Topic: Learning and Talent Management

Issue: Who are the Learning and Talent Management providers and how will they compete?

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IBM and SAP Integrated Talent Management Offerings Will Disrupt the HCM Market

Summary: On May 5, 2015, IBM and SAP jointly announced a partnership that will integrate their Talent Management suites, starting with two new cloud-based connectors.

Event: IBM and SAP made a joint announcement via press release and at SAP's Sapphire event in Orlando.

Analysis

By integrating elements of their respective Talent Management and core HCM offerings, IBM and SAP just made product selection easier for current and new customers. They also sent a message to the entire HCM market that the days of stand-alone Talent Management and core HR suites are on the way out.

Up until now, enterprises were mainly forced to select a one-size-fits-all suite when it came to Talent Management and core HR applications. While other vendors have partnership programs, they are often one-sided, controlled by the prime vendor. In this new era of multi-vendor integrated suites, the customer is the winner.

Cloud-to-Cloud Integration Is the New Way

IBM and SAP have been partners in many other areas for years; they announced an expansion of their cloud partnership in October of 2014. This announcement is important because until now, most Talent Management vendors have pursued a go-it-alone strategy.

On top of that, due to the need for cloud-based applications to work together, the new era of enterprise computing will be about integration and cooperation between software providers, not just about how a vendor's offering works in isolation. This is the way cloud ecosystems are evolving.

Recruiting and HCM

One connector will integrate SuccessFactors' Employee Central directly with IBM's market-leading Kenexa Talent Acquisition Suite. Combined with the Learning connector, this will make a compelling argument for a multi-vendor integrated offering.

Learning Just Got Easier

The other connector will link SuccessFactors' LMS-focused Learning Solution with IBM's industry-leading Kenexa Learning Content Management Solution (LCMS). This is a win for customers of both firms. More importantly, we think it will provide an incentive for enterprises running an older LMS to migrate. In Learning in particular, this combination will make others rethink their approach.

Other Markets Begin to Integrate

This partnership is a first in HCM, but it follows similar moves in other markets, such as Unified Communication and Collaboration (UCC), which has started to allow better integration between Video Conferencing solutions. This move by IBM and SAP is significant because to date, there has been more of a winner-take-all approach in the Talent Management suite wars.

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Because so many Talent Management suites have weaknesses in some individual modules, disappointed buyers have delayed decisions to replace aging Talent Management applications.

The Impact on the HCM Market

This move by IBM and SAP will have a profound and permanent impact on the HCM market, forcing others to open up their architectures and offer more multi-vendor integrations.

Major HCM and Talent Management providers, such as Cornerstone OnDemand, Infor, Oracle, Peoplefluent, Workday and others, will need to rethink their approach.

Salesforce is working hard to build a cloud-based HCM ecosystem, but it is still a work in progress. Salesforce is not currently considered a major player in Human Capital Management.

Phase 2: How This Will Be Used

HR organizations will benefit from these larger-scale integrations by having vastly more data to draw on in planning and making decisions. First, within the HCM domain, they can, for example, optimize learning solutions to solve specific staff development, workforce balance and career planning needs by drawing on a wider range of skill-testing and learning content resources from multiple venues.

As "multi-vendor" becomes "multi-domain," HR can draw upon an even wider universe of data from social networks, CRM reports, predictive analytics, collaboration tools and other sources to anticipate hiring outcomes and workforce trends with an accuracy beyond anything now possible.

Aragon Advisory

- Enterprises need to look at the HCM market differently due to this new open approach to multi-vendor integrated suites, and reset their vendor evaluation requirements.

- Enterprises should ask their incumbent or new Talent Management suite vendors about their plans to integrate with other providers.

- Enterprises that have delayed replacing legacy Learning or other Talent Management core HR applications should evaluate replacing them.

Bottom Line

The new partnership between IBM and SAP just changed the HCM market. It will force others to open up their architectures and overall this is a win for buyers. Enterprises should ask existing providers for specific roadmap plans for cloud-based integrations with other providers.

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