

Aragon Research

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Topic: Social HCM

Issue: How will social HCM technologies evolve?

Workday Adds Recruiting; Closes In On Talent Management

Summary: *Workday's announcement of its new recruiting module is a positive move, but it still needs to add adjacencies such as learning to its suite.*

Event: On May 6 2014, Workday announced its new Workday Recruiting module in its cloud-based suite of HR applications. The company did not disclose pricing for the new module, which is sold as an add-on to Workday HCM and is not available as a stand-alone offering.

Analysis

While Workday already has some in-house recruiting capabilities, it often takes years to mature a recruiting offering. The market is moving away from pure applicant tracking systems (ATSs) to offerings that include social and video recruiting. The recruiting landscape has been disrupted by an influx of social and video. Large and small businesses use Skype video for executive level interviews. Increasingly, strategic hiring departments are using dedicated video recruiting platforms that integrate into HCM and talent management systems. More importantly, recruiting is a process along the employee lifecycle and continuum that needs to be unified at a deeper level in an overall HCM suite. This acquisition moves Workday closer to that unity.

Social Recruiting

Many vendors have added links to LinkedIn as a basic function, and we believe this needs to go further. IBM, Oracle, PeopleFluent and Saba

have full social collaboration capabilities that allow people to discuss candidates, not just import a resume from LinkedIn. Identified's search capabilities will enhance candidate sourcing across multiple social networks, such as Facebook, LinkedIn and Google.

Workday Recruiting is also built into the Workday HCM suite. The recruiting application is supported on mobile devices and provides collaborative workspaces for those involved in the hiring and recruiting process. Workday says that 70 customers have already selected Workday Recruiting. Workday will have to consistently execute to allow an accurate measurement of adoption with production customers.

Workday has strong traction in the market, but has focused primarily on disrupting on-premises HCM providers such as Oracle and SAP. With its move into talent management, Workday still does not have a complete social HCM suite, but relies on partners to deliver a complete talent suite. While Workday partners, however, the market is moving fast, and other vendors like PeopleFluent and Saba are adding adjacencies more organically.

Learning: Still the Sticky App

Workday still lacks a learning module, and it needs to move faster to fill this void. Thus far, this absence has been counterbalanced by Workday's other enhancements to its HCM suite, including this acquisition and the rapid expansion of its cloud-based payroll offering. However, learning is a central capability that is integral at all points along the employee continuum. From recruiting to onboarding and after, learning is a key asset. Facilitating learning

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and tying it to the development of individuals is crucial for employee engagement and accurate performance reviews.

Aragon predicts that by YE 2015, Workday will acquire a learning provider, such as CSOD, Meridian, Mzinga, NetDimensions or Saba. Mature LMS providers have taken up to 10 years to mature their offerings. Workday cannot wait.

Video Recruiting

Moreover, we believe that video recruiting represents a new way of engaging candidates throughout the recruiting process (see Research Note 2014-01, [The Aragon Research Globe For Video Recruiting: The Race To Find Talent](#)). This is an emerging video enabled business application (VEBA) that signals the pervasive video era we are in. The ability to support this on mobile devices has reduced the barrier to entry for many providers in this emerging space.

We believe HCM and talent management vendors will begin to add this capability as a feature, which will further consolidate this market. PeopleFluent and Saba have already done so and we expect others to follow. Workday currently integrates with HireVue for this capability. However, the company should investigate adding this recruiting feature to round out its own portfolio.

Aragon Advisory

- Existing Workday customers should look at the new Recruiting application since it is unified with their HCM suite.
- Non-Workday customers should look at the full gamut of social HCM providers. In some cases, other providers may have a more complete social HCM suite than Workday.
- Enterprise planners responsible for HR technology investments should look strategically at HCM suites to ensure they support end-to-end functionality across the portfolio.

Bottom Line

This recruiting move by Workday is another sign of a consolidating market that will see specialist vendor solutions becoming features in larger suites. Think of HCM as a continuum of activities that tie together to support the employee lifecycle. Stay away from investments in point solutions that require too much integration work in current infrastructure. Enterprises should look for suites that engage associates and do not simply replace on-premises offerings.