that leverages the in-memory database and calculation engine, allowing users to simulate scenarios in real time, analyze complex relationships quickly and see how proposed organizational changes will impact the business. HR executives, for example, can simulate how their workforce would need to grow and change using predictive modeling to quickly allocate and adjust staffing levels as a result of making an acquisition or entering a new market.

SAP has been putting more analytics applications in the hands of HR professionals and line of business managers to help drive decision support. Already it has delivered preconfigured dashboards by role as part of Enhancement Pack 5 for HCM in 2011 that can be visualized with SAP Business Objects Dashboards. Customers need to purchase separately in order to take full advantage of the dashboards.

SAP is also well positioned to beat its competitors at their own game. For example, the EP5 from SAP includes improved compensation management capabilities to better compete with vendors such as Oracle, which is known for its Oracle Compensation Workbench.

Suffice it to say that SAP is aiming to expand its presence in new markets, while capitalizing on its vast technical resources to ratchet up competitive pressures in order to sustain its leadership position in the HCM market.

Customers

SAP has more than 13,000 HCM applications customers.

References and recent customer wins included Basic Energy Services, Freescale Semiconductor, LyondellBasell Industries, Ministry of Justice for Italy, OfficeMax, Proton-Perm Motors and Singapore Power.

Opportunities

Following its acquisition of Sybase in 2010, SAP has placed mobility as the nexus of its innovation strategy. Extending HCM applications into the hands of mobile users thus becomes one of its top priorities. In May 2011 SAP announced a slew of these mobile applications designed specifically to boost productivity by allowing employees, HR and line of business executives to have ready access to HR data with their mobile devices.

The mobile HCM applications, which will become available in the second half of 2011, include SAP Employee Lookup mobile app for viewing employee profiles, SAP Leave Request mobile app for updating vacation schedules, SAP Time Capture mobile app for accessing time entries, and SAP HR Approvals mobile app for making routine workflow available on mobile devices.

Risks

While the majority of SAP customers remain entrenched in the on-premise environment, a tidal wave of enterprises have made on-demand delivery a centerpiece of their HCM strategy. For example, Siemens, one of SAP's key customers, has made access to on-demand HCM applications from SuccessFactors a priority in 2011 for the remainder of its 420,000 employees after going live with 40% of them since 2009.

SAP is wasting no time with its on-demand push by offering a new Line of Business product called Career OnDemand, which will become available in 2012 with features including performance management and employee development.

Even though SAP is committed to its fledgling on-demand strategy, the decision could have serious ramifications on how it supports its large base of on-premise HCM customers as they are confronted with a raft of new technologies and delivery models from mobility to shared services.

Some of them may balk at making such changes since typical SAP HCM customers often require complex reporting, management structures and country-specific union and work rules, all of which could impede such migration from on-premise to on-demand. Under such circumstances, SAP could be at a disadvantage when competing with other well-established on-demand HCM applications vendors that have already gotten a head-start on making such migration easy and affordable.

Then there are many moving parts involved in running SAP applications, a perception exacerbated by the proliferation of add-ons from BusinessObjects to SAP Solution Manager as well as optimization tools from third party providers.

Early acceptance of the upcoming Rapid Deployment solutions, which are designed for SAP Business Suite applications including HCM, could be the key to reengaging with its on-premise HCM customers by debunking the myth and reinforcing its value propositions.

Ecosystem

SAP primarily sells its HCM applications direct and it relies on a growing number of resellers, systems integrators, third party developers and business process outsourcers to help address different market segments. For example, the latest release of SAP Business ByDesign 2.6, which features HCM capabilities such as workforce administration, compensation management, employee self-service and compliance and reporting, has already attracted 50 solution resellers and 40 solution partners that will be instrumental in adding value to the on-demand ERP suite.

The evolution of the SAP ecosystem continues with expanded partnerships with ISVs such as Open Text and Nakisa that add value to its HCM applications. In 2010 the vendor started reselling Open Text employee information management under the name the SAP Employee File Management application by Open Text.

The partnership between Nakisa and SAP has been strengthened with the 2010 release of SAP Talent Visualization by Nakisa (STVN) 3.0, and SAP Org Visualization by Nakisa (SOVN) 3.0. STVN 3.0 offers new features for social networking collaboration, data quality auditing and an improved look and feel, while SOVN 3.0 sports enhancements for career development, succession planning, and intuitive profile matching.

Nakisa, which has made its name in the org chart apps market, has been selling its talent management software products to hundreds of customers with the help of SAP.

Additionally SAP has made BPO a critical part of its HCM delivery strategy to reach customers that require an end to end solution from legacy migration to system maintenance and country-level support.

Its global HCM BPO partners include Accenture, ADP, IBM, Northgate Arinso. Its regional BPO partners include Amano Business Solutions in Japan, BASF IT Services and Bayer Business Services in Germany, CBL in France, CDP in China, HR One in Japan, Magma in the Netherlands, Mercer in Germany, ROC in United Kingdom, Swicon360 in Africa, TATA Consultancy Services in India, and Zalaris in Nordics.

Shares

With a 16% share in the Human Capital Management applications market, SAP's ability to gain share is average as the vendor starts bringing complementary solutions for advanced analytics, mobility, and in-memory database to pique user interest just when IT spending is picking up among its large base of ERP customers.

On the upside, SAP's Rapid Deployment solutions for building employee and manager self-service HR portals are expected to drive considerable near-term sales because of their quick turnaround of completing such implementations in as little as 12 weeks.

On the downside, a tug of war is pitting SAP in the middle as it seeks to retain its recurring revenue stream by holding onto its on-premise customers, while transforming itself into a viable on-demand HCM applications vendor with a slew of solutions that have yet to be proven to scale and meet expectations of a new breed of users in terms of usability and adaptability for trends like social networking and Web 2.0 collaboration. Recently SAP executives reaffirmed its commitment to developing such capabilities in order to sharpen its differentiating factors against incumbent HCM and best-of-breed on-demand vendors.

Oracle

Redwood Shores, CA

www.oracle.com

Overview:

As one of the biggest enterprise applications vendors, Oracle has the advantage of selling numerous HCM products that meet the current and future requirements of a loyal base of customers by helping them standardize their HR processes on a global level. Typical customers include companies with tens of thousands of employees as well as complex compensation, core HR and industry-specific procedures for managing people.

Applications Revenues In Human Capital Management:

	2009	2010
\$(M)	813	935

2010 Applications Revenues In Human Capital Management By Region:

Region	2010(\$M)	% of total
Americas	458.1	49%
EMEA	327.2	35%
Asia Pacific	149.6	16%

2010 Applications Revenues In Human Capital Management By Company Size:

Size	2010(\$M)	% of total
XL(5K ees and above)	617.1	66%
Large(1K-5K ees)	243.1	26%
SMB(1K ees and below)	74.8	8%

2010 Applications Revenues In Human Capital Management By Revenue Type:

Type	2010(\$M)	% of total
------	-----------	------------

License	280.5	30%
Maintenance	654.5	70%
Subscription	0	0%

2010 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Below average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 15.7% share in the Human Capital Management market, Oracle's ability to maintain and win share in the market segment in 2011	Average

Full overview:

With one of the largest installed bases of HCM customers, Oracle has become the standard bearer in core HR processes while exerting influence in new and emerging talent management areas.

Oracle's leadership positioning in such product categories as Core HR and compensation management has been helped by its relentless pursuit of market share through acquisitions and harnessing best-of-breed capabilities across different brands of HCM applications.

After acquiring PeopleSoft, famous for its HCM applications, in 2004, Oracle continued to expand the underlying strategy by picking up technologies like TempoSoft for workforce management, Hyperion for analytics and others

for specific industries, while devising means to make these previously distinctive products run better together without costly integration.

Then Oracle moved to the next phase by fusing these pieces together in the development of Oracle Fusion Applications, which are expected to become generally available in late 2011. HCM stands as one of the biggest pillars within the Oracle Fusion Applications.

In the meantime, Oracle PeopleSoft Enterprise license sales have surged as a result of new IT spending in its core verticals such as healthcare, professional services, higher education and banking since the economic recovery began in earnest. Since the beginning of 2010, Oracle has added more than 350 new customers of PeopleSoft Enterprise applications. In addition, more than 1,000 PeopleSoft customers have either completed or they are in the process of upgrading to the latest version 9.1.

On both fronts, Oracle's HCM applications strategy has become more compelling than ever with increased customer adoptions and a strong product pipeline, exploiting the technology stack that the vendor has so painstakingly stitched together after years of costly acquisitions and R&D efforts to create end to end solutions that are unmatched in their scope and capabilities.

Key Applications For Human Capital Management:

PeopleSoft Enterprise HCM, Oracle Fusion Applications, Oracle E-Business Suite HCM, JD Edwards Enterprise One Enterprise Workforce Management

SCORES Analysis

Strengths

By making good use of the collective power of its hardware, database and applications offerings, Oracle is taking its HCM applications to the global level addressing customer needs in an integrated fashion that cannot be done by competitors with a singular approach.

Since the 2004 acquisition of PeopleSoft, Oracle has been making steady improvement to its HCM lineup, including the PeopleSoft Enterprise HCM and the Oracle E-Business Suite HCM products. The latest PeopleSoft Enterprise 9.1 release, for example, offers Company Directory for enhanced org chart visualization, better integration its talent management modules, and industry-specific capabilities like scheduling for healthcare employees and federal self-service transactions with streamline approvals. All these are designed to increase user productivity, accelerate business performance and lower the cost of ownership.

The compensation workbench in Oracle E-Business Suite is one of the most widely used software tools for companies to plan, model, and allocate budgets and awards on a global basis across variable and non-variable pays.

Already tens of millions of users have been running these two HCM products to manage their personnel administrative functions, while boosting the systems to run a gamut of Web-based processes including eRecruiting, compensation and performance management, and succession planning.

Customers

Oracle has more than 12,500 customers for its HCM applications. The majority of them have been running different versions of Oracle E-Business Suite HRMS and HCM applications, while more than 3,500 customers are running

PeopleSoft Enterprise HCM. The rest are those that have been using Workforce Management modules of JDEdwards Enterprise One and other point solutions such as TempoSoft.

Here are some of its recent customer wins: CITIC Bank International for PeopleSoft Enterprise Recruiting, Premera Blue Cross for PeopleSoft Enterprise, University of Central Florida for PeopleSoft Enterprise, Baja Mining for JD Edwards EnterpriseOne (Maintenance and HR), Ernest Health for PeopleSoft Talent Management, and Nuqul Group for E-Business Suite Release 12 HCM. Other PeopleSoft Enterprise v. 9.1's recent wins included The Carlyle Group, BJC HealthCare, Navigant Consulting and Amedisys.

The following customers have recently upgraded to PeopleSoft Enterprise 9.1: Dow Chemical Company, Papa John's, Defence Science and Technology Laboratory of the UK Ministry of Defence, Portland General Electric, China Resources (Holdings) Co. Ltd., and Husky Injection Molding Systems Ltd.

Opportunities

As Oracle is gearing up for volume sales of its new Fusion Applications, the vendor is embracing the new delivery model by not shedding its past.

With few exceptions, almost all of its HCM application customers have been running their Oracle systems by installing the software inhouse. That is about to change when Oracle plans to make on-demand delivery of its Fusion Applications a centerpiece of its Cloud-based strategy.

For Fusion HCM, Oracle is selling 15 applications that cover a range of features from Benefits to Workforce Lifecycle Manager, all of which can be delivered over the Cloud using either single-tenant or multi-tenant hosting infrastructure provided by Oracle or third-party service providers.

Oracle is quick to point out the key differentiators of its Fusion HCM, which makes available tools such as Oracle Composer that facilitate customization of user interfaces, business processes and reporting. Other out-of-the-box capabilities such as Oracle Fusion Network at Work for social networking support, Oracle Fusion Talent Review for employee review and succession planning, and Oracle Fusion Workforce Predictions for HR analytics are considered unique attributes that often are not readily available from a single vendor.

Perhaps the biggest opportunity for Oracle is to convince anyone that using Fusion HCM does not mean jettisoning their existing Oracle E-Business Suite or PeopleSoft products, all of which will be fully integrated into the on-demand platform.

It is for that reason that Principal Financial Group has become one of the early adopters of Fusion HCM applications, running them alongside its existing PeopleSoft Enterprise Financials and HCM solutions for optimized visibility into its human resources and aligning them with the insurance company's operational and strategic goals.

Risks

Because Oracle has done an admirable job sustaining the support of its large installed base of HCM customers, many of them are likely to stay put with their E-Business Suite or PeopleSoft products for quite some time.

That could in fact put a ceiling on the near-term growth potential of its Fusion Applications, which is likely to have minimal effects on Oracle's license revenues over the next three years.

That's not necessarily something Oracle needs to worry about given the bulk of its HCM revenues is derived from healthy maintenance revenues. Still there are a good number of Oracle customers running older releases like PeopleSoft Enterprise 8.9 with a fair amount of customization. They either could adopt a raft of on-demand applications that have been on the market a lot longer than Oracle Fusion Applications or risk doing an expensive upgrade to PeopleSoft Enterprise 9.1.

In either case, Oracle, with its three fairly distinct HCM product lines, is a lot more exposed to the possibility of such defections than other on-premise applications vendors.

Coincidentally, sustaining support for Oracle E-Business Suite 11i9 and PeopleSoft Enterprise 8.9 will expire by June 2011, creating a vacuum that needs to be filled with another round of upgrades. Any failure to complete such upgrades could result in fewer potential customers for Oracle Fusion Applications, or for that matter disruption to its lucrative maintenance revenue stream.

Ecosystem

Oracle primarily sells direct, but it relies on a large number of systems integrators and consulting firms to implement HCM solutions. Over the past year, a number of these Oracle partners, especially those that specialize in PeopleSoft implementations, have been acquired.

The consolidation wave resulted in Advent Global buying Premier Consulting, CederCrestone taking over Sierra Systems, CherryRoad picking up Maximus, Hitachi Consulting swallowing Sierra Atlantic, and NTT Data acquiring Intelligroup.

All these are expected to have serious ramifications for Oracle PeopleSoft customers given that such ownership changes could lead to attrition and integration challenges, resulting in implementation delays especially for midmarket clients that have traditionally turned to these systems integrators. By comparison, Oracle's biggest customers would generally be getting maximum attention from the vendor's own professional services organization.

While it's too early to tell to what extent Oracle has fared amid the widespread consolidation, the vendor may have no choice but to strengthen the financial health of certain strategic partners in order to mitigate the risks of leaving its future implementations in the hands of a shrinking number of service providers.

Shares

With a 15.7% share in the Human Capital Management applications market, Oracle's ability to gain share is average with the transitioning of its product lines to capitalize on on-demand delivery of talent management applications from its traditional on-premise core HR solutions.

On the upside, Oracle is expected to see increased adoptions of the latest HCM applications with its successful upgrade program of its vast base of PeopleSoft customers as well as the general availability of Fusion Applications. License revenues are expected to show a gradual uptick, but more importantly maintenance revenues could become even more significant because of the size of the expanded installed base.

On the downside, Oracle is a perennial juggler that has multiple HCM applications on one hand, while juggling a myriad of tasks from massive upgrades to on-demand expansion on the other. By not taking its eyes off the ball, Oracle needs to retain customers by providing them with exceptional support and service programs, which will become increasingly difficult. Given its diverse offerings and growth ambitions in hardware, database and applications, Oracle appears to be headed in the direction of providing a two-tier system whereas those that purchase

a blanket enterprise support agreement for the full stack of solutions will be given the priority over others that only use a subset of its product portfolio.

Kronos

Chelmsford, MA

www.kronos.com

Overview:

Since going private in 2007 Kronos has been growing its eRecruiting and workforce management applications business by accelerating its push into key verticals, while delivering continuous enhancements to ensure smooth upgrades and incremental benefits among its current installations. Typical customers are large and midsized organizations with significant numbers of hourly and contingent workers needing reliable systems to automate their scheduling, time and attendance tracking and workforce planning processes.

Applications Revenues In Human Capital Management:

	2009	2010
\$(M)	457	503

2010 Applications Revenues In Human Capital Management By Region:

Region	2010(\$M)	% of total
Americas	462.7	92%
EMEA	20.1	4%
Asia Pacific	20.1	4%

2010 Applications Revenues In Human Capital Management By Company Size:

Size	2010(\$M)	% of total
XL(5K ees and above)	296.7	59%
Large(1K-5K ees)	125.7	25%
SMB(1K ees and below)	80.4	16%

2010 Applications Revenues In Human Capital Management By Revenue Type:

Type	2010(\$M)	% of total
License	130.7	26%
Maintenance	321.9	64%
Subscription	50.3	10%

2010 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 7% share in the Human Capital Management market, Kronos' ability to maintain and win share in the market segment in 2011	Average

Full overview:

With a long history of selling workforce management applications, Kronos has established a leadership position with its absence management, scheduling and time and attendance systems.

The strategy has been particularly effective among companies with complex work rules as well as disparate operations with large numbers of hourly and contingent workers. Over the past few years Kronos has made a series of acquisitions to further its goal of providing complementary products including eRecruiting, labor activities and workforce analytics to such customers.

The list of acquisitions included Unicru and Deploy for its eRecruiting applications and Captor for workforce management systems for European customers.

In October 2009 Kronos acquired Stromberg, which offered workforce management applications for some 1,400 midmarket retail organizations. The purchase coincided with Kronos' decision to align its entire organization with the requirements of its vertical customers by assigning dedicated teams to focus on the healthcare, retail, hospitality, public sector, manufacturing, services, and distribution markets.

In May 2011 Kronos acquired Principal Decision Systems International (PDSI) for its workforce scheduling and notification systems for public sector agencies after scrapping its plan to buy API Healthcare for its workforce management applications designed for healthcare providers. Kronos terminated the API deal after deciding the regulatory review would take longer than anticipated.

Last year Kronos pressed ahead with a combination of product enhancements and international expansion moves to extend its lead in workforce management, while laying the groundwork for substantial sales growth among new and existing customers.

Key Applications For Human Capital Management:

Workforce Central Version 6.2, Kronos Workforce Acquisition 8.7, Kronos Core HR and Payroll

SCORES Analysis

Strengths

After years of selling workforce management applications, Kronos has continued to outshine its closest competitors by paying attention to the usability factor and pushing into different segments of the market through alliances and acquisitions.

In 2010 Kronos introduced a new user experience that aims to deliver the look and feel as well as the attractive design commonly found in consumer software. From within Kronos' new navigator, managers can have easy access to employee scheduling coverage, employee work hours, time-off requests, and other workforce performance information and indicators. The UI is further augmented by analytics that provides recommended actions to key stakeholders.

Similarly Kronos upgraded its Workforce Acquisition to release 8.7 by combining hourly and salaried hiring into a single and intuitive solution, while making the recruitment process as user friendly as possible with the use of social media tools. The upgrade also takes advantage of redesigned sourcing analytics and workforce selection to improve user experience.

Kronos delivered further enhancements in 2011 with Workforce Mobility Manager and Workforce Mobile Employee designed to replicate the same functionality of the desktop systems to their mobile devices.

Kronos also delivered enhancements to its HR and payroll product, which is targeted for the mid-market organizations, including a new navigation framework that delivers easy access to employee information and improved suite integration with its flagship product Workforce Central.

The continuous enhancements, coupled with increased traction in key verticals such as retail, manufacturing and healthcare, have made Kronos the champion in workforce management.

Customers

Kronos has about 40,000 customers with its workforce management applications. Recent customer wins included American Sugar Refining, American Water, Auburn University, BJC HealthCare, Cavender's Boot City, Chengdu Tianbao Heavy Industry Co., Cleveland State University, Coinstar, Fifth Third Bancorp, Finish Line, Grady Health System, Leisure Sports, LindenGrove, Mohawk Fine Papers, North Shore-LIJ Health System, Republic Services, Schneider China Group, Smart & Final Stores LLC, Trinity Health, U.S. Department of Veterans Affairs, and Virginia State University.

It also has secured more than 200 customers using its eRecruiting applications primarily those with large numbers of hourly and contingent workers. Reference wins included AMF Bowling, Century 21 Department Stores, Charming Charlie, Finish Line, Raley's, and Senior Lifestyle Corp.

Opportunities

Over the past year Kronos has honed in on its managed services as an effective tool for its customers to reduce their total cost of ownership. By letting Kronos take care of all configuration, maintenance, upgrades, and support functions, customers such as American Eurocopter, BWAY Corporation, City of Houston, LindenGrove, Mohawk Fine Papers, Inc., Nash General Hospital, and Wexford Health Sources have streamlined their IT costs.

Risks

Over the past few years, Kronos has met with mixed results because of the lingering effects of the recession. Last year's 9% rise in company revenues restored growth to the vendor, which saw a nearly 10% drop in business in 2009.

With sales stabilizing, Kronos has shored up its international sales operations with new channel alliances in order to drive organic growth in new markets such as China, India and Latin America.

As the HCM applications market is on the cusp of a new round of major consolidation, it's incumbent on Kronos and its owner private equity firm Hellman & Friedman, which took the company private in 2007, to rev up its acquisition volume in order to stake its claim in such areas as compensation and performance management.

The failure to buy API Healthcare, which is considered one of the formidable players in workforce management for healthcare, serves as a reminder of the importance of diversifying its HCM product portfolio, something that Kronos has not fully embraced until its purchases of Unicru and Deploy to expand into eRecruiting. What appears necessary is perhaps a systematic review of its offerings to determine whether the gaping holes have become so big that not filling them could be detrimental to its future.

Ecosystem

Kronos primarily sells direct and it has been expanding its ecosystem by signing new reseller partners such as Valueteam in Brazil, Hyperlink in the Middle East, and Group Seidor in Spain and Portugal to go after untapped opportunities in different regions.

Shares

With a 7% share in the Human Capital Management applications market, Kronos' ability to gain share is average given its modest growth potential.

On the upside, the purchase of PDSI is expected to give a modest lift to its revenues in the public sector vertical and the continuous migration of its Workforce Central customers to the latest release will translate into additional upsell and cross-sell opportunities.

On the downside, Kronos appears to be more conservative than other HCM applications vendors given the restraints of its corporate structure under the control of Hellman & Friedman, which recently sold off its stake in Activant, a major ERP vendor. Though the private equity firm has not given any inclination of spinning off more of its software assets, Kronos' near-term growth potential could be limited in light of the current consolidation wave, potentially resulting in market share losses once the dust is settled.

Taleo

Dublin, CA

www.taleo.com

Overview:

Taleo has made its name in the eRecruiting segment of the HCM applications market, positioning its growing portfolio of applications as the prerequisites for corporations to boost competitiveness with a ready talent pool as well as sophisticated tools to improve their performance. Typical customers are multinationals that require constant infusion of job candidates and small and midsize organizations that need to drive their recruiting efforts across a new generation of employees, while providing learning and career development tools as part of their strategy to sustain the interest of their existing workers.

Applications Revenues In Human Capital Management:

	2009	2010
\$(M)	173	199

2010 Applications Revenues In Human Capital Management By Region:

Region	2010(\$M)	% of total
Americas	175.1	88%
EMEA	17.9	9%
Asia Pacific	5.9	3%

2010 Applications Revenues In Human Capital Management By Company Size:

Size	2010(\$M)	% of total
XL(5K ees and above)	129	65%
Large(1K-5K ees)	60	30%
SMB(1K ees and below)	10	5%

2010 Applications Revenues In Human Capital Management By Revenue Type:

Type	2010(\$M)	% of total
License	0	0%
Maintenance	0	0%
Subscription	199	100%

2010 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 3.3% share in the Human Capital Management market, Taleo's ability to maintain and win share in the market segment in 2011	Average

Full overview:

After reigning over the eRecruiting market segment, Taleo has continued to expand through acquisitions and successful conversion of customers to take on its flagship products.

Over the past decade, Taleo has been able to exploit its first-mover advantage in the on-demand HCM market by first winning a cadre of major accounts that chose its eRecruiting applications over their legacy or homegrown systems jettisoning their traditional hiring practices along the way.

After acquiring Recruitforce, Wetfeet Talent Management, and Vurv to more than double its installed base of customers, Taleo has assembled a formidable list of applications designed to systematically improve a company's talent recruitment and retention programs and scaling those capabilities to the global level.

In 2010 Taleo augmented its offerings by acquiring Learn.com for its eLearning and career development solutions, following its purchase of Worldwide Compensation for its compensation management applications. The moves took Taleo a step closer to delivering complete HCM applications that cover a full spectrum of employee lifecycle management requirements.

In April 2011 Taleo picked up Cytiva for its recruiting applications, which have been widely deployed at 250 companies in North America, giving the vendor more upsell and cross-sell opportunities to sell into those accounts.

All these have propelled Taleo to become one of the largest HCM applications vendors with more than 5,000 customers and millions of regular users accessing different components of its software library, as well as an extensive data repository on 200 million job candidates.

Key Applications For Human Capital Management:

Taleo Anywhere, Taleo Business Edition, Taleo Compensation, Taleo Enterprise, Taleo Learn, Taleo Onboard, Taleo Performance, Taleo Recruiting, Taleo Talent Grid

SCORES Analysis

Strengths

With a series of acquisitions that complement its product strategy, Taleo has succeeded in converting its acquired customers to try out its robust on-demand platform, now in its release 10, which has become the default solution for its diversified installed base.

Taleo expects that the majority of its Enterprise Edition customers now approaching 900 will either be live or in the process of going live on Taleo 10 by the end of 2011.

The conversion has emerged as an effective means to bolster average selling prices and replicate talent management best practices across customers with similar requirements, thus making it possible for Taleo to gain further inroads into strategic verticals.

Even with the downturn that stalled hiring among its key accounts in 2009, Taleo was able to convert many of its acquired customers – primarily those from the Vurv acquisition in the preceding year – to its Business Edition and Enterprise Edition. The former is primarily geared toward smaller organizations with a few thousand employees, while the latter is designed for big companies with hundreds of thousands of workers.

As the economy improved in 2010, Taleo added 921 Business Edition customers and 83 Enterprise Edition customers, partly attributable to the conversion of Vurv customers whose products Taleo has stopped selling. It's worth noting the conversion rate has begun to decline since 2009.

Over the past few years, Taleo has also convinced these converts to adopt many other products beyond eRecruiting. For instance, Taleo Performance has attracted 300 customers with 1.4 million users, compared with fewer than 200 customers and 500,000 users a year ago.

What it illustrates is the fact that Taleo is fast extending its recruiting franchise to a full range of talent management applications through systematic conversion and successful upgrades, while laying the groundwork for full-scale standardization among its customers regardless of their usage history.

Customers

Taleo has more than 5,000 customers in different segments of the HCM market. The acquisition of Cytiva gave Taleo another 250 customers including Ocean Spray, Mediacom, and Restoration Hardware. The following table outlines Taleo's customer count over the past 10 years.

Taleo Customer Count Evolves

Product	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	1Q11
Business Edition						50	250	750	1505	2104	3025	3240
Enterprise Edition	50	90	100	140	270	370	600	660	710	775	858	885
Acquired Customers									1585	1321	1117	1317
Total	50	90	100	140	270	420	850	1410	3800	4200	5000	5442

Source: APPS RUN THE WORLD, May 2011

Its Business Edition has attracted more than 3,000 SMB customers including ARMA Global, Chesapeake Government Health Services, Chicago Public Media, Coveo Solutions, Cycling Sports Group, Father Flanagan's Boys' Home in Nebraska, KeyLime Cove Waterpark Resort and Spa (Gurnee Waterpark, LLC), Perisher Ski Resort, The Boys & Girls Club of Scottsdale, The Country Vintner, and Yukon Kuskokwim Health Corporation.

On the other hand, Taleo has secured nearly 900 customers that have signed enterprise agreements. Many of them pay more than \$250,000 each in annual subscription fees for an array of applications from the vendor.

Customer references under such enterprise agreements include Accenture, Air France, Alcatel Lucent, AT&T, Bank of America, BD, Best Buy, Booz Allen, Con-Way, Deloitte, Ernst & Young, Henry Schein Medical Systems, HP, Hutchison Telecom, Jefferson Wells, Johnson & Johnson, JP Morgan, Merck Sharp & Dohme, Nielsen, Roche, Rogers, Schneider National, Telus, United Airlines, UPS, US Cellular, YRC, and Wyeth.

Opportunities

Having established a strong presence in the small and midsize market with the successful launch of Business Edition since 2005, Taleo has set its sight on eLearning as its next battleground by acquiring Learn.com in October 2010.

Taleo's \$124 million acquisition of Learn.com, its biggest in its history, followed a co-marketing agreement they signed in September 2009. At that time, Learn.com, was picked to integrate LearnCenter LMS into Taleo Development as part of the vendor's Taleo 10 talent management solution. The integrated offering would be jointly marketed by the two.

Over the past 10 years, Learn.com has acquired and developed more than 1,000 proprietary titles in its Learn2 course library and over 15,000 third-party off-the-shelf courses from different content providers. Some 50 million

users from companies such as CKE Restaurants, Jackson Hewitt, Intuit, KeyBank, Newell Rubbermaid, NYU Medical Center, QVC, and US Department of Commerce have accessed Learn.com titles and on-demand learning management system.

From a branding perspective, the acquisition will help Taleo better position as an one-stop shop for all the talent management needs of its customers, while capitalizing on Learn.com's reputation for providing intuitive and scalable career development and online learning tools for a large audience around the world.

Risks

The acquisition of Learn.com does carry some risks for Taleo, which forked over \$124 million in cash for a company that had a sizable user base but a recurring revenue stream that could take time to develop.

By comparison, Taleo paid \$34.4 million cash and 3.8 million shares for Vurv in 2008 in a transaction that amounted to about \$110 million. Even though the Vurv deal came in at the onset of the recession, the synergy between the two has delivered incremental revenues, a two-fold increase in customer count as well as sustained growth in the SMB market for Taleo.

Learn.com had about \$22 million in total revenues in 2010, compared with \$26 million in 2009, according to documents Taleo filed with the SEC. Learn.com appeared to be lagging in its rebound following the recession, compared with other eLearning vendors.

While history has proven the resiliency of Taleo in turning around operations that it acquired, the Learn.com deal could be challenging because of the need to work with scores of content partners as well as resellers, not to mention a different type of buyers.

In addition, the conversion strategy that worked well with Vurv customers because they were using the same kind of eRecruiting applications as those on Taleo may fall on deaf ears with Learn.com's customers who have been drawn to its best-of-breed eLearning tools.

Ecosystem

Taleo primarily sells direct and it works with partners to help sell its products in different verticals such as the public sector. The acquisition of Learn.com has expanded Taleo's ecosystem by adding a number of new resellers including BMSS of Poland, Spemsa of Brazil, and Voyager Solutions in the United Kingdom.

Shares

With a 3.3% share in the Human Capital Management applications market, Taleo's ability to gain share is average as its conversion program with former Vurv customers begins to stabilize.

On the upside, the acquisition of Learn.com will deliver a nominal increase in subscription revenues in the range of \$5 million to \$6 million each quarter through the rest of 2011.

On the downside, the burden is on Taleo to prove that any progress that it makes in the eLearning market segment will not come at the expense of its core competency in eRecruiting just as hiring is beginning to pick up. Additionally the integration of Learn.com into Taleo's operations will take some time and effort, potentially stretching resources that could have been used to ensure its lead in the eRecruiting segment.

Ultimate Software

Weston, FL

www.ultimatesoftware.com

Overview:

With an uncanny ability to spot market shifts, Ultimate Software has been on the vanguard of delivering the right HCM solutions to meet customer requirements at the right time. Typical customers are large and midsized companies that have turned to Ultimate for a full suite of HCM applications that are easy to implement and use.

Applications Revenues In Human Capital Management:

	2009	2010
\$(M)	137	173

2010 Applications Revenues In Human Capital Management By Region:

Region	2010(\$M)	% of total
Americas	171.2	99%
EMEA	1.7	1%
Asia Pacific	0	0%

2010 Applications Revenues In Human Capital Management By Company Size:

Size	2010(\$M)	% of total
XL(5K ees and above)	60.5	35%
Large(1K-5K ees)	103.8	60%
SMB(1K ees and below)	8.6	5%

2010 Applications Revenues In Human Capital Management By Revenue Type:

Type	2010(\$M)	% of total
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License	1	1%
Maintenance	0	0%
Subscription	171.2	99%

2010 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Below average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 2.9% share in the Human Capital Management market, Ultimate Software's ability to maintain and win share in the market segment in 2011	Average

Full overview:

With 20 years of experience developing intuitive HCM applications, Ultimate Software has become a thriving franchise that extends its reach by selling an array of products that bridge the gap between HR and payroll requirements of its customers.

Similar to service bureaus such as ADP and Ceridian that practically take over key business processes like payroll for their customers, Ultimate Software has gone to great lengths to optimize the usability of its system by alleviating the administrative and IT burden of running an inhouse HCM system.

In fact it was one of the first on-premise application vendors that have successfully migrated to the on-demand delivery model and its transformation has prevailed over time by chalking up double-digit increase in subscription revenues for more than a decade.

Last year, its recurring revenues reached a record \$171 million, up from \$14 million in 2001. During the same period, its license revenues shrank from \$17 million to less than \$2 million with the majority of its new and existing customers – now totaling 2,200 – paying subscription fees of anywhere from a few dollars to \$15 per employee per month in order to access a wide range of HCM applications.

Today these monthly subscription fees account for the bulk of its recurring revenues, providing a reliable and robust cash flow for Ultimate Software to create new features and customer support capabilities on a continuous basis.

Customers, including some large organizations that have more than 10,000 employees, are accessing a full suite of on-demand applications from Ultimate Software. As high as 70% of the time, its customers would subscribe to multiple products such as Core HR and Onboarding, eRecruiting, Performance Management, or a combination of them, essentially positioning Ultimate as their system of record for their people assets.

Key Applications For Human Capital Management:

UltiPro Enterprise, UltiPro Workplace

SCORES Analysis

Strengths

With its solid performance and attention to customer care, Ultimate Software has won a large following that cuts a wide swath of the services sector.

Many of its customers that started with on-premise software from Ultimate Software have become fully convinced of the benefits and performance of its on-demand platform by making the switch. For example, Texas Roadhouse, a restaurant chain with 33,000 employees, migrated to the on-demand platform from Ultimate Software after using its on-premise products for years and found improved processing speed and HR transaction performance.

Another example is Ultimate Software's ability to layer new services on top of the platform, turning it into more useful and beneficial for all the parties involved. Tax filing is such a case where companies, especially those that operate in multiple states, have often had trouble managing the task on their own. Since rolling out the tax filing feature in 2008, Ultimate Software has attracted hundreds of customers to add that feature to their platform. The added benefit for Ultimate Software is that it accrues interest on the float balance, taxes due by its customers to different government jurisdictions. The average daily balance has soared from \$2 million in 2008 to a projected \$200 million in 2011.

In order to get its customers to subscribe to more products such as tax filing, Ultimate Software has made the adoption easier than ever. In the third quarter of 2010 it introduced a Partners for Life program designed to encourage greater utilization of its products across the organizations by bundling training and continuous education into its HCM solution.

What that amounts to is a streamlined delivery mechanism that places a premium on convenience and customer service, allowing its customers to standardize on HR processes without incurring high upfront costs.

Customers

Ultimate Software has more than 2,200 customers. Typical customers are those that have anywhere between five hundred and several thousand employees in services industries such as banking, consumer goods, food establishments, personal and professional services like car wash stations and business process outsourcing.

Recent wins and customer references included Bob's Barricades, Chicago Cubs, Concord Hospitality, Covenant Retirement, Culligan International, Equipment Depot, First Horizon, First Volunteer Bank, High Liner Foods, Interline Brands, J. Polep Distribution Services, Key Brand Entertainment, Kinetico Water Systems, Laird Technologies, Mike's Express Carwash, National Aquarium, PHH, Pioneer Group, Revlon, Rockville Bank, Schneider Downs & Co., Sony Online Entertainment, Subway, and Wolf Steel Ltd.

Opportunities

Along with its core HR and payroll offerings, Ultimate Software will continue to focus on cross-selling and upselling its talent management offerings ranging from onboarding to recruiting and from benefits administration to performance management. The company also sees significant continuing market opportunity in serving North American multinational organizations.

Another way for the vendor to get closer to its installed base is through its Ultimate Ideas program. Launched in 2010, the program is designed as an online community to allow its customers to collaborate with company representatives as well as other customers on new solution enhancements and product ideas.

The continuous enhancements of features and support programs are expected to drive the goal of adding 25% recurring revenues to its top line every year with a goal of reaching \$400 million in total revenues by 2013.

Risks

In 2010 Ultimate Software decided to exit United Kingdom after selling off its UK operations. Though it still keeps its Canadian division, Ultimate Software has very little presence outside North America and it has not made any concerted effort to go after the international market, though it supports US-based multinational organizations with a global HCM system of record. The issue is whether it is running the risks of depending solely on the domestic market when many US companies are growing their operations globally.

Ultimate Software is quick to point out its commitment to addressing the global requirements of its customers as many have been providing their worldwide employees with equal access to the same system from the vendor.

The relatively small number of Ultimate Software customers – now totaling 2,200 - is also a matter of concern when its competitors are banking on their large installed base – two to three times Ultimate's - to offset subpar performance in any part of their business.

Then there is Ultimate Software's aversion to making large acquisitions. Years ago it bought the eRecruiting technology from First Advantage, followed by the purchase of RTIX for its performance management and UK operations, which were jettisoned last year. It also picked up the time management source code from NOVAtime in 2008.

It may not be practical anymore for Ultimate Software to simply pursue tucked-in acquisitions to supplement its product portfolio without realizing substantial market share boost. Its reluctance stands in contrast with the

increasing emphasis by its competitors to expand their product portfolios by buying up technology assets in order to become a one-stop shop for their customers.

Ecosystem

Ultimate Software primarily sells direct. It maintains alliances with key technology partners including Microsoft for standardizing on its .Net platform and IBM for incorporating its Cognos Business Intelligence products into its HCM offerings. It also maintains strong partnerships with EMC and VMWare for virtualization, and Juniper and F5 for high performance networks.

Shares

With a 2.9% share in the Human Capital Management applications market, Ultimate Software's ability to gain share is average because of its emphasis on steady organic growth.

On the upside, the additions of enhanced features and improved system performance are expected to boost average selling prices and the size of new customers, thus increasing its recurring revenues substantially. In the fourth quarter of 2010, Ultimate signed its biggest deal with an unnamed customer with 90,000 employees around the country and the implementation will start in 2012.

On the downside, its reluctance to pursue the international HCM market could be an inhibitor as some of its competitors are expanding globally making it difficult for Ultimate Software to catch up and mitigate potential risks of relying on a singular market.

SuccessFactors

San Mateo, CA

www.successfactors.com

Overview:

SuccessFactors has continued to redefine a new generation of HCM applications by focusing on leading edge performance management technologies, which have been augmented by its recent buying spree. Typical customers are major customers that have turned to SuccessFactors to better align their people resources with their corporate goals, while leveraging its applications to boost the overall performance of their employees.

Applications Revenues In Human Capital Management:

	2009	2010
\$(M)	122	164

2010 Applications Revenues In Human Capital Management By Region:

Region	2010(\$M)	% of total
Americas	134.4	82%
EMEA	22.9	14%
Asia Pacific	6.5	4%

2010 Applications Revenues In Human Capital Management By Company Size:

Size	2010(\$M)	% of total
XL(5K ees and above)	114.8	70%
Large(1K-5K ees)	41	25%
SMB(1K ees and below)	8.2	5%

2010 Applications Revenues In Human Capital Management By Revenue Type:

Type	2010(\$M)	% of total
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License	0	0%
Maintenance	0	0%
Subscription	164	100%

2010 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 2.8% share in the Human Capital Management market, SuccessFactors' ability to maintain and win share in the market segment in 2011	Average

Full overview:

Following its success in the performance management segment of the HCM applications market, SuccessFactors has been casting a wider net to realize the true potential of selling a full range of products to help customers sharpen their competitive edge.

For years SuccessFactors was riding on the strengths of its performance management applications designed to optimize the performance of their employees through systematic goal setting, conducting 360-degree reviews and managing succession plans for key personnel.

Between 2003 and 2007, its installed base more than doubled every year jumping from under 100 to over 2,300, while the number of users rocketed from several thousands to four million during the period.

The signing of big customers such as Siemens, which planned to put all of its 420,000 employees on SuccessFactors applications, has sent those figures to a higher level. So far more than 170,000 Siemens employees have accessed SuccessFactors applications. While performance management still accounts for the bulk of its revenues, it has diversified into new areas such as recruiting, compensation management and workforce analytics.

Today it has more than eight million users running different applications from Employee Central, which resembles a Core HR system; to workforce planning for long-term resource forecast.

In 2010 SuccessFactors upped the ante by acquiring Inform Business Impact, CubeTree, and YouCalc to shore up its analytics and social media capabilities.

In April 2011 SuccessFactors made its biggest purchase to date by picking up Plateau Systems in a \$290 million deal that paved the way for its expansion into the eLearning applications segment. Additionally SuccessFactors rounded that out with the purchase of Jambok which focused on social video mobile learning.

The transformation of SuccessFactors, coupled with its recent acquisitions, is indicative of the collective movement among corporations to allow their employees to conduct online transactions for all personnel-related issues from annual review to compensation management. Simultaneously employees and their managers would be able to use the same online system from SuccessFactors to measure and achieve continuous progress with the latest tools to enhance job-related skills and collaboration capabilities through social media technologies.

Key Applications For Human Capital Management:

BizX Enterprise Edition, SuccessPractices, Professional Edition, Express Edition with different modules for Performance Management, Goal Management, Compensation Management, Succession Management, Career and Development Planning, Recruiting Management, Employee Central, Analytics and Reporting, CubeTree Social Collaboration, Employee Profile, 360-Degree Review, Employee Survey, Calibration & Team Rater.

SCORES Analysis

Strengths

Until recently, SuccessFactors was mostly focusing on building out its technology platform to deliver a range of performance management applications to facilitate such functions as goal setting, succession planning and career development for an increasing number of users.

With its BizX Suite, SuccessFactors has been able to offer a highly-configurable user interface that allows customers to quickly enter goals, tasks, targets and milestones into different goal plan templates. The scalable platform, which can be implemented in a matter of days, allows users to capture, retrieve and analyze relevant data for other requirements from employee profile to compensation management.

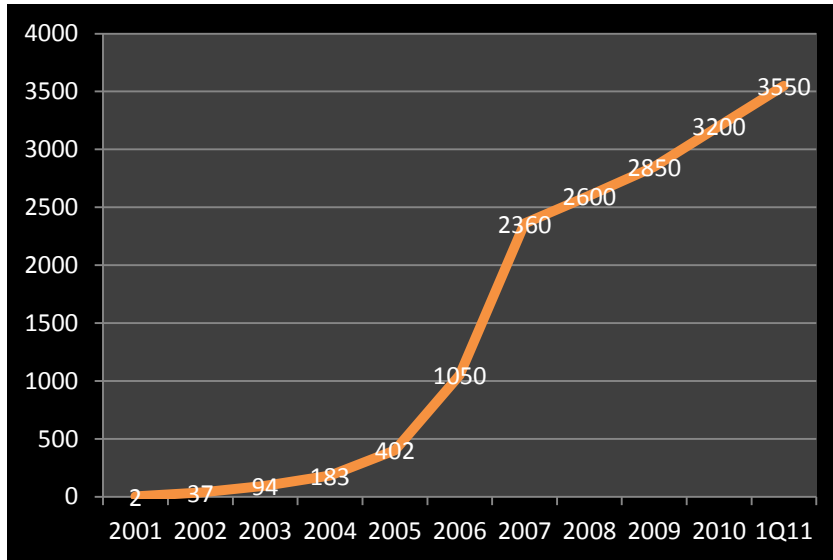
The result is a ready-to-use employee relationship management system that mimics regular workflow of how individual or team performance can be continuously measured and improved with constant input and feedback from different managers and colleagues in order to establish an objective and all-encompassing evaluation.

The 2010 acquisitions of Inform Business Impact and YouCalc have strengthened SuccessFactors in analytics, while the addition of CubeTree has put the vendor in the forefront of weaving social networking into the day-to-day working of a company's HR function in order to stay current with the needs of its technology-savvy employees.

Customers

SuccessFactors has more than 3,200 customers including some of the biggest companies in the world. The following graphic illustrates the explosive growth of SuccessFactors's customer count over the past 10 years.

SuccessFactors Customer Count



Source: APPS RUN THE WORLD, May 2011

Customer references include Allergan, American Electric Power Services Corp. Duke Energy, Baker Hughes, Baylor Health Care System, Becton, Dickinson, Cadbury Schweppes Plc, Coca-Cola Enterprises Inc., Corinthian Colleges Inc., EMC Corp., Flextronics International USA Inc., General Motors, GGNSC Administrative Services LLC, Harris Teeter Inc., Henry Ford Health System, Ingersoll Rand Co. Textron Inc., Inova Health System, Jet Propulsion Laboratory, Kaplan Inc., LensCrafters Inc., LG Electronics, Mellon Bank N.A, MetLife Insurance Co., Morgan Stanley, Nokia Siemens Networks Oy, Orange Personal Communication Services, Pep Boys-Manny, Moe & Jack, PepsiCo, Pfizer, Republic Services, Rogers Communications, Symantec, Sanofi-Aventis U.S. LLC, Sears, Roebuck and Co., Sutter Health, Takeda Pharmaceutical Co. Ltd., The Gap Inc., Toronto-Dominion Bank, United Nations Development Program, and United States Steel.

With an installed base of 350 customers, Plateau secured recent wins including E. W. Scripps Co., HEI Hotels & Resorts, and Securitas Security Services USA.

Opportunities

Although SuccessFactors has made considerable inroads into the international market, its acquisition of Inform Business Impact, based in Australia, will translate into additional momentum in Asia Pacific.

The pending purchase of Plateau, which offers a line of applications for eLearning and other talent management capabilities, underscores SuccessFactors' accelerated push into different HCM segments. The Plateau purchase will allow SuccessFactors to expand in strategic verticals such as the public sector where the eLearning applications vendor succeeded in selling into government agencies like the US Air Force, US Department of Agriculture and US Department of Labor.

The Plateau and Jambok deals have reinforced SuccessFactors' desire to branch out beyond performance management to address diverse talent management requirements of its customers.

Risks

There are overlaps between the SuccessFactors and Plateau talent management offerings. Features such as performance management, compensation and succession planning from Plateau Talent Management Suite will have to be migrated to the SuccessFactors platform over the next few years.

While SuccessFactors has been selling its on-demand solutions since 2001, Plateau has taken a circuitous path evolving from an on-premise vendor to the on-demand platform over the past five years. SuccessFactors have not given a timeline on when and how the two on-demand platforms will converge.

Given the relatively small base of customers of Plateau, it's safe to assume that some of these customers may choose to stay put with their current platform given the considerable investments they have put into their eLearning systems, something that the SuccessFactors platform does not offer on a large scale.

SuccessFactors has reiterated its support for Plateau's current customers and it is confident that some of them will want to migrate to SuccessFactors in order to take advantage of the latest features and accelerated product cycles including five updates a year.

Investors were lukewarm to the \$290 million deal, a rich sum compared with the small incremental contributions Plateau will bring to the top line of the combined company in 2011. The cautious outlook suggested that any large-scale up-sell and cross-sell of Plateau eLearning systems into the SuccessFactors installed base will be gradual given the long sales cycle of such systems. The inclusion is likely to be phased in because of the involvement of third-party content providers as well as customization needed to replace in-house learning solutions.

Ecosystem

SuccessFactors primarily sells direct and it uses a number of channel partners including Ceridian Corp., Hewitt Associates and IBM. Other partners, who are responsible for specific regions, include Avanzo (Mexico), Affero (Brazil), AKT Solutions (Israel), Daya Dimensi (Indonesia) and Itochu Corporation (Japan). These resellers accounted for 5% of SuccessFactors sales in 2010. Recently it has entered into alliances with systems integrators including Capgemini and PwC.

Shares

With a 2.8% share in the Human Capital Management applications market, SuccessFactors' ability to gain share is average because of the incremental revenues from its recent acquisitions.

On the upside, the acquisitions of Plateau and others are expected to contribute to a double-digit increase in its total revenues for 2011.

On the downside, it will take time before SuccessFactors can come up with a converged product roadmap following the acquisition of Plateau. In the meantime any attempt to capitalize on the upselling and cross-selling process could result in customers accessing multiple applications with different interfaces and configuration requirements, a scenario that could impede their business execution from a functional standpoint.

Kenexa

Wayne, PA

www.kenexa.com

Overview:

Kenexa is building on its early successes in the performance management segment of the HCM market by expanding into adjacent areas and delivering a full suite of talent management solutions to its top customers through a combination of Software As A Service(SaaS) offerings and recruiting process outsourcing(RPO) services. Typical customers include some of the biggest retailers, consumer goods and life sciences companies that depend on Kenexa offerings to retain and boost the quality of their workforce.

Applications Revenues In Human Capital Management:

	2009	2010
\$(M)	134	155

2010 Applications Revenues In Human Capital Management By Region:

Region	2010(\$M)	% of total
Americas	117.8	76%
EMEA	29.4	19%
Asia Pacific	7.7	5%

2010 Applications Revenues In Human Capital Management By Company Size:

Size	2010(\$M)	% of total
XL(5K ees and above)	124	80%
Large(1K-5K ees)	31	20%
SMB(1K ees and below)	0	0%

2010 Applications Revenues In Human Capital Management By Revenue Type:

Type	2010(\$M)	% of total
License	0	0%
Maintenance	0	0%
Subscription	155	100%

2010 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 2.6% share in the Human Capital Management market, Kenexa's ability to maintain and win share in the market segment in 2011	Above average

Full overview:

The Kenexa story started 20 years earlier when it was a professional services organization involved in large-scale Oracle software projects. Through the years, its expertise in delivering strategic solutions for major companies to attract, retain and boost the quality of their employees through a set of integrated talent management applications has become increasingly evident.

Today the vendor has amassed nearly 8,000 customers that standardize on Kenexa products in order to foster a dynamic environment that is conducive for nurturing talents, while sprucing up the skills of their employees through assessment and success planning tools. The products have also helped them address a growing list of talent

management issues, allowing for completion of the closed-loop process from hiring to retention and from compensation planning to career development.

In 2010 Kenexa acquired Salary.com for its on-demand compensation applications and CHPD, a leadership development company in the United Kingdom. The Salary.com purchase enabled Kenexa to better serve its clients by delivering effective tools backed by proprietary salary data to help them manage pay and performance, while the latter shored up its leadership management consulting services.

After years of making such strategic acquisitions, Kenexa has assembled an extensive product and services portfolio made up of technology assets in eRecruiting, onboarding, performance management, compensation, recruiting process outsourcing, screening, behavioral assessment, skills testing and other complementary areas to create an end-to-end human capital management solution.

Key Applications For Human Capital Management:

Kenexa 2x BrassRing, Kenexa 2x Recruit, Kenexa 2x Onboard and Kenexa 2x Mobile, Kenexa 2x Perform, CompAnalyst. These applications form the basis of Kenexa's offerings in such areas as Onboarding, Recruitment Technology, Employee Assessments, Skills Tests, Structured Interviews, Employment Branding, Recruitment Process Outsourcing, Performance Management, Employee Surveys, Learning Management, Leadership Solutions, and Compensation.

SCORES Analysis

Strengths

If content is king, Kenexa may well hold the key to the kingdom. Kenexa has been expanding its repository of over 250 million candidate records that act as a rich resource for customers to extrapolate hiring and performance management best practices.

The acquisition of Salary.com has added additional databases that cover compensation data for more than 3,900 positions, executive compensation data at 12,000 US publicly-traded companies, as well as competency content library containing more than 3,000 leadership and job-specific competencies.

Then there is the survey engine that Kenexa has built, aggregating responses from 10 million employees annually. On top of that its assessment tools are being used by 18 million employees every year.

The aggregated results of the rich content, talent profiles and the analytics behind the employee data are evolving to become the ultimate compendium to how major organizations can measure and refine their HR strategies, while devising new programs based on real-life experiences to deliver tangible benefits to their bottom line.

On top of that, Kenexa also operates recruiting process outsourcing that incorporates its software and assessment offerings into an end to end talent management solution.

Customers

Kenexa has more than 8,150 customers including 3,750 subscribers from its acquisition of Salary.com.

Kenexa derives almost half of its revenues from its top 80 customers including some of the biggest employers around the world and it has become more entrenched among these accounts. Last year these customers spent an average of more than \$1.2 million on Kenexa products, compared with \$1 million in 2009. Its recent customer wins

included Bon-Ton Stores, MphasiS, Unilever, Yum China, and Walmart. Other references include ADP, Caribou Coffee, Colgate-Palmolive, HEB Grocery, Scotts Company and SunPower.

Salary.com served such customers as ACCO Brands Corporation, Avery Dennison, Beazer General Services, Inc., Boston Medical Center, Caraco Pharmaceutical Laboratories, Ltd., Casio America, Inc., The Cooper Health System, CVS Caremark Corp., Eaton Corporation, Elliot Health Systems, Emergint Technologies Inc., First Citizens Banc Corporation, Great Lakes Synergy Corporation, In-n-Out Burger, Ipswitch, Inc., Kent State University, MDU Resource Group, News Corporation, Pinnacle Airlines, Sallie Mae, Inc., St. John's Riverside Hospital, Tween Brands, Inc., and Vectron International.

Opportunities

The acquisition of Salary.com will enable Kenexa to capitalize on consumer websites that could further its branding strategy, which has been evolving over time to extend its reach after delivering easy to use HCM products and services to thousands of organizations and as many as 150 million people around the world.

Globally Kenexa has established a significant presence in more countries than its peers. Kenexa derives nearly a quarter of its sales from customers outside the United States and its acquisition of CHPD and its roster of multinational clients will help the vendor expand into new and emerging markets. Its first-mover advantage in delivering localized skills assessment and performance management tools will be instrumental in helping Kenexa gain a sizable base of subscribers in developing countries where growth is expected to eclipse that of the US market.

The Salary.com acquisition will provide the economy of scale needed for Kenexa to fulfill its vision of providing the Unified Talent Record through its Kenexa 2x technology platform that supports the employment lifecycle functions including Recruitment, Onboarding, Performance Management and Mobility. More than 100 customers have purchased the Kenexa 2x platform and over 40 have gone live allowing them to establish full visibility into their end to end HR business processes since the breakthrough technology became available in May 2010.

Risks

Despite the addition of the compensation applications from its \$83 million purchase of Salary.com, the deal raises doubts about Kenexa's product roadmap. Salary.com, which went through a number of acquisitions on its own, offered performance management, succession planning and skills assessment products similar to those from Kenexa. The vendor is expected to continue to support both the Kenexa and Salary.com offerings since they have been positioned to companies of different sizes, the former for larger organizations and the latter for the mid-sized companies. Kenexa has reaffirmed its commitment toward Salary.com Talent Manager customers by providing them with a roadmap for transition to Kenexa 2xPerform.

The combination of Kenexa and Salary.com could also entail high costs associated with going after both the corporate and consumer markets. Salary.com accumulated a total loss of nearly \$75 million since 2006 and the downturn forced the company to take drastic measures to slash costs in the first half of 2010. The good news may lie in Kenexa's ability to streamline operations across its existing and acquired products by leveraging its vast R&D and customer support resources in Argentina, India, Poland, United States and elsewhere.

Ecosystem

Kenexa primarily sells direct and it works with a large network of content and value-added partners.

For example, it entered into a partnership last year with HireRight to incorporate its on-demand employment background and drug and health screening capabilities into its products. More recently it signed with Sterling Infosystems for its employment screening and occupational health services solutions.

In China, it has established a collaborative marketing agreement with Shanghai Runjie Management Consulting Company to gain presence in the largely untapped HCM market in the world's most populous country.

Shares

With a 2.6% share in the Human Capital Management applications market, Kenexa's ability to gain share is above average because of the incremental revenues from its acquisition of Salary.com.

On the upside, Kenexa's complete HCM product portfolio delivered through a multi-tenanted SaaS model and RPO services, is expected to help the vendor increase its presence within thousands of major accounts that could translate into considerable up-sell and cross-sell opportunities.

On the downside, it may take some time and effort before Kenexa is able to articulate and deliver on the promised benefits of a clear and distinct product strategy following its recent acquisitions. Its recruitment process outsourcing business may not fully recover given the slow pace of employment growth in the United States. Its growing reliance on the top 80 accounts could carry high risks given their requirements may become more specialized and perhaps difficult to replicate for other customers. On the other hand, Kenexa's multi-pronged software and services approach should enable the vendor advance its solution set aggressively no matter who is driving demand.

SumTotal

Gainesville, FL

www.sumtotalsystems.com

Overview:

After launching a string of acquisitions, SumTotal has assembled an extensive product portfolio that cuts across different segments of the HCM applications market in order to address the multi-dimensional needs of its customers. Typical customers include multinationals that turn to dynamic eLearning and talent management tools to better manage their diverse workforce.

Applications Revenues In Human Capital Management:

	2009	2010
\$(M)	135	144

2010 Applications Revenues In Human Capital Management By Region:

Region	2010(\$M)	% of total
Americas	115.2	80%
EMEA	21.6	15%
Asia Pacific	7.2	5%

2010 Applications Revenues In Human Capital Management By Company Size:

Size	2010(\$M)	% of total
XL(5K ees and above)	93.6	65%
Large(1K-5K ees)	43.2	30%
SMB(1K ees and below)	7.2	5%

2010 Applications Revenues In Human Capital Management By Revenue Type:

Type	2010(\$M)	% of total
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License	7.2	5%
Maintenance	0	0%
Subscription	136.8	95%

2010 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 2.4% share in the Human Capital Management market, SumTotal's ability to maintain and win share in the market segment in 2011	Average

Full overview:

Having built a strong base of eLearning customers, SumTotal fast-tracked its expansion by acquiring companies in performance management, core HR as well as best-of-breed HCM applications designed for a global audience.

The all-encompassing strategy to address multiple requirements of its customers comes at a time when many of them are standardizing on adaptable and scalable solutions to measure the performance of their employees, replicating the progress across their organizations, while ensuring their employee training and compliance requirements are being met.

For SumTotal, substantial progress has been made since its founding in 1985 as a developer of enterprise learning systems for businesses, government agencies and education institutions.

Formerly known as Click2Learn, the company merged with Docent, another major learning management vendor, in 2004 to create SumTotal. The following year it acquired Pathlore for its learning management systems and Mindsolve for its performance management applications in 2006.

Vista Equity Partners took the company private in 2009 in a \$160 million deal after the private equity firm bought Aderant, which sells specialized software for law firms, and Accero, formerly Cyborg, for its HCM and payroll products.

Last year SumTotal acquired Softscape for its core HR and on-demand talent management applications and GeoLearning for its learning management systems for government and commercial customers.

These acquisitions have catapulted SumTotal to become a powerful software vendor capable of using the on-premise and on-demand delivery models to sell a full spectrum of eLearning and talent management applications to multinational customers as well as those in the midmarket, while carving out a sizable niche in key verticals with industry-specific solutions.

Key Applications For Human Capital Management:

SumTotal 8.2 Talent Development Suite, SumTotal Talent Management Suite

SCORES Analysis

Strengths

The culmination of its recent acquisitions has reinforced the global appeal of SumTotal, which now has customers deployed in 156 countries in 39 languages.

For example, Softscape was known for its integrated talent management applications that were flexible and scalable to handle the multi-dimensional needs of customers operating in different countries.

SumTotal's large selection of HCM products and services is expected to help ease customer migration from on-premise products to on-demand delivery, while leveraging the vendor's rich resources to sustain certain modules for their industry-specific and compliance requirements.

Unlike competing talent management vendors that try to shoehorn their newly acquired eLearning systems into their product strategies, SumTotal has accumulated decades of experience in the learning management market with domain expertise, integration capabilities and customer successes that can be easily replicated and broadly deployed.

That is particularly important for customers that value end-to-end interoperability between their performance management and eLearning systems in order to ensure the skills of their employees are constantly updated to meet the most current compliance requirements, while tracking and measuring their performance to determine whether additional training and education is needed.

Customers

SumTotal has more than 2,400 customers and 39 million users. Key customer references include Amway, AstraZeneca, Dell, GKN, Google and Sony Electronics.

Alfa, Camico, S&C Electric, and Seagate are among reference wins of Softscape, while GeoLearning's customer references include Allsteel, Edward Jones, Grange Insurance, Hon, and Simmons.

Opportunities

The acquisition of GeoLearning, which had 700 customers including many accessing its eLearning systems via managed services, will enable SumTotal broaden its services offerings.

Once the integration between GeoLearning and its talent management products is completed, customers will benefit from the combined offerings. While the transition is likely to be transparent to the users, the added convenience and possible additional savings for the customers could be significant.

Another big opportunity of SumTotal lies in its major accounts, which will have more reasons than ever to standardize on SumTotal's expanded product and service offerings in order to gain full visibility into employee performance and what they can do to improve it systematically to meet their global objectives.

Risks

Like most HCM applications vendors that have grown through acquisitions, SumTotal will need to spend considerable time and effort articulating and executing on its long-term product strategy that resonates with a wide variety of users accustomed to different development cycles.

There are no signs that SumTotal's acquisition strategy has given it the economy of scale needed to accelerate its development plans, let alone its product milestones. It has been three years since the unveiling of the SumTotal 8.0, its last major release for its learning management system.

Meanwhile its management team has gone through multiple changes with its current CEO John Borgerding joining the company last April after a series of executive departures and the recent addition of GeoLearning could result in further changes to its growth strategy.

Whatever the case, the rewards for one of the largest HCM applications vendors are elusive at best given the challenges it faces in harnessing the collective strengths of its extensive product portfolio.

Ecosystem

SumTotal primarily sells direct and it works with a large group of systems integrators including Accenture, HP, IBM, Raytheon Professional Services and Ribes Group.

It also relies on a team of resellers for ToolBook, its desktop authoring tools, that sell the products in different regions including Softline in Belarus, Abbatia Nederland B.V. in Belgium and albit GmbH in Germany.

Shares

With a 2.4% share in the Human Capital Management applications market, SumTotal's ability to gain share is average given the lag effects of its recent acquisitions, which may take some time before the acquired assets generate organic growth.

On the upside, the acquisition of GeoLearning will allow the company to expand into areas such as managed services, while extending its lead in the eLearning applications market segment.

On the downside, its talent management applications strategy is a work in progress and the Softscape acquisition has resulted in overlapping performance management applications between the Softscape products and those from its

Mindsolve acquisition in 2006. Some kind of rationalization may be needed in order to accentuate distinctive value of its different performance management applications among its existing and prospective customers.

Lawson Software

St Paul, MN

www.lawson.com

Overview:

Lawson is in the process of merging into Infor, a major ERP applications vendor, in a deal that could significantly boost their combined market share in the HCM applications market. Typical Lawson customers of its Core HR and talent management products are entities with large number of employees in healthcare, public sector and services organizations.

Applications Revenues In Human Capital Management:

	2009	2010
\$(M)	112	124

2010 Applications Revenues In Human Capital Management By Region:

Region	2010(\$M)	% of total
Americas	99.2	80%
EMEA	18.6	15%
Asia Pacific	6.2	5%

2010 Applications Revenues In Human Capital Management By Company Size:

Size	2010(\$M)	% of total
XL(5K ees and above)	37.2	30%
Large(1K-5K ees)	80.6	65%
SMB(1K ees and below)	6.2	5%

2010 Applications Revenues In Human Capital Management By Revenue Type:

Type	2010(\$M)	% of total
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License	37.2	30%
Maintenance	80.6	65%
Subscription	6.2	5%

2010 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Above average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 1.7% share in the Human Capital Management market, Lawson's ability to maintain and win share in the market segment in 2011	Above average

Full overview:

By the third quarter of 2011, Infor is expected to complete its purchase of Lawson Software ushering a new era in enterprise software.

While the deal will give an immediate boost to Infor's share in the enterprise applications market, the intrinsic value of Lawson's HCM offerings could have long-term ramifications for the combined company.

Over the past year, Lawson has continued to deliver enhancements to its HCM product line, which is considered the crown jewel of the company's ERP offerings.

Continuing with its Web-centric strategy, Lawson has been improving the look and feel of its HCM applications by making available Smart Office Canvas, Microsoft Outlook support and reporting templates to optimize usability. It has also delivered localized versions of its talent management applications in Chinese, Spanish and other languages.

Lawson is enhancing industry-specific capabilities for its HCM products. For example, it recently introduced Lawson Analytics for Healthcare providing business intelligence for its hospital clients that need better decision support with their staffing requirements. Lawson is also adding job description-based performance appraisals in its performance management applications, while delivering time and attendance capabilities for workforce management.

For its public sector customers, Lawson has beefed up strategic HCM capabilities in such areas as new teacher contract groups and reports, learning and development budgets.

In addition to the acquired HCM applications, Infor is also getting the Enwisen's full suite of SaaS HR Service Delivery products acquired by Lawson in December 2010. Enwisen has been widely adopted by companies to deliver HR content and facilitate employee and manage self-service transactions.

Key Applications For Human Capital Management:

Lawson S3, Lawson HCM

SCORES Analysis

Strengths

Lawson S3 ERP product line has been well received because of robust Human Capital Management capabilities including eRecruiting, performance review, employee profile and position management. Infor's current base of 70,000 customers will be a logical destination for such HCM applications especially those that can be delivered via the on-demand model.

Adopted by more than 1,400 customers including some of the biggest employers in sectors like healthcare, government and professional services, the Lawson HCM offerings will be taken seriously by Infor's customers and prospects boosting Infor's chances of unseating incumbent HCM vendors.

On the other hand, Lawson HCM customers should be able to take advantage of the economy of scale needed to sustain innovation from the combined groups of technology partners and R&D resources Infor is putting behind its existing and acquired product lines. Already Infor has announced plans to beef up its research and development capabilities by hiring hundreds of engineers.

Customers

Lawson has more than 1,600 HCM customers including 260 that it picked up from the Enwisen acquisition in December 2010. Infor, on the other hand, has hundreds of customers using different applications for Core HR and talent management.

Lawson's HCM customer references include Affiliated Computer Services, Butler Machinery Co., City of Abilene, TX; City of St Paul, MN; Cook County Hospital, Friendly's Ice Cream Corp., and LHC Group.

Opportunities

The combined company is expected to yield considerably synergy because the two HCM product lines from Lawson and Infor are complementary and they have been mostly targeting different customers. Lawson's expertise lies in selling HR applications to key verticals like healthcare and public sector and Infor has been focusing on manufacturing and asset-intensive industries.

The combination will help Infor become more entrenched among the enlarged customer installations by sharpening the best attributes from the two lines. The new entity will also benefit from Lawson's fine-tuning its HCM applications for the European market where Infor has already secured a large base of customers in countries such as Germany and the UK.

Risks

Before Lawson completes the deal with Infor in September 2011, one of its priorities is to collect \$230 million in maintenance fees from its HCM and ERP customers by May 30. Any shortfall could disrupt Infor's recurring revenue stream in the long run.

While Infor has had a good track record of sustaining support for its acquired products, it may have to meet a higher bar of acceptance in terms of accommodating, supporting and extending industry-specific requirements by the Lawson customers.

Failing to heed their demands could make it difficult for Infor to mitigate the risks inherent in such a deal and potential erase the synergistic benefits that it has been looking for from the Lawson technology assets.

Ecosystem

Lawson primarily sells direct and it uses scores of reseller partners to help it deliver and implement the HCM solutions to customers in Europe and North America. In addition it has been working with IBM to help it sell strategic HCM applications to the mid market.

Shares

With a 1.7% share in the Human Capital Management applications market, Lawson's ability to gain share is above average as it is being absorbed into Infor positioning the combined company as one of the largest players in the ERP and HCM markets.

On the upside, the consolidation will result in tremendous cross-selling and upselling opportunities for the combined company to go after the expanded base of 75,000 customers.

On the downside, it may be quite some time before a converged product line will appear and the amount of innovation dedicated to the HCM product line could be limited given the competing priorities of Infor as it balances the interest of its legacy customers and those of its ongoing acquisitions, which are likely to accelerate given the current consolidation trend.

Lumesse

Guildford, Surrey, UK

www.lumesse.com

Overview:

Formerly known as StepStone Solutions, Lumesse, one of the largest HCM applications vendors in Europe, has been aggressively marketing its talent management products into new and emerging markets following a 2010 management buyout and several acquisitions. Typical customers are large and midsized companies in Europe as well as a growing list of customers in North America, Asia Pacific and elsewhere.

Applications Revenues In Human Capital Management:

	2009	2010
\$(M)	89	109

2010 Applications Revenues In Human Capital Management By Region:

Region	2010(\$M)	% of total
Americas	10.9	10%
EMEA	87.2	80%
Asia Pacific	10.9	10%

2010 Applications Revenues In Human Capital Management By Company Size:

Size	2010(\$M)	% of total
XL(5K ees and above)	43.6	40%
Large(1K-5K ees)	54.5	50%
SMB(1K ees and below)	10.9	10%

2010 Applications Revenues In Human Capital Management By Revenue Type:

Type	2010(\$M)	% of total
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License	10.9	10%
Maintenance	0	0%
Subscription	98.1	90%

2010 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Above average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 1.8% share in the Human Capital Management market, Lumesse's ability to maintain and win share in the market segment in 2011	Average

Full overview:

What used to be a division of one of the biggest recruiting operations in Europe has become a dedicated HCM applications vendor aiming to address the increasingly complex human resources requirements of a multitude of global clients.

Lumesse (formerly StepStone Solutions) was spun off in May 2010 by StepStone ASA, which operates one of the largest job boards in Europe, in a management-led buyout deal funded by private equity firm HgCapital.

The deal, which was valued at €110 million, was the impetus behind its accelerated push into different parts of the HCM market including Asia Pacific and other emerging countries where competition for staff, high growth and large populations are driving demand for talent acquisition and talent management.

Subsequently Lumesse continued to expand with the purchase of MrTed, a London, UK-based eRecruiting applications vendor that was selling into 150 major European companies including Alexander Mann Solutions, France Telecom, Heineken, Randstad, SGS and Wolters Kluwer.

Despite the sluggish economic recovery in its core European market, Lumesse experienced a solid 30% growth driven by the addition of 220 new customers including major wins in Asia and North America in 2010.

The robust growth of Lumesse underscores its ability to attract large corporations have decided to migrate from loosely organized and sometimes home-grown systems to Software As A Service delivery of a full range of HCM applications in order to help them standardize their hiring and performance management business process on a global level.

Key Applications For Human Capital Management:

Lumesse ETWeb, Lumesse TalentLink

SCORES Analysis

Strengths

Having won the support of a large number of major companies in Europe, Lumesse continues its ascent by focusing on the eRecruiting and the enterprise talent management requirements of its customers.

The acquisition of MrTed, whose eRecruiting applications have gained such a large following that vendors such as Kronos were reselling them at one point, further cemented Lumesse's reputation of providing a scalable and flexible eRecruiting engine for companies with complex hiring requirements for both salaried and contingent workers.

In April 2011 Lumesse followed up with a new release by introducing version 11 of MrTedTalentLink, which offers added functionality in company branding to attract job candidates, easy integration into background and reference checking, timesheet data importing, remote update of configuration data, and other HR business processes. The release also delivers improved accessibility compliance and search engine optimization. Lumesse TalentLink also features a configurable apps-based user interface which seems well positioned for a more mobile device-oriented marketplace.

On the other hand, Lumesse also upgraded EasyCruit, its original eRecruiting product, to version 4.5 by adding enhanced candidate assessment feature based on technology from SHL. The new version delivered new language support including Hungarian and Web services enhancements for candidate information management, administration and SMS messaging.

Lumesse is considered one of the top choices for companies wanting to standardize their performance management systems especially those in financial services, retail, manufacturing and industrial machinery and components where the vendor has accumulated considerable expertise and best practices.

Another advantage is Lumesse's ability to leverage its track record of delivering a full suite of talent management applications for succession planning, competency management, eLearning and HR analytics on-demand applications to customers around the world in rapid deployment. Some customers have been able to access such on-demand applications as applicant tracking, branded career website and erecruiting in as little as two weeks.

Customers

Lumesse has 1,700 customers including 130 from its acquisition of MrTed. Currently its installed base represents more than one million users.

Recent wins included Alibaba Group, Allbau AG, Ash Grove Cement Co., Asia Pacific Land, Automated Systems (Hong Kong) Ltd, Banque de France, Campofrio Spain, Carlson Wagonlit Travel, Clipper Group, Copenhagen's Metro Co., Gala Coral Group, GEUSA, Grupo Azucarero Mexico, Huawei, Interserve, Knauf Insulation, Makro, McKee Foods Corp., MTS-Ukraine, Munich Re, Oclaro, Peugeot Citroën, Region Midtjylland, RKW-Group, Royal DSM N.V., Sara Lee, Shelter, SIA Engineering Co., SJ AB, TÜV Rheinland, and Yara.

Other references include Bank of China International, Carlson Wagonlit, France Telecom, Deloitte, Deutsche Telekom, Heineken, Huawei, Lufthansa, Merck, PUMA, and Virgin Atlantic.

Opportunities

Lumesse appears to have cracked the emerging markets better than its competitors, but much more is needed to sustain its momentum in countries like China, Malaysia, Mexico and Turkey. Recently it signed Esika Infotech, which will start selling and implementing Lumesse HCM products in India.

North America, which accounts for a small percentage of its revenues, is another low hanging fruit for Lumesse to expand by leveraging its domain expertise in manufacturing along with its core competency in eRecruiting and performance management.

Risks

Its latest acquisition suggested that Lumesse was doubling down on eRecruiting, or the European market for that matter, given that both areas contributed heavily to the sales of MrTed.

What's less clear is whether it would start migrating the product offerings of MrTed into Lumesse, especially the ETWeb platform. However, Lumesse has considered creating an integrated talent management platform in order to combine the strengths of both products.

With its recent name change, Lumesse has severed its ties with its previous parent. The challenge for Lumesse is to establish a new identity that resonates with its current and future customers when branding and unique value propositions become more important than ever when selling HCM applications to a new breed of HCM buyers.

Ecosystem

Lumesse primarily sells direct, but it also uses a number of reseller partners including Attentia, Blulink, Esika Infotech, and Guardian Total Talent Management.

It has also recruited dozens of distribution partners, value-added partners, outsourcing partners and technical partners including Adecco, Aquire, Bridge Human Capital Solutions, Innovage Consulting, Ixaya Strategic Human Capital, Jansen Capital Management, Mind HR Ltd., Northgate Arinso, SHL Group, and Taurus Group Consulting to help broaden its reach through joint-marketing and bundled offerings.

Shares

With a 1.8% share in the Human Capital Management applications market, Lumesse's ability to gain share is average as it begins to drive the synergy between MrTed and its original product line.

On the upside, the addition of the eRecruiting applications from MrTed has reinforced its position in the European HCM market just when the region's economic recovery is gaining momentum, allowing Lumesse to bounce back faster with its expanded offerings.

On the downside, Lumesse faces the difficult task of rationalizing its overlapping product lines and the upselling and cross-selling opportunities between MrTed and Lumesse customers may be limited.

Research Methodology

Data used in research reports are derived from publicly available documents, continuous surveys of applications vendors, customers, resellers, Independent Software Vendors, systems integrators and other verifiable sources.

Vendor shares and market forecast results are based on a combination of existing databases as well as demand side and supply side research conducted throughout the year with validation from vendors, customers, channel partners and documentations such as earnings releases and 10Q and 10K filings, vertical industry studies, regional and country-level statistics from public and private institutions(i.e. colleges, universities, government agencies and trade associations).

For additional information on our methodologies, here's the link:

<http://www.appsruntheworld.com/Members/research>

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