



# THE FUTURE IS NOW

## for talent management technologies

Source: HR Magazine

The worldwide market for talent management technologies is thriving. A number of factors are fueling the exponential growth: a dynamic geo-economic climate that increases focus on the workforce; a changing global labor market; and the need for organizations to transform their workforce and build a climate and culture of performance and innovation.

The impact of organizational brain drain and the fear of a global talent shortage due to an increasingly aging workforce have caused companies to focus on finding, developing and retaining superior, talented employees. That makes talent management technologies must-haves for organizations

committed to developing a competitive human capital advantage. Demand for talent management solutions is pervasive throughout North America, Europe and Asia, where interest is high and adoption is brisk.

The talent management market includes HR process functionality for recruitment, performance, compensation, succession planning, learning and other capabilities around self-service, analytics and reporting. Many vendors have pursued a suite approach in an effort to leverage the data and intelligence across the various modular capabilities while others have chosen to go deep in distinct modular functionality.

Yankee Group forecasts the growth of talent management technologies will nearly double by 2009 and will exceed US\$4.0 billion, a compound annual growth rate (CAGR) of more than 26 percent in the next four years. Based on the heavy influence of the on-demand, software-as-a-service subscription model, many organizations are attracted toward talent management solutions based on low upfront costs, limited deployment risks, and predictable pricing model. Yankee Group estimates over 2,300 companies worldwide adopted some form of talent management technology in 2005. Of those companies, approximately 65 percent of those companies deployed their talent management solution in an on-demand model. ▶

North America and Europe account for the majority of investment in talent management. Recruitment and learning categories will fuel growth in Europe because of an increasing talent shortage and focus on training and career development. North America and Europe will continue to lead spending in talent management; Asia-Pacific also will invest and spend more between 2006 and 2009.

Yankee Group attributes strong market demand in talent management to the following factors:

- Increased focus on retaining talent:** High performing employees are always in demand. More than 40 percent of HR managers surveyed in a recent Society for Human Resource Management (SHRM) study said turnover has increased in the past 12 months; 55 percent expect workforce retention to be a high or very high challenge for their firms in the next five years. Companies are finally starting to align pay with performance for non-sales functions to encourage high performance. Good recruiting organizations focus equally on internal candidates and external candidates. Companies have placed additional focus on building value and quality within the recruitment function. HR leaders are gaining more influence over organizational direction and value.
- Continued convergence of organizational expertise for strategic HR processes:** Recruitment, compensation, performance and learning have been disparate HR (and even non-HR) functions with distinct and unrelated business outcomes. The ability to share intelligence between

HR processes and minimize data redundancy is the incentive many companies need to pursue integrated talent management strategies. Organizations recognize the value of well-integrated HR processes such as learning, performance and succession management and are committing centralized resources to ensure planning and success.

- Renewed focus on acquiring and managing talent:** CEOs and HR executives are recommitting to talent management. Leading companies are deploying resources and capital to talent and career development programs, including succession planning and management.

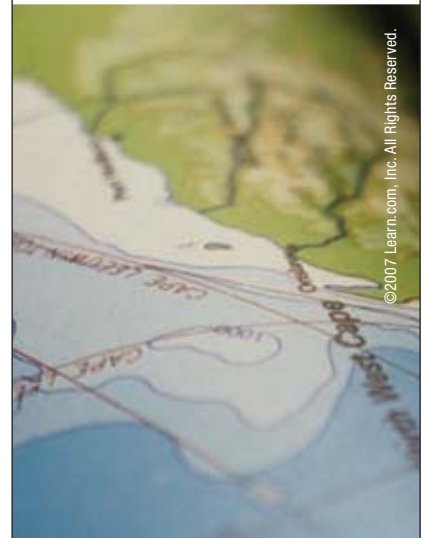
### How global companies are changing

Corporations around the world are in the process of deploying the next generation of enterprise technology. It is not a trivial transition. Enhanced functionality, dynamic global influences and requirements, new solution delivery models and an infrastructure shift to services-based architectures are changing the way companies upgrade and adopt new technology solutions. ▶

Today's available talent management solutions can not only support the changing dynamics of your workforce, but **help plan for the future in building both a high caliber workforce and performance-based culture.**

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### The success of the talent management market rests on:

- **Integrated functionality and usability:** Many vendors have invested heavily in the usability and integrated functionality of their solutions. The ability to seamlessly integrate data and streamline navigation and use enhances the user experience and encourages increased use of the solutions. A single data model technology infrastructure is ideal to maximize performance and simplify application management.
- **Dynamic influences in shaping the global workforce:** Companies are being forced to adjust to ever-changing global regulatory and compliance issues that outline how companies can find, recruit and manage their workforces. In addition to automating HR processes, companies are now focusing internally to build a performance-based culture centered on metrics-based business outcomes and driving additional value of the company by adapting and improving the way they manage their global workforce.

- **Rapid acceptance of the on-demand model:** The majority of most vendors' revenue comes from an annuity-based hosted delivery mode. Indeed, many recognize 100 percent of their revenue from their on-demand solutions. The general acceptance of the on-demand model owes much to its proven success within other enterprise application categories such as CRM. In addition, the diminished impact of security issues has helped build the on-demand model.
- **Demand for service and support excellence:** Service and support distinction has surpassed security issues as the key concern for those adopting talent management applications. Although security issues are still prevalent, especially if IT is involved in the decision-making process, key stakeholders in the vendor selection process have shifted their focus toward ongoing service and support issues as their key areas of interest. Many vendors continue to develop support options that meet the needs of their customers and have become very sophisticated in the tools and techniques used to measure service-level performance.

- **Multinational capabilities:** Global enterprises are demanding multi-language capabilities and in-country domain expertise to support the ever-changing international laws. A changing global landscape and an increasing assortment of compliance issues require vendors to maintain a strong international presence.

The time is now to leverage talent management technologies. Today's available talent management solutions can not only support the changing dynamics of your workforce, but help plan for the future in building both a high caliber workforce and performance-based culture.

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