Magic Quadrant for Talent Management Suites

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VIEW SUMMARY

This updated Magic Quadrant assesses the market for talent management suites, which help enterprises manage the key processes of plan to source, acquire to onboard, perform to reward and assess to develop.

Market Definition/Description

This document was revised on 18 July 2014. The document you are viewing is the corrected version. For more information, see the Corrections page on gartner.com.

Talent management suites are an integrated set of applications, including workforce planning, talent acquisition and onboarding, performance appraisal/assessment, goals management, career development, succession management, learning management and compensation management. These functional components align with the key human capital management (HCM) processes of plan to source, acquire to onboard, perform to reward and assess to develop.

Historically, HR leaders had to purchase separate functional components if they wanted best-of-breed software to support a particular talent management process, such as talent acquisition or compensation. However, offerings from the vendor community have continued to expand beyond their capabilities of origin to cover more talent-related functions; concurrently, IT and user frustration with the cost and effort of integrating multiple niche solutions has grown. As a result, the talent management suite has become a viable option.

While some enterprises continue to pursue a best-of-breed strategy by implementing point solutions for talent management, Gartner research (client inquiries and formal surveys) indicate that the number of customers adopting three or four modules from a single vendor continues to grow, and that customers are increasingly predisposed to buy more modules from a single vendor, even though these modules tend to be deployed over multiple project implementation phases. The overall market for talent management solutions (license and subscription software only) is estimated at $3.3 billion, and continues to grow at approximately 10% annually. These findings reinforce the vibrant nature and continued evolution of the talent management suite market, and also support the emergence of "postmodern ERP" — the deconstruction of the all-encompassing ERP suite into a more federated, loosely coupled environment (see "Develop a Strategic Road Map for Postmodern ERP in 2013 and Beyond").

Note: All mentions of "survey data" in the Vendor Strengths and Cautions section refer to the comprehensive customer reference survey completed by 191 references as a part of the 2014 talent management suite Magic Quadrant process. The centerpiece of the survey asked customers to rate both the importance and level of satisfaction with the following key criteria:

Product Satisfaction:
- Product quality
- System performance
- Ease of use for professional users
- Ease of use for employees and managers
- System administration and configuration
- Workflow
- Reporting capabilities
- Integration with other applications
- Ability to customize or configure the application
- Documentation with the solution
- Training made available

Vendor-Customer Relationship Satisfaction:
- Experience through the sales process

EVALUATION CRITERIA DEFINITIONS

Ability to Execute
Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization’s financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization’s portfolio of products.

Sales Execution/Pricing: The vendor’s capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor’s history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization’s message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This “mind share” can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision
Market Understanding: Ability of the vendor to understand buyers’ wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers’ wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor’s approach to product development and delivery that emphasizes
Initial implementation and deployment
Hand-over from implementation to support
Ongoing communication and support
Additional deployments and upgrades
After-sales care
Account management
Enhancement request processes

Magic Quadrant

**Figure 1. Magic Quadrant for Talent Management Suites**

Vendor Strengths and Cautions

**Adrenalin eSystems**

Adrenalin eSystems is part of Polaris Financial Technology, a multinational software company headquartered in India (Polaris is well-known for banking software). Adrenalin was founded in 2002, and its talent management capabilities were launched in 2006. The product is built on a Microsoft platform (.NET 4.5) and the talent management component is not sold stand-alone, but as part of a broader HCM suite. The vendor has more than 700 HCM customers, and roughly 400 use the talent management modules. The vast majority of deployments are on-premises (over 80%), but SaaS deployments have increased during the past 18 months. The solution has a flexible workflow engine, a simple user experience and straightforward functionality, and the vendor has worked to add mobile support, as well as social recruiting capabilities, to the product in the past year. Adrenalin has a strong market presence in India, both with Indian companies and with multinationals operating in India. It has also had success in the United Arab Emirates (UAE), as well as in most of Southeast Asia. The solution is suitable for companies seeking an integrated HCM and talent management offering for India, the Middle East and Southeast Asia.

**Strengths**

- Local knowledge, sales reach and on-premises delivery mean that Adrenalin is well-positioned in the Indian market.
- A flexible workflow and screen builder enable customers to easily add and adapt functionality, and the offering has good internal social networking capabilities.
- The solution is priced well below many international competitors.

**Cautions**
Adrenalin doesn't have the functional depth of its international competition (for example, it doesn't yet have any customers using its succession planning functionality, and its learning capability is limited to instructor-led training registration and tracking).

Overall product satisfaction scored slightly below average, with reference customers less satisfied with product quality and system administration/configuration than the reference set. Ease of use for professional users also scored somewhat below average, which is in line with feedback received from Gartner client inquiries. Adrenalin has engaged usability experts to attempt to improve the user interface in upcoming releases.

Overall vendor-customer relationship satisfaction also scored slightly below average, compared to the overall reference set; customers were less satisfied with initial implementation/deployment and after-sales care than their reference peers across all vendors. Adrenalin does not yet satisfy critical legislative and regulatory talent management compliance requirements in Europe and North America, which is likely to limit adoption in these markets.

**Cornerstone OnDemand**

Cornerstone OnDemand, founded in 1999, is a public company based in Santa Monica, California. The vendor has operations in 13 countries across North America, Europe, Australia and the Asia/Pacific region. Beginning as a learning management point solution, Cornerstone OnDemand’s product offerings have evolved to include recruiting, performance, succession, compensation and learning, along with onboarding and corporate social networking solutions, all natively developed on a common technology stack. The solutions are exclusively offered through a SaaS model. The vendor continues to execute well, as is reflected in its strong year-over-year growth. It has over 1,600 customers (plus an additional 600 clients using its Cornerstone Growth Edition offering for small business, which is an acquired, separate platform) and generates more than $185 million in annual revenue. Cornerstone OnDemand has shown its suitability for organizations of all sizes, including large, global multinational organizations.

**Strengths**

The vendor offers a natively developed suite with a high degree of configurability, best-in-class learning and performance, strong mobile support, and good use of social collaboration and game mechanics to engage employees.

Client references rated Cornerstone OnDemand a leader in overall vendor satisfaction.

The vendor has strong customer momentum (adding roughly 100 new clients quarterly), with growing adoption of its latest Recruiting Cloud offering and increasing success selling its suite globally.

Cornerstone OnDemand has a strong alliance strategy, including partnering agreements with ADP, Ceridian, Workday and Talent2 (in the Asia/Pacific region).

**Cautions**

Although vendor-customer relationship scores in aggregate scored somewhat better than average, hand-over from implementation to support, and the enhancement request process, scored somewhat below average.

While customer references were also somewhat more satisfied overall than average with the product, reporting capabilities scored slightly below average. Reporting also had the largest gap between importance and satisfaction.

Cornerstone does not currently offer workforce planning as part of its talent management suite.

**Halogen Software**

Founded in 2001, Halogen Software is based in Ottawa, Canada, and became a public company in May 2013. It has operations in North America, the U.K. and Australia, although the majority of its revenue comes from North America. Halogen TalentSpace is a natively developed suite of talent management solutions that includes recruiting, performance, succession, compensation, learning and job description management. In 2013, the vendor added two products aimed at improving manager-employee relationships; the Myers-Briggs module, which embeds assessment capabilities and surfaces results across the suite, and 1:1 Exchange, an integrated meeting management tool. The vendor offers multiple deployment options for TalentSpace, including SaaS and subscription license/on-premises. Halogen indicates that approximately 85% of its customers are now deployed via SaaS and 100% are on the latest release, regardless of on-premises or SaaS deployment. The vendor has approximately 2,000 customers and reported $48 million in revenue for 2013. It is well-suited for midsize (typically 10,000 employees or fewer), North American-based multinationals that want very good overall functionality that is relatively cost-effective and easy to implement.

**Strengths**

Halogen’s performance appraisal and assessment capabilities are very strong, with innovations such as an Outlook plug-in that converts performance-related comments in emails to performance feedback journal entries, and the new Myers-Briggs module to surface behavioral assessments within the suite.

Halogen ranked highest of all participating vendors in overall experience throughout the customer life cycle, as well as in overall product satisfaction.

The vendor has a strong industry strategy, offering solutions for healthcare, professional services, financial services, manufacturing, hospitality, education and the public sector.

The vendor’s focus on ease of use and customer success, and its pricing strategy, make it a leader in the midmarket.

**Cautions**

Success in the midmarket, where clients may have chosen to rightsize with Halogen (by balancing
functionality with cost/complexity), may not easily transfer to large, complex global users. As Halogen continues to broaden its global footprint, it will need to expand product globalization, support and operations in order to maintain its leading customer experience reputation.

Halogen’s recruiting and learning solutions have progressed, but still lag the large global players in overall functionality and user adoption.

The vendor’s customer base generally lags in adoption of social/collaboration and mobile, which may limit references for Gartner clients looking to leverage those capabilities within Halogen for their talent management processes.

There is currently no workforce planning module within the TalentSpace suite.

Haufe
Founded in 2000, Haufe is headquartered in St. Gallen, Switzerland, and has offices in the U.S., Germany, Switzerland and China. The vendor's umantis Talent Management suite offers recruiting, performance, succession, compensation, learning, workforce planning and corporate social networking on a homogeneous, natively developed platform. The software is available both on-premises and as a SaaS offering, with approximately 80% of clients deployed via SaaS. Haufe has over 1,000 customers operating in more than 180 countries, and Gartner estimates revenue from its Talent Management suite to be between $30 million and $50 million annually. The vendor is well-suited for midsize to large European-based multinational organizations (it has clients with up to 75,000 employees) desiring very good overall functionality, strong configurability and good support for local requirements.

Strengths
Haufe is a leader in German-speaking markets, especially with midmarket organizations of up to 10,000 employees, and is growing its global capabilities through the addition of direct and indirect sales support in targeted countries. The vendor has very strong recruiting, and has kept pace with market advances via both direct and partner investments (such as the addition of video recruiting through a partnership).

It is one of the few talent management vendors endeavoring to support and manage team performance in addition to individual performance. The solution also makes good use of native social capabilities, such as turning crowdsourced ideas into goal creation, and incorporating social profile elements into succession planning and talent review processes.

Cautions
Haufe is not a well-known vendor globally. It will need to develop a stronger brand and additional multinational references to compete with larger, more established vendors in the talent management suite market; recently opened offices in San Francisco and China indicate some progress in this area.

The vendor scored below average for product satisfaction as a whole; customer references cited system performance issues, reporting and workflow as areas where the product most needs improvement. A 3Q14 platform release and new hosting centers are planned to address known system performance issues, partially driven by customer growth and a quadrupling of network traffic in 2013.

The vendor also scored somewhat below average across all vendor-customer relationship satisfaction criteria. References were less satisfied than average with hand-over from implementation to support, enhancement request processes, and initial implementation and deployment. Haufe began addressing these issues in late 2013, by increasing support team capacity and creating a “Customer Success” department; time will tell if these initiatives have the desired effect.

HRsmart
HRsmart, founded in 1994, is a privately held vendor based in Richardson, Texas. It also has offices in Canada, South America, Europe, the Middle East, South Africa, India and the Asia/Pacific region. HRsmart started in the e-recruitment market and now offers a natively built, SaaS-only unified suite that includes recruiting, onboarding, performance management, career development, succession planning, compensation management, learning management and onboarding/offboarding. Gartner estimates that the vendor has over 1,400 customers and generates between $25 million and $50 million in annual revenue. HRsmart is best-suited for global midsize to large enterprise customers that want good overall functionality that is cost-effective and easy to implement.

Strengths
HRsmart delivers talent management functionality on a unified platform with a common user interface, reporting and security, with global capabilities supported by both direct operations and through partners.

For product satisfaction, customer references scored training made available, integration with other applications and system performance above average, compared with all references. The vendor is often seen as a cost-effective provider that offers good product functionality with global scalability, and global customer service.

HRsmart has a solid and growing partnership strategy, including relationships with Monster, Profiles International, Empower Software Solutions and ExponentHR.

Cautions
Customer references specifically cited ease of use for employees and product quality as below average, compared with all references, although overall product satisfaction was somewhat above average.

HRsmart garnered average scores across all vendor-customer relationship criteria; however,
Infor has a global footprint, but it is a smaller vendor, compared to some of the other talent management suite vendors selling globally.

**IBM (Kenexa)**

IBM acquired Kenexa (founded in 1987) in December 2012 as a key component of IBM's Smarter Workforce initiative. The IBM Kenexa Talent Suite has its heritage in recruiting, but today includes the full span of talent solutions across recruiting, assessments, onboarding, performance, compensation, learning, succession planning and analytics, delivered as a SaaS offering. The vendor has approximately 1,000 customers utilizing its talent management solutions across all sizes of organizations. The vendor's products are best-suited for large, global organizations seeking strong assessment and recruitment capabilities that are integrated with the broader talent management suite. IBM's Global Business Services division further augments the suite with strategic consulting and implementation services.

**Strengths**

The vendor's solution has best-in-class recruiting, with above average functionality across the rest of the suite. It is very strong in large, complex organizations where recruitment is central to the deal.

Advances in learning via interactive video, the incorporation of social tagging and feedback in performance, and advanced goal capabilities demonstrate investment in the suite beyond the core recruiting component.

The vendor differentiates by delivering on its unique approach to talent management, including strong survey, assessment and analytics offerings. It is a leading provider of assessment technologies (with more than 4,000 clients), and offers a robust job competency library.

IBM has augmented Kenexa talent management solutions with enterprise social collaboration (IBM Connections) and improved digital experience (IBM WebSphere Portal technology). Improved analytics and big data capabilities will be delivered via IBM Watson Foundations; as of this writing, these are in beta and not yet generally available.

**Cautions**

Product-wise, references were least satisfied with training made available, employee/manager ease of use, integration with other applications and workflow. Since the 2013 talent management suite Magic Quadrant, the vendor has delivered an enhanced user experience, including unified notifications and improved integrations. However, learning is not yet fully integrated.

For vendor-customer relationship criteria, customers were least satisfied with experience through the sales process, additional deployments and upgrades, after-sales care, and hand-over from implementation to support. This may be due to the residual impact of the acquisition, but could also be at least partially explained by the average employee size of the vendor's references, which was largest of all vendors.

The majority of clients utilize IBM Kenexa recruiting and assessments, with adoption of performance, compensation and succession lagging. Advances across the suite are planned to continue, with a heavy reliance on adoption of social and analytical tools within the broader Smarter Workforce initiative.

Infor was founded in 2002 and is headquartered in New York. It is privately held and owned by Golden Gate Capital Partners and Summit Partners. Infor entered the talent management market with the acquisition of Lawson Software in 2011, and it has continued to execute on its growth by acquisition strategy by buying Certpoint Systems (learning), and, most recently, PeopleAnswers (assessment/talent science). Infor offers a full set of talent management modules, along with its global core HR management system (HRMS). Since 2011, the vendor has reworked the architecture of the product so that the talent management applications can be integrated to other core HR systems as well as multiple Infor HCM applications. Infor has also integrated Enwisen integrated service delivery/onboarding and Certpoint learning/content management to help drive broader market adoption. Multinational customers that want to purchase a core HRMS solution with talent management modules should consider Infor.

**Strengths**

The solution is particularly well-suited for North American healthcare organizations, where it delivers talent management as part of a broad suite of core HR, workforce management, financial and procurement functionalities.

Infor offers a full talent management suite with robust competency management, industry-specific content, and country configurations to enable global talent management processes.

The vendor has strong integration between core HRMS and the talent components, due to them being natively developed on the same core technology (Landmark Java framework).

**Cautions**

Similar to last year's reference feedback, satisfaction lagged behind that of its competitors, particularly in the service areas of after-sales care and account management. From a product perspective, customers were least satisfied with system performance, ease of use and reporting tools. The vendor's emerging Infor 10x portal (based on its Intelligent Open Network [ION] technology) has the potential to improve ease of use across the HCM suite, although adoption by talent management suite customers is limited thus far.

The Infor talent management applications have had limited adoption, compared to other talent
management suite vendors, and the majority of deployments have been with current core HCM customers.

While Infor is a large, financially stable organization, its talent management suite represents a relatively small part of its business; this may impact the allocation of resources to continued enhancement of the talent management suite over time.

**Lumesse**

Lumesse was founded in 1996 and is headquartered in Luton, U.K., with international offices in 17 countries. This privately held vendor (backed by HgCapital) started in e-recruitment and has since diversified, mostly through acquisitions, into the broader talent management market. It acquired MrTed (rebranded as TalentLink) as an entrée into SaaS recruiting, and it acquired Edvantage Group to build out its learning offering. The vendor has approximately 650 employees and over 2,300 customers, the majority of whom use e-recruitment on either TalentLink or ETWeb (on-premises/hosted solution); a number of ETWeb customers also utilize its performance and succession tools. Gartner estimates the vendor’s annual revenue between €75 million and €100 million, the majority coming from the European region. Lumesse references rated overall product satisfaction slightly above the average of all vendor references, while overall vendor-customer relationship satisfaction was slightly below average; both categories showed improvement over the 2013 talent management suite Magic Quadrant reference survey. Lumesse is well-suited for multinational and multicultural organizations with complex requirements, because it offers good configurability and global coverage, including support for more than 30 languages.

**Strengths**

The vendor offers leading recruitment capabilities, along with strong performance and succession planning.

This year’s references indicate that ease of use, product quality and reporting are above average, compared with other talent management suite applications, and the ability to customize or configure the application has the smallest gap between importance and satisfaction, indicating a close alignment with customer expectations.

Extensive support and sales across Europe give Lumesse a deep understanding of European compliance and cultural issues, and its footprint in the Asia/Pacific region and North America continues to grow.

**Cautions**

Workforce planning remains a gap in an otherwise end-to-end talent management suite offering.

From a product perspective, this year’s reference customers were less satisfied than average with integration with other applications, documentation of the solution and training made available.

When asked about vendor-customer relationship criteria, reference customers were less satisfied than average with account management and additional deployments and upgrades, while enhancement request processes had the largest gap between importance and satisfaction.

**Meta4**

Founded in 1991, Meta4 is privately held and headquartered in Madrid, with more than 800 employees. It is best-known for its core HRMS capabilities deployed by more than 1,500 clients, and it is estimated that more than 600 clients utilize its talent management applications, including recruiting, performance management, succession management, compensation management and learning. Approximately 70% of Meta4’s talent management customers have implemented PeopleNet on-premises, but the ratio of SaaS deployments continues to increase, and all customers are on the current version of the application. Multinational customers in Europe, the U.S., Latin America and South America that desire a core HRMS solution with talent management modules should consider Meta4.

**Strengths**

The vendor has strong integration between core HRMS and the talent components, and a very consistent data model that incorporates support for competencies across all talent processes.

Meta4 has extensive knowledge and reach in the Latin American market and in Western Europe. Product satisfaction improved substantially from the 2013 Magic Quadrant survey, and was slightly above the average of all references; customers were most satisfied with integration with other applications, documentation, product quality and training made available, which all scored significantly above average.

Meta4 also scored above average in overall vendor-customer relationship satisfaction, with customers being most satisfied with enhancement request processes and hand-over from implementation to support.

**Cautions**

Meta4 is still not well-known outside the Spanish and Latin American markets, which may impact the number and relevance of customer references; however, a new marketing launch in 4Q13 may help increase brand awareness and net new customers for the vendor and PeopleNet.

Feedback on the product indicates that references were least satisfied with ease of use for professional users, workflow, and ease of use for employees and managers; these three criteria also had the largest gaps between importance and satisfaction of all product criteria. Issues with ease of use may stem from PeopleNet’s user experience not yet being uniform across all application modules.

The vendor doesn’t compete in stand-alone talent management deals, so it misses out on some opportunities in the broader market. As other vendors are targeting the Latin American market, Meta4 will need to strengthen its positioning and product depth to fend off competitors in its core
Oracle

Oracle Talent Management Cloud is composed of modules developed as part of the Fusion Application product line (Workforce Compensation, Performance Management, Goal Management, Succession Planning and Talent Review) and the former Taleo Recruiting, Performance Management and Learning products that were acquired in April 2012. Oracle is executing on a multiyear plan to deepen the integration between Taleo and Fusion HCM modules; harmonize currently divergent user experiences; and deploy common social/collaboration and mobile frameworks. The vendor also continues to support and enhance standard integrations from Oracle Talent Management Cloud to Oracle PeopleSoft and Oracle E-Business Suite in support of its coexistence strategy, which will enable customers to leverage talent management application innovations in the context of their current core HRMS environments. Product satisfaction criteria improved substantially compared to the 2013 talent management suite Magic Quadrant, and is now scoring slightly above average, compared with all references. This may reflect the increasing maturity of Fusion HCM talent applications, as well as the further settling of the Taleo customer base since the acquisition. Oracle continues to leverage its global sales and support teams to increase solution adoption in the Middle East, Africa and the Asia/Pacific region.

Strengths

Oracle Talent Management Cloud delivers leading recruiting and performance management, as well as competitive learning functionality, to a large, diverse global customer base. References rated enhancement request processes, additional deployments and upgrades, and after-sales care above average, compared with all vendors.

The vendor has enabled social, collaboration and mobile as foundational services of Oracle Fusion Middleware, which means they are accessible to all Oracle Fusion Applications. Oracle includes Taleo information in its Oracle Mobile HCM for tablets and smartphones, and plans to enable Oracle Social Network for Taleo.

From a product perspective, customers were more satisfied with workflow, system performance, and system administration and configuration compared to the average across all vendors.

Cautions

From a vendor-customer relationship perspective, customers reported the greatest gap between importance and satisfaction in the areas of initial implementation and deployment, and hand-over from implementation to support.

Reference customers were least satisfied with product training made available, compared with all respondents. Although reporting scored just slightly below average, it had the largest gap between importance and satisfaction of all product criteria. This may indicate higher-than-average expectations of the Oracle customer base for powerful, easy-to-use reporting and analytics.

Oracle Taleo applications have not yet been fully integrated into the Oracle Fusion HCM stack, although Gartner expects continued progress during 2014 and 2015. Until integration plans are complete, users of these applications may encounter different user experiences, system administration tools and integration gaps.

PageUp People

PageUp People, founded in 1997, is privately held and headquartered in Melbourne, Australia. It was one of the first recruiting platforms sold directly within the Australian market. The vendor has more than 170 customers, most of which are Asia/Pacific-based multinationals. PageUp People offers a unified talent management suite, but its roots are in e-recruitment, which is where it is strongest, followed by succession and career planning. The vendor continues to make investments to expand globally, with offices in Sydney, the U.K. (London), the U.S. (Atlanta and New York), Singapore, and China (Shanghai). In November 2012, PageUp People raised $10 million from Accel-KKR. The vendor is well-suited for multinational organizations with a strong presence in the Asia/Pacific region. In addition, global organizations with a focus on emerging markets should consider PageUp People.

Strengths

PageUp People has a robust service offering, going beyond technical implementation into more-strategic HR services, such as job design, analytics and change management. It has also been innovative in applying the principles of talent science to the integrated talent management processes within its applications, including a comprehensive approach to competency management, career planning, measurement and analytics.

From a product perspective, reference customers cited reporting and solution documentation as two areas where their satisfaction was higher than the average across all references.

PageUp's product (particularly recruiting) is well-suited for emerging markets, such as Southeast Asia, Greater China and other high-growth markets.

Cautions

Market awareness is lacking outside Australia and the Asia/Pacific region; although PageUp People has begun to invest in broader sales and marketing initiatives in targeted countries. Clients based outside of these core markets may have difficulty finding references relevant to their size or industry focus.

The vendor's compensation, learning and performance management modules are still maturing and have limited customer adoption to date.

Overall vendor-customer relationship satisfaction declined compared to the 2013 Magic Quadrant references. On the vendor-customer side, customers were least satisfied with after-sales care and account management.
**PeopleFluent**

PeopleFluent was founded in 1997 and is headquartered in Waltham, Massachusetts. Additional offices are located in Canada, Belgium, Switzerland, Austria, Germany, the U.K., India and Taiwan. It is privately held and owned by the private equity firm Bedford Funding. Built and augmented via a series of acquisitions, PeopleFluent's Talent Management Software Suite includes recruiting, onboarding, performance management, compensation, succession planning, learning, workforce planning and analytics, and social/collaboration. The vendor also has strong U.S. compliance capabilities and a vendor management system (VMS). PeopleFluent has recently integrated its social collaboration platform with its talent management solution, and has begun delivering persona-driven user experiences via Mirrors. Its latest acquisition, in 2013, was KZO Innovations, an integrated collaborative video content management and delivery platform. PeopleFluent has over 5,100 total customers; more than 1,000 are using its talent management suite modules, with the greatest adoption of workforce planning, recruiting and compensation functionality. PeopleFluent's talent management applications are well-suited for multinational organizations ranging in size from midmarket to large complex enterprises.

**Strengths**

Customer references cited PeopleFluent among the leaders in overall vendor and product satisfaction. Its recruiting and compensation solutions are well-proven in the market, and the breadth and depth of these modules are differentiators.

The vendor recently announced the availability of Colossus, an integration platform as a service (iPaaS) designed to facilitate integration, data transformation and workflow between its technologies and a client's external systems. This was an important addition, as past client references had cited external integration as needing improvement.

One of the leaders in integrating video, social and mobile technologies into its Talent Management Software Suite, PeopleFluent is leveraging its unique Mirror technology to improve the suite's overall user experience.

PeopleFluent is one of a few talent management vendors incorporating the contingent workforce into its talent management processes. For example, recruiting processes can look across internal, external and contractor populations, and succession plans can include contract workers.

**Cautions**

In common with many vendors in this market, a number of acquired functional modules and technologies comprise PeopleFluent's Talent Management Software Suite. While the recent Colossus iPaaS aids in integration, and Mirror enables a consistent and improved user experience, it will take time for these to pervade the suite.

PeopleFluent delivers two recruiting applications, only one of which is natively developed on the same technology platform as its performance and succession product line. The vendor will need to make clear how these products coexist in the suite.

Although overall vendor-customer relationship criteria scored somewhat above average, references reported that the largest gap between importance and satisfaction is in the enhancement request process. On the product side, integration with other applications scored just below average, and had the greatest gap between importance and satisfaction of all product criteria.

**Saba**

Founded in 1997, Saba is a public company headquartered in Redwood Shores, California. It started in the learning market and has expanded into talent management suites, now offering learning, performance, succession, recruiting, workforce planning, organizational planning and social collaboration. Saba launched its recruiting offering in December 2013, and Gartner anticipates that it will announce a compensation module within the next 12 months. Saba's talent management suite solutions are available primarily as cloud offerings (Saba Cloud), but can also be delivered on-premises (Saba Enterprise). Active partnership agreements with IBM, Kronos and Workday provide additional visibility and exposure in the market. Saba has more than 2,200 customers. Although it is still in the midst of a revenue restatement exercise and detailed financials have not been reported for 2013, Gartner still estimates Saba's annual revenue at greater than $130 million. Saba is well-suited for complex global organizations that want strong learning, performance and succession management solutions.

**Strengths**

The vendor's learning solution is best in class, and its performance and succession solutions are strong. In line with last year's Magic Quadrant, customers continue to cite the integration between learning and development functionalities for development planning as a strength. In addition, we have seen growing market interest for Saba's Engage product bundle, which includes learning, performance and collaboration.

Saba continues to innovate around its core product offering — in 2013, it introduced The Intelligent Mentor (TIM), which leverages machine learning technologies to provide users with more personalized and relevant information, and Rock Stars, which uses social dynamics to help organizations identify high potential employees.

Saba has global implementation and support services, enabling it to serve large distributed enterprises.

**Cautions**

The vendor does not currently offer compensation functionality as part of Saba Cloud. This year's reference customers rated account management and after-sales care below average, compared to other vendor references.
Similar to the 2013 talent management suite Magic Quadrant, this year’s references continued to cite the product’s workflow and usability as needing improvement. However, customers that moved from Saba Enterprise to Saba Cloud did indicate progress in these two areas.

**SAP (SuccessFactors)**

SuccessFactors (an SAP company) is headquartered in San Francisco, California. SuccessFactors began with performance management, but has expanded into succession planning, compensation, recruitment and learning, either organically or through acquisitions. Prior to the acquisition by SAP, SuccessFactors had acquired Inform Business Impact (workforce planning), CubeTree (social), Jambok (social), Plateau Systems (learning) and Jobs2Web (recruiting). In April 2013, the vendor purchased onboarding specialist KMS Software, which it integrated with Learning, and SAP JAM, to deliver a comprehensive onboarding offering. Gartner estimates that SuccessFactors has over 4,000 customers; the majority use performance management, with strong adoption of other talent management components.

SuccessFactors has offerings targeted toward customers of all sizes, but it is best-suited for multinational organizations that want best-in-class performance management, learning and workforce planning functionality, with good succession, recruiting, onboarding and compensation capabilities.

**Strengths**

The vendor offers market-leading performance, learning and workforce planning solutions, with functional depth and breadth across the full talent management suite.

SuccessFactors has dominant mind share in the talent management suite market. In addition, it has had greater success selling its talent management suite and has demonstrated higher add-on sales for its component customers than any other vendor.

This year’s reference feedback indicates that ease of use, product quality and system performance are above average, compared with other talent management suite applications.

**Cautions**

From a product perspective, reference customers cited integration with other applications, documentation of the solution and training made available as areas where satisfaction was lower than the average of this reference set.

Ongoing communication and customer support feedback was mixed, especially at the lower end of the market.

SuccessFactors has generally done a good job of integrating its own various acquisitions, and has made advancements in integrating with SAP’s core solutions (e.g., cross-suite skills and competencies from SuccessFactors Learning to SAP ECC 6, and onboarding). However, integration between SuccessFactors and SAP’s core solutions continues to be a work in progress.

**SilkRoad**

Founded in 2003, SilkRoad is a privately held vendor headquartered in Chicago, Illinois, with additional offices in Canada, Mexico, Western Europe and the Asia/Pacific region. SilkRoad began as a content management vendor focused on the lower midmarket, and has since expanded into the broader talent management space via a combination of multiple acquisitions and organic development. SilkRoad’s LifeSuite offerings include HeartBeat (HRMS), OpenHire (recruiting), RedCarpet (onboarding), WingSpan (performance), GreenLight (learning) and Point (social). The vendor has over 500 employees, and approximately 2,000 customers use its talent management solutions. Gartner estimates its annual revenue at between $25 million and $50 million. SilkRoad continues to target small to midsize organizations, and nearly 85% of its customers are organizations with fewer than 10,000 employees. Small to midsize U.S.-based multinational organizations that are particularly focused on improving their recruiting and onboarding processes should consider SilkRoad.

**Strengths**

SilkRoad’s RedCarpet onboarding module delivers best-in-class capabilities and is often sold stand-alone.

Customer references highlight overall cost and ease of use as primary reasons for selection, as the vendor’s offerings are typically priced below those of its competitors.

In line with last year’s reference feedback, customers continue to indicate that product training and documentation are above average, compared with other talent management suite applications.

**Cautions**

Close to 90% of SilkRoad’s customers are headquartered in North America, which may limit access to relevant references for those prospects headquartered outside this geography.

From a product perspective, reference customers cited integration and the ability to customize and configure the application as areas for improvement.

Although the vendor is growing rapidly and is well-funded, it remains somewhat specialized, mostly targeting the lower end of the talent management suite market.

**SumTotal**

SumTotal was founded in 1985 and is headquartered in Gainesville, Florida. It is privately held and owned by Vista Equity Partners. It has operations in North America, Europe and the Asia/Pacific region. The vendor started in the learning market and has grown both organically and through a number of acquisitions to become a large player in talent management. SumTotal’s talent management products include recruiting, performance, succession, compensation, learning, workforce planning and analytics, along with a corporate social networking solution. Gartner estimates that SumTotal has more than 3,500 customers and generates over $200 million in annual revenue. The solution is well-suited for...
global organizations seeking very strong learning and performance management functionalities, with
good compensation and succession management.

**Strengths**

SumTotal has very strong learning and performance management solutions, and strong
succession management functionality.

The vendor has a comprehensive vision for an integrated talent management suite, and its large
installed base is a good cross-sell opportunity.

SumTotal continues to innovate and bring additional approaches and offerings to the market.
We've seen growing market interest in its elixHR platform (as well as evidence of deployments)
and its Talent Expansion marketing strategy.

**Cautions**

While overall customer satisfaction has improved in the past year, reference customers continue
to be less satisfied than average with their experience through the sales process, hand-over from
implementation to support and ongoing communication.

SumTotal is still known primarily as a learning vendor and hasn't kept pace with the leading talent
management suite vendors in landing net new talent management suite business, which will likely
limit availability of new references implementing multiple talent management suite modules.

From a product perspective, reference customers cited ease of use and ability to customize or
configure the application as two areas where their satisfaction was slightly below the average
across all references.

**Talentsoft**

Talentsoft is privately held and headquartered in Paris. It also has offices in the U.K., Germany,
Belgium, Denmark, Netherlands, Switzerland and Sweden. It started offering a talent management
solution in 2007, and has grown organically and through acquisitions of other vendors, including RFlex
and PeopleXS. Talentsoft provides solutions for recruiting, performance, succession, compensation and
workforce planning, and offers learning capability through a partnership with CrossKnowledge. In 2013,
the vendor received €15 million in venture funding, and now has over 250 employees and
approximately 600 customers that use its talent management solutions. Gartner estimates its annual
revenue at €25 million to €50 million. The solution is delivered through Microsoft's Azure platform-as-a-
service offering. Talentsoft is best-suited to European multinationals looking for an integrated talent
management suite that has strong support for EU social regulations.

**Strengths**

Similar to last year's references, the vendor had very positive customer feedback, as customers
cited ease of use, configuration and training as product strengths.

Talentsoft has strong market awareness and customer success in France. It has strong European
functionality, including support for European-compliant competency and career management.

Customer references also cited hand-over from implementation to support, after-sales care and
account management as strengths.

**Cautions**

Talentsoft has a leading position in Europe, but is still not well-known beyond Europe. It needs to
continue to increase its awareness in other geographies to expand its reference base and
experience level in supporting talent process requirements of organizations based outside of the
EU.

Although the vendor is growing very rapidly and has received additional funding, it is still relatively
small, compared with the market-leading talent management suite providers.

The majority of its installed base is using recruiting and performance management, while its
learning management and compensation solutions have growing, but still limited, customer
adoption.

**Technomedia**

Technomedia is a private company headquartered in Montreal, Canada, with offices in the U.S.,
Germany, Nordic, France and Hong Kong. Its natively unified talent management offering includes
recruiting, performance, succession, compensation, learning and workforce planning. Almost all of its
customers (approximately 95%) are deployed via SaaS. Gartner estimates that Technomedia has
approximately 200 employees and over 500 customers, and generates approximately $25 million to
$50 million in annual revenue. The vendor increased its footprint in the U.S. with the acquisition of
Hodes IQ in 2011. Technomedia is well-suited for global midsize and large complex enterprise
customers that want strong recruiting and performance management capabilities.

**Strengths**

Technomedia’s strength is in recruiting, as the solution has excellent job board posting capabilities
and good social integration.

The vendor has a long track record of working with large, complex organizations with over 50,000
employees.

The Technomedia analytics offering leverages Microsoft’s cloud-based business intelligence
solutions as the underlying technology, and the vendor has integrated with SharePoint to provide
an option for customers desiring enhanced enterprise portal interoperability.

**Cautions**
From a product perspective, reference customers cited product quality and reporting capabilities as two areas where their satisfaction was below the average across all references. Customers also indicated that experience through the sales process, hand-over from implementation to support, and additional deployments and upgrades are areas for improvement on the relationship side.

Technomedia needs to improve its brand awareness in the talent management suite market to drive more net new sales opportunities, implementations and customer references.

**Towers Watson**

Founded in 1865, Towers Watson is a large publicly traded global professional services company that is headquartered in New York. The vendor offers a talent management suite through its HR & Talent Management Technology (HRT) line of business that includes performance, succession, career, compensation and learning modules. Towers Watson has approximately 400 employees within its HR Technology unit dedicated to developing its talent management solution, which has close to 500 customers. Towers Watson is well-suited for global midsize to large complex enterprise customers that want strong compensation and performance management.

**Strengths**

- Towers Watson has strong compensation and performance management capabilities. The solution is particularly well-suited for North American organizations that have pay-for-performance needs.
- The vendor has a robust service offering, going beyond technical implementation into more-strategic HR services, such as process design, analytics and change management.
- The vendor has strong integration between its HR portal and its talent management modules. This allows customers to leverage widgets and surface content from its talent offerings within the HR portal.

**Cautions**

- Vendor-customer relationship satisfaction significantly lagged survey averages and the majority of its competitors, particularly in the areas of initial implementation and additional deployments and upgrades. The largest gap between customer importance and satisfaction was reported for enhancement request processes.
- Product satisfaction also significantly lagged survey averages; customers were least satisfied with product quality, ease of use and reporting tools. The largest gap between satisfaction and implementation was in product quality and reporting tools.
- Towers Watson's talent management suite has limited market adoption, with the majority of its deployments focused strictly on compensation.

**Vendors Added and Dropped**

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor’s appearance in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

**Added**

Technomedia and Towers Watson were both mentioned in the 2013 version of this Magic Quadrant as vendors that didn’t meet the inclusion criteria for formal rating, but were nonetheless participants in the talent management suite market. Both have met the inclusion criteria for this update.

**Dropped**

While no vendors have been dropped, SAP ERP, Oracle E-Business Suite and Oracle PeopleSoft have been removed from this updated Magic Quadrant. While these solutions have large installed customer bases and continue to be maintained and enhanced, they do not represent the focus of product innovation and sales and marketing strategy for their respective firms.

**Inclusion and Exclusion Criteria**

To be included in the talent management suite Magic Quadrant, a vendor’s solution must:

- Be the primary developer of a talent management offering that includes at least four of six major components of talent management: workforce planning, talent acquisition (recruiting), performance management, compensation management, succession management and learning.
- Sell, deliver and support the talent management offering, and provide professional services and other maintenance services. Also, the vendor must have at least 150 customers with more than 1,000 employees using at least three of the talent management components, or more than $35 million in revenue from talent management applications.
- Have gained at least 75 net new customers that purchased at least three talent management components during either the period from 1 October 2012 to 30 September 2013 or the vendor’s last four fiscal quarters.
- Provide Gartner with at least 10 customer references in production utilizing at least three of the six major components of talent management.
- Have a local presence in at least two of the following geographic regions, or (at the very least) multiple countries within a region: North America, EMEA, Latin/South America, India or the Asia/Pacific region.
Be regularly identified by Gartner clients and prospects as a notable vendor in the talent management market.

This is a vibrant and evolving market, and there are many vendors offering solutions that don't meet all of the inclusion criteria, but that nonetheless may be very suitable for your enterprise, including:

**ADP:** ADP has invested significantly in developing Vantage HCM, a product that unifies core HR, payroll, benefits administration and talent management functionality under a common user experience, including capabilities delivered by its Workscape and VirtualEdge acquisitions.

**Aragon-eHR:** This vendor offers a French-based talent management and lightweight core HRMS offering that is getting traction in subsidiaries of large multinationals.

**Ceridian:** In addition to core HR, payroll and benefits outsourcing, Ceridian also sells recruiting as part of its Dayforce offering, and plans to deliver additional talent management modules as part of its product road map.

**Fairsail:** Fairsail offers a lightweight core HRMS and talent management solution built on Force.com that is well-suited to small or midsize organizations with an expanding global footprint.

**HealthcareSource:** This vendor has developed a strong talent management offering focused on the U.S. healthcare sector.

**HR Access:** HR Access is a successful core HRMS vendor in Western Europe, with improving talent management capabilities.

**HRsoft (formerly Workstream):** This vendor's traditional strength has been within compensation planning, and supporting it with its compensation communications and performance management capabilities.

**Mercer:** Based on a relationship with PeopleFluent, Mercer combines technology provided by PeopleFluent and its own intellectual property and services. It is best-suited for global organizations that want one-stop shopping for their talent management software, content and services.

**MidlandHR:** This vendor is a strong choice for U.K.-based organizations looking for an integrated core HRMS and talent management solution.

**Neogov:** Neogov has built a leading position in public-sector recruitment in the U.S., and has expanded into other areas of talent management.

**NetDimensions:** A Hong Kong-based learning vendor that has built out a broader talent development offering, especially suitable for highly regulated industries.

**NGA.Net:** A leader in Australian public-sector recruiting, NGA.Net is currently implementing its eRecruit solution for the 29 agencies of the U.S. Department of Agriculture, and delivers posthire talent management via the 2010 acquisition of ePerform, which it has transitioned onto its core platform.

**NuView Systems:** This vendor offers core HRMS solutions with integrated talent management modules. Midsize U.S.-based organizations that want an integrated HCM solution that includes core HRMS and a talent management suite should consider NuView Systems.

**PeopleAdmin:** This vendor has focused talent management solutions for higher education and government in the U.S. For example, it has specific industry functionality for faculty search, position management and compliance. It is particularly strong in higher education recruitment.

**PeopleStreme:** PeopleStreme has developed a strong market position in talent management in Australia. The vendor has expanded into the Asia/Pacific region and the U.S., and has recently updated its learning management capabilities.

**Talentia Software:** This payroll/finance vendor recently acquired Cezanne Software Holding Ltd. to build out its footprint in core HR and talent management; it is particularly strong in the Southern European market and also has a number of U.K. customers.

**Ultimate Software:** This vendor is a strong option for North American-based organizations seeking integrated HRMS and talent management, and is currently expanding country-specific localization support in EMEA and the Asia/Pacific region, while enhancing its talent management modules to meet the needs of larger enterprises.

**Workday:** Workday has developed strong performance, succession and compensation capabilities to go with its leading global HRMS. The vendor delivered its own recruitment module in May 2014.

**Evaluation Criteria**

**Ability to Execute**

**Product/Service:** This includes the vendor's capabilities in the six components of talent management. Workforce planning, recruitment, performance management, career/succession planning, compensation and learning management were assessed for functional completeness and ease of use. In addition to functional depth in those components, how well the vendors have integrated the components was an important factor. Analytics received considerable attention, as it has been a major customer concern. The architecture, delivery models, and use of mobile and social capabilities were rated. The focus was on the vendors' current functionality, although enhancements and/or new modules on the verge of general availability were also evaluated.

**Overall Viability:** Key aspects of this criterion are the vendor's ability to ensure the continued vitality of a product, including support of current and future releases, and a clear road map for the next three years. The vendor must have the cash on hand and consistent revenue growth during four quarters to fund current and future employee burn rates, and to generate profits. The vendor is also rated on its commitment and ability to generate revenue and profits, specifically in the talent management suite market.
Sales Execution/Pricing: The vendor must provide global sales and distribution coverage that aligns with its marketing messages. It must have specific experience and success selling talent management suite applications to HCM buying centers. This includes deal management, partnering, pricing and negotiations, presales support, and the overall effectiveness of the sales channels.

Market Responsiveness and Track Record: This refers to the vendor’s ability to respond, change direction, build alliances, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor’s history of responsiveness.

Marketing Execution: This criterion assesses the clarity, quality, creativity and efficacy of programs designed to deliver the vendor’s message to influence the market, promote its brand and business, increase awareness of its products, and establish a positive identification with the product, brand or vendor with buyers. This mind share can be driven by a combination of publicity, promotions, thought leadership, word of mouth and sales activities.

Customer Experience: Feedback from active customers on generally available releases during the past 12 to 18 months is an important consideration. Sources of feedback include vendor-supplied references, Gartner inquiries and other customer-facing interactions, such as Gartner and industry conferences. Customers’ experiences are rated based on the vendor’s ability to help customers achieve positive business value, as well as sustained user adoption, quality implementation and ongoing support.

Operations: This criterion assesses the ability of the vendor to meet its goals and commitments. Factors include the quality of the organizational structure — the skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Table 1. Ability to Execute Evaluation Criteria

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product/Service</td>
<td>High</td>
</tr>
<tr>
<td>Overall Viability</td>
<td>Medium</td>
</tr>
<tr>
<td>Sales Execution/Pricing</td>
<td>High</td>
</tr>
<tr>
<td>Market Responsiveness and Track Record</td>
<td>Low</td>
</tr>
<tr>
<td>Marketing Execution</td>
<td>High</td>
</tr>
<tr>
<td>Customer Experience</td>
<td>High</td>
</tr>
<tr>
<td>Operations</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Source: Gartner (June 2014)

Completeness of Vision

Market Understanding: This refers to the vendor’s ability to understand buyers’ needs and to translate those needs into products and services. Vendors that show the highest degree of vision listen and understand buyers’ wants and needs, and can shape or enhance them with their added vision. We specifically looked for how vendors described the integrated talent management market and opportunity, not merely that of the component products.

Marketing Strategy: This criterion assesses whether the vendor has a clear, differentiated marketing strategy with a set of messages that appeals to HR organizations and leaders, and that is consistently communicated throughout the organization and externalized through the vendor’s website, customer programs and positioning statements.

Sales Strategy: The vendor should have a strategy for selling talent management suite software that uses the appropriate network of direct and indirect sales, marketing, service, and communications affiliates that extends the scope and depth of market reach, skills, expertise, technologies, services and the customer base. Key elements of the strategy include a sales and distribution plan, internal investment prioritization and timing, and partner alliances.

Offering (Product) Strategy: The vendor should demonstrate a vision for application functionality across the breadth and depth of the talent management suite. We focused beyond the functional scope listed in the Ability to Execute section, and placed additional attention on the vendor’s vision for the use of mobile technologies, advanced analytics, relevant social use cases, integration and ease of use. The product strategy can be a combination of organic development, acquisition and/or ecosystems. For ecosystems, close attention is paid to the quality and support of third-party partners. For acquisitions, we play close attention to integration.

Business Model: Vendors need to have clear business plans for how they will be successful in the talent management suite market. These business plans should include appropriate levels of investment to achieve healthy growth during a three- to five-year period.

Vertical/Industry Strategy: The vendor should have a strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including verticals.

Innovation: Vendors must show a marshaling of resources, expertise and/or capital for competitive
advantage or investments in new areas (such as advanced analytics) or new access methods (such as tablets).

**Geographic Strategy:** We examine the vendor’s strategy to direct resources, skills and offerings to meet the specific needs of regions outside the location of the corporate headquarters, directly or through partners, channels and subsidiaries, as appropriate for that geography and market.

**Table 2. Completeness of Vision**

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Understanding</td>
<td>Medium</td>
</tr>
<tr>
<td>Marketing Strategy</td>
<td>High</td>
</tr>
<tr>
<td>Sales Strategy</td>
<td>Low</td>
</tr>
<tr>
<td>Offering (Product) Strategy</td>
<td>High</td>
</tr>
<tr>
<td>Business Model</td>
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</tr>
<tr>
<td>Vertical/Industry Strategy</td>
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</tr>
<tr>
<td>Innovation</td>
<td>Medium</td>
</tr>
<tr>
<td>Geographic Strategy</td>
<td>High</td>
</tr>
</tbody>
</table>

Source: Gartner (June 2014)

**Quadrant Descriptions**

**Leaders**

Leaders demonstrate a market-defining vision of how talent management technology can help HR leaders achieve business objectives. Leaders have the ability to execute against that vision through products, services, and demonstrated, solid business results in the form of revenue and earnings. In talent management suites, Leaders show a consistent ability to win broad suite deals. They have significant successful customer deployments in North America, EMEA and the Asia/Pacific region in a wide variety of vertical industries, with multiple proof points. Leaders are often what other providers in the market measure themselves against.

**Challengers**

The vendors in the Challengers quadrant are often larger than most (but not all) vendors in the Niche Players quadrant. These vendors have the size to compete worldwide, but, in some cases, they may not be able to execute equally well in all geographies. They understand the evolving needs of an HR organization, yet may not lead customers into new functional areas with a strong functional vision. Challengers tend to have a good technology vision for architecture and other IT organizational considerations, but may not have won the hearts and minds of HR and IT executives. As in the first iteration, this version of the Magic Quadrant has no Challengers; it seems customers continue to value innovation over execution, and this is reflected in vendor offerings.

**Visionaries**

Visionaries are ahead of most potential competitors in delivering innovative products and/or delivery models. They anticipate emerging/changing market needs, and move the market ahead into areas where it hasn’t yet been. Visionaries have a strong potential to influence the direction of the talent management suite market, but are limited in execution and/or demonstrated track record.

**Niche Players**

Niche Players offer products for talent management functionality, but may lack some functional components, may not show the ability to consistently handle deployments across multiple geographies or may lack strong business execution in the market. Niche Players may offer complete portfolios for a specific vertical, but are unable to fully support cross-industry requirements for several talent management functions, such as workforce planning or e-recruitment. They may have an inconsistent implementation track record, or may lack the ability to support large enterprise requirements. Despite the issues described, in many cases, Niche Players can offer the best solutions to meet the needs of particular HR organizations, considering the price/value ratio for the solution. These vendors tend to win component deals, but are not consistently winning the whole suite.

**Context**

All vendors included in the Magic Quadrant for Talent Management Suites have customers that are successfully using their products and services; however, this is not an exhaustive list. Other regional and/or vertical industry specialists did not meet our inclusion criteria. This Magic Quadrant encompasses a wide cross-section of vendors, including those that offer different delivery models (such as on-premises, hosted and SaaS), and differing levels of functional breadth and sophistication. Regardless of the provider you’re considering, ask yourself, "Will this vendor help my organization manage my talent more effectively?" In many cases, an HR organization must evaluate not just a vendor’s suite of product offerings, but also the ecosystem of providers that can fill in whatever functional gaps that the considered vendor on the Magic Quadrant may not offer.

Use this Magic Quadrant as a reference for evaluations, but explore the market further to qualify the capacity of each vendor to address your unique business problems and technical concerns. Depending
Market Overview

Historically, HR leaders had to purchase separate functional components if they wanted best-of-breed software to support a particular talent management process, such as talent acquisition or compensation. However, offerings from the vendor community have continued to expand beyond their capabilities of origin to cover more talent-related functions; concurrently, IT and user frustration with the cost and effort of integrating multiple niche solutions has grown. As a result, the talent management suite has become a viable option, and multiple vendors have credible offerings. The market for talent management suites has become firmly established as a major option for enterprises looking to improve the efficiency and effectiveness of their talent processes. As organizations make decisions regarding their HCM application strategies, HR and IT leaders need to understand the dynamics affecting the talent management suite and HCM market; hence, we offer this Magic Quadrant.

The integrated suite started to be adopted by customers several years ago, and the broader use of talent management applications by customers has continued during the past three years (see "The Talent Management Market Overview" [Note: Some of the documents referenced in this research have been archived; some of their content may not reflect current conditions.]). Customers have been successful in automating basic talent management processes, but these have not necessarily had all the strategic impact that they had hoped for. The market consolidated at a rapid clip during 2011 and 2012, and many providers — such as Kenexa, Lumesse, PeopleFluent, SumTotal, SuccessFactors and Taleo — have turned to acquisitions to add functionality and customers. In addition, larger vendors, such as IBM, Oracle and SAP, acquired the larger talent management suite players (Kenexa, Taleo and SuccessFactors, respectively; see "SAP to Buy Into Software as a Service With SuccessFactors Deal" and "The Impact of the Taleo Acquisition on Oracle's HCM Strategy"). Basically, those initially doing the acquiring have, in turn, been acquired. After a period of relative quiet during most of 2013, ERP vendor Infor and other talent management suite vendors have completed a number of tuck-in acquisitions to round out their talent management suite portfolios. Most ERP vendors can now not only position an integrated talent management suite as part of a broader HCM offering, but can also offer a talent management suite add-on for customers that don't want to replace their core HRMS capabilities.

The Market Is Not Just About Talent Management Suites

Although talent management suite adoption continues to increase, the market for specialized talent management point solutions will not disappear for the foreseeable future. Recruitment marketing is likely to be dominated by point solution vendors for some time (see "The Talent Marketing Magic Quadrant"). Talent management suite vendors have not yet driven full adoption of their compensation solutions, and many point solution providers win that part of the deal if the organization does not end up staying with their current solution (usually complex homebuilt spreadsheets). Organizations seeking learning solutions for customers or partners will likely continue to invest in specialty vendors. Continuing innovation in rewards and recognition programs means that not all performance management happens in the suite. Many organizations will deploy suites for most of the processes, but will also keep the separate components that are working today — at least until the contract is up for renewal, at which time they will often review their talent management suite vendor's progress to determine if it is time to add that capability to the integrated suite (see "Applying Gartner's Pace-Layered Application Strategy to Human Capital Management").

Some clients want to replace or update their core HRMS solutions and consider talent management capabilities to be part of those replacements, as they believe that having core HR processes and talent processes using the same integrated user experience to be more important than the traditional coupling of core HR and finance. Already strong in the midmarket, this trend is starting to manifest in large complex global enterprises (see "Predicts 2014: Nexus Forces Redefine Human Capital Management").

Of the 191 talent management suite customers who responded to the Magic Quadrant reference survey, 32% of the talent management suite modules from their core HRMS vendor, while 60% were using a different vendor solution. While this distribution was approximately the same as what references reported in the first iteration of this Magic Quadrant, we expect increased usage of core HRMS talent management suite modules to drive a shift in the battleground from talent management suites to broader HCM suites for some clients during the next three to five years.

At the same time, customers and vendors alike continue to grapple with the impact and implications of the Nexus of Forces (social, mobile, cloud and information) on talent management. As a result, customers may consider point solutions in areas such as recruiting and learning (see "Look to Video Recruiting to Improve Quality and Reduce Costs"), along with broader talent management suite solutions from vendors showing sufficient innovation in social, mobile, cloud and information. Vendors offering solutions that merely automate talent management processes will not fare as well as those that combine efficiency, talent program effectiveness and demonstrable business impact. On one hand, aspects we associate with traditional talent management suites will increasingly be incorporated into broader HCM suites. On the other hand, a new generation of talent management solutions will emerge that will reimagine traditional talent management processes and approaches using social/collaboration, mobile, cloud and information (see "Social Employee Recognition Systems Reward The Business With Results").

Not All Components Are Created Equal

No one vendor dominates all components of the suite. Most vendors are strongest in one or two components, and have varying capabilities in others. A few vendors are strong in three or four components. In most cases, buyers will need to make some compromises on component functionality in order to commit to a suite, often by focusing on the functionality they need to replace first, and betting that the vendor will continue to enhance the capabilities of the other modules to a point that they can...
be implemented in a subsequent phase. Most vendors have not yet built out compelling workforce planning components, and compensation adoption is generally less pervasive than other component adoption. This is partly because many organizations have complex compensation processes, and partly because most vendors haven't really developed sufficient flexibility and robustness in their offerings to handle that complexity. There is also reluctance in some organizations to deploy compensation in a SaaS mode. We expect the leading vendors to differentiate over time by delivering consistent capabilities across the breadth of the suite.

Cloud Deployments Predominate

Talent management functions have led the way in cloud and SaaS since the first recruiting solutions emerged over a decade ago. In the broad global market, recruiting is still the most commonly deployed SaaS talent application, followed by performance management, then learning. Many vendors offer applications that can only be delivered via SaaS, which may limit adoption in certain industries and geographies that have not yet fully embraced the idea of sensitive and confidential talent data in the cloud. Other vendors provide on-premises, third-party-hosted or vendor-hosted options, which gives prospects in those more-conservative markets a choice. While the majority of deployments will be various forms of cloud and SaaS, on-premises (aka private cloud) will continue to be used by a certain segment of the global market during the next five years. Gartner estimates, and our latest survey results, reflect that over 80% of all talent management suite deployments are happening in the cloud, while only 15% were deployed on-premises.

Performance Management Is the Most Common Starting Point

In terms of deployment preference, performance management appears to be the area in which most organizations start. Our reference survey (191 responses) shows that 44% of organizations started with performance (down from 51% of those responding in the first talent management suite Magic Quadrant survey), while 26% started with recruiting and 19% started with learning.

Reporting Continues to Be an Issue

Customer references for the first talent management suite Magic Quadrant survey rated reporting capabilities the lowest among 11 product satisfaction criteria (4.63 average on a scale of 1 to 7, with less than 35% of respondents indicating a 6 or 7). This trend has continued with the most recent survey; although the responses are slightly more positive (4.78 average, with 40% indicating a 6 or 7), reporting was still the lowest-rated criteria. References also rated the importance of reporting at 6.50 on the same 1 to 7 scale, resulting in the largest gap between importance and satisfaction of all product satisfaction criteria (1.72). These results show that more than incremental improvements in reporting capabilities are needed for vendors to truly make progress toward meeting customer expectations.

Ease of Use Trumps All

Talent management suite customer references rated ease of use for employees and managers as the most important product criterion (6.84), narrowly beating out product quality (6.77). Actual customer satisfaction came in at 5.54, resulting in a 1.29 gap between importance and satisfaction, the third-largest of all product criterion. In contrast, ease of use for professional users was rated fifth most important (6.48), and its higher average rating of 5.67 resulted in a gap of only 0.81. These results are in line with Gartner client inquiries that indicate both the increasing importance of the employee and manager user experience and the need for vendor solutions to continuously improve in this area.

Integration Grows in Importance

A growing number of survey respondents commented that they either used their existing talent management suite vendor for core HR or integrated the talent management suite with their third-party core HRMS. In doing this, customers hope to remedy a number of data quality issues that they have faced in years past (see "Integration Challenges Can Thwart Getting Value From Talent Management Application Investments").

The Hype Around Mobile Runs Ahead of Actual Usage for Most Talent Management Suite Functions

Many vendors can now demo compelling mobile offerings for managers, employees, executives and applicants, but large-scale deployments are still hard to find. For example, despite a plethora of demo scenarios showing talent review and/or succession data on tablets or smartphones, less than 5% of talent management suite customer reference survey respondents are currently using this capability; however, almost 41% either plan to deploy within the next 12 months or are considering it within 24 months. Deployment of learning content on mobile devices is more pervasive: 15% are already using this capability, and 35% are considering implementing it within 24 months.

Recruiting continues to lead the way in mobile usage; more than 19% of customer reference survey respondents currently enable candidates to use mobile devices during the hiring process, and over 31% plan to deploy this capability within 24 months. More than 17% of survey participants currently allow mobile device access by recruiters and hiring managers, and another 31% are considering deploying this capability in the next 24 months. Even if all of these organizations follow through on their plans, mobile recruiting usage will be at or under 50% of companies within the next two years.

Social/Collaboration Usage Grows, but Is Not Yet Pervasive

Social software has had a significant impact on recruitment (it being used by almost 44% of respondents, with another 22% planning to deploy within 24 months), but has not yet achieved significant adoption in performance or learning. Over one-third of customer reference survey respondents report use of collaboration workgroups (34.6%), with another 16% planning or considering
implementing them within 24 months. Usage of leading-edge social capabilities falls off considerably in the survey sample; as an example, only 13.6% of respondents currently use social network analysis, and almost the same number (13.7%) are considering usage in the next 24 months.