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Talent and HCM Part I: Cornerstone OnDemand Partners with Workday

Summary: On October 24th, Cornerstone announced that it was entering into a partnership with Workday that focuses on a cloud-to-cloud integration between Cornerstone OnDemand's Learning Cloud and Workday HCM.

Event: Cornerstone announced that it was partnering with Workday during Workday's annual customer event, Workday Rising.

Analysis: Cornerstone already has a significant business relationship with ADP (it supplies ADP's Talent Suite), so this announcement appears on the surface to be one focused on co-marketing and filling in missing product gaps in both firm's Suites.

Cornerstone is one of the fastest growing talent suite providers and it has shown that it can leverage partnerships to drive growth. Additionally, Cornerstone isn't offering core HCM capabilities and this partnership gives them more weapons to compete against others such as Oracle, SuccessFactors and SAP.

Workday now has multiple partners to round out its offerings, particularly for Learning. This will allow both providers to compete more effectively with those that already offer both HCM and Talent applications such as ADP, Oracle, and Success Factors, and others.

We also wonder if this relationship will be secondary to the one that Cornerstone has with ADP, but that is more of a white label arrangement, while this one appears to be more direct between the two companies.

This trend toward a new Über Suite (combination of HCM and Talent Management) will most likely gain traction with customers by 2014, but right now given the focus on talent pipeline and talent development (aka learning), ripping out Core HCM is not seen as a high priority in many large enterprises.

Given Cornerstone's fast growth over the last few years and its recent successful IPO, we wonder how long it will be before it acquires a Cloud based HCM provider. Planning Assumption: By year-end 2014, Cornerstone OnDemand will acquire a cloud based HCM provider.

Finally, as more Talent and HCM providers discover the stickiness of Learning applications in the enterprise, it will put pressure on the remaining HCM providers that currently do not have Learning as part of their Suite.

Aragon Advisory: Workday and Cornerstone OnDemand customers should ask for specifics on the cloud-to-cloud integration that was announced, including what the services fees are to enable this integration.

Enterprises should evaluate both Workday's and Cornerstone's respective offerings, in the

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context of their current HCM and Talent Suite deployments.

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