

People first: Cloud HRM and talent management

Summary: *60 years on from the first computerized payroll systems, today's cloud applications for managing the workforce aim to be as good with people as they are with numbers.*

By Phil Wainewright for [Software as Services](#) | March 19, 2013 -- 17:08 GMT (10:08 PDT)

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In 1951, the world's first business computer was switched on (<http://www.telegraph.co.uk/technology/news/8879727/How-a-chain-of-tea-shops-kickstarted-the-computer-age.html>) at the London headquarters of J Lyons & Co, a food and catering giant that, with its chain of popular tea shops, had been the Starbucks of wartime Britain. Named LEO (for Lyons Electronic Office), its main role was processing payroll and inventory. Around the same time in the US, ADP started processing payroll as a service — [initially using adding machines](http://www.zdnet.com/more-than-software-as-a-service-700007654/) (<http://www.zdnet.com/more-than-software-as-a-service-700007654/>), and by the turn of the decade on an IBM mainframe.

With a pedigree stretching back more than half a century, paying staff is thus among the earliest of business computing applications, and the first to be delivered as a service. Those early computers got the job because they excelled at number-crunching, and as the applications evolved, the transactional aspect of human resources management (HRM) remained at the core, delivering functionality such as time and attendance, benefits administration, applicant tracking, and performance management.

Good with people, too

The advent of the cloud in the past decade has coincided with a new wave of applications based on computing that's powerful enough to be good with people too, not just numbers. Changing terminology over the years reflects the shift of focus beyond transactions to better serve the people they relate to.

Starting out as nameless human resources, the advent of talent management recognized employees as individuals (or at least as human capital) to be nurtured and developed. The latest generation of cloud applications, many accessed via personal devices, puts those individuals in charge of their own destiny, providing tools for purposeful teamwork, goal alignment, and career self-management (with or without the involvement of an employer).

Putting people first

This overview of today's leading cloud HRM and talent management vendors is the fourth in my series of blog posts setting out a cloud perspective on the old, established categories of enterprise software. Previous posts looked at [what replaces ERP](http://www.zdnet.com/erp-rip-cloud-financials-and-revenue-management-in-2013-7000009376/) (<http://www.zdnet.com/erp-rip-cloud-financials-and-revenue-management-in-2013-7000009376/>), the [redefinition of CRM](http://www.zdnet.com/son-of-crm-cloud-sales-marketing-and-service-in-2013-7000009729/) (<http://www.zdnet.com/son-of-crm-cloud-sales-marketing-and-service-in-2013-7000009729/>), and the [fast-changing landscape of collaboration, social and docs](http://www.zdnet.com/all-together-now-cloud-collaboration-social-and-docs-7000011491/) (<http://www.zdnet.com/all-together-now-cloud-collaboration-social-and-docs-7000011491/>). As the cloud begins to transform the nature of work, the latest HRM and talent management applications put people first, blending as they do so into adjacent application areas such as collaboration, identity management, and spend management.

For [reasons that will be familiar](http://www.zdnet.com/blog/saas/taking-false-cloud-comfort-from-multi-tenancy/1530) (<http://www.zdnet.com/blog/saas/taking-false-cloud-comfort-from-multi-tenancy/1530>) to regular readers, I aim to take a strictly cloud-only stance in these reviews, excluding hosted versions of on-premises software. I'm relaxing that line a little this time, as there has been so much fudging of the line by many vendors in this space. Since the focus is on the enterprise market, I will mention few if any SMB solutions. Bearing in mind those exceptions, if you still feel I've missed out any important players or points, please use Talkback below to add your feedback.

As a matter of disclosure, I must add that some of these vendors, including Workday, Salesforce.com, and SAP, are past or present consulting clients and often fund my travel to attend their events. Others brief me over lunch or dinner from time to time, and several work with me in the [EuroCloud industry association](http://www.eurocloud.org.uk/) (<http://www.eurocloud.org.uk/>) . While they all know not to expect any favors from me in my independent writing, a closer relationship sometimes means I'm more aware of their business than those of other vendors I speak to less frequently.

This is necessarily a sampling rather than a comprehensive one. For more detailed analysis of the topic, I heartily recommend fellow Enterprise Irregulars [Naomi Bloom](http://infullbloom.us/) (<http://infullbloom.us/>) and [Thomas Otter](http://theotherthomasotter.wordpress.com/) (<http://theotherthomasotter.wordpress.com/>) . Brian Sommer's [year-end review](http://www.zdnet.com/the-life-and-times-of-hr-application-software-2012-in-review-7000008724/) (<http://www.zdnet.com/the-life-and-times-of-hr-application-software-2012-in-review-7000008724/>) is also a useful resource, while a larger (though not always overlapping) vendor list can be found in ZDNet writer Charles McLellan's recent [overview of SaaS vendors](http://www.zdnet.com/saas-pros-cons-and-leading-vendors_p2-7000011500/) (http://www.zdnet.com/saas-pros-cons-and-leading-vendors_p2-7000011500/) .

Workday

If you had wanted to reinvent HRM for the cloud, you might well have picked as your dream team the co-founders of Peoplesoft, the leading enterprise HRM platform of the client-server age. With Dave Duffield and Aneel Bhusri at the helm, that's exactly what [Workday](http://www.workday.com/) (<http://www.workday.com/>) has done. Launched in 2006, it explicitly targeted larger enterprises right from the start, openly challenging SAP and Oracle on their home turf, and has played a leading role in proving the cloud's suitability for core enterprise applications, [winning customers](http://www.zdnet.com/a-snapshot-of-enterprise-cloud-adopters-at-workday-rising-7000007209/) (<http://www.zdnet.com/a-snapshot-of-enterprise-cloud-adopters-at-workday-rising-7000007209/>) such as Aviva, HP, and Flextronics. [Updated 15:20 PDT: an earlier version incorrectly cited UPS as a customer].

Its cloud-aided ability to keep pace with emerging technology trends such as mobile, social/collaboration, and big data is helping Workday grow fast at the expense of conventional HRM vendors. In one recent win at City of Orlando, [rival vendors were miffed to lose out](http://articles.orlandosentinel.com/2012-12-19/news/os-orlando-software-contract-20121219_1_software-erp-bids) (http://articles.orlandosentinel.com/2012-12-19/news/os-orlando-software-contract-20121219_1_software-erp-bids) in an accelerated buying process that not only saved Orlando the estimated \$500,000 of a traditional RFP process, but also saw Workday's annual subscription come in at a lower price than the ongoing maintenance cost of the ageing JD Edwards system it replaces.

The one drawback of reinventing an existing application category is that it can make you slow to recognise new approaches that may subvert the very category you're focused on. Workday recovered quickly from an early failure to embrace social collaboration, but it could still miss out on emerging trends in a sector where some of the most striking innovation is taking place on the periphery of HRM in recruitment, performance management, and goal alignment. For the moment, though, it has plenty of potential growth ahead of it simply by offering established enterprises a proven cloud alternative to their legacy on-premises systems.

SAP/Successfactors

SAP's [purchase of Successfactors](http://www.zdnet.com/blog/saas/can-it-be-third-time-lucky-for-sap/1459) (<http://www.zdnet.com/blog/saas/can-it-be-third-time-lucky-for-sap/1459>) just over a year ago was not its first entry into cloud people management but certainly staked out its determination to be a leading player. [SAP](http://www54.sap.com/lob/hr/software/overview/highlights.html) (<http://www54.sap.com/lob/hr/software/overview/highlights.html>) 's approach is to keep transactional HRM on-premises while delivering newer talent management capabilities, social functionality and mobile applications from the cloud. In the wake of the acquisition, [it has been struggling to make it all work](http://www.zdnet.com/saps-2012-earnings-mask-challenges-7000010204/) (<http://www.zdnet.com/saps-2012-earnings-mask-challenges-7000010204/>) but it's a strategy that clearly makes sense to its installed base, where hybrid cloud/on-premises infrastructures will remain the default configuration for many years to come. One partner that's familiar with this struggle is Northgate Arinso, which has built its [euHReka](http://www.ngahr.com/euhreka) (<http://www.ngahr.com/euhreka>) SaaS offering on a partially multi-tenant implementation of SAP HRM to deliver BPO-type services to its clients.

Oracle/Taleo

[Oracle](http://www.oracle.com/us/products/applications/human-capital-management/overview/index.htm) (<http://www.oracle.com/us/products/applications/human-capital-management/overview/index.htm>) bought its entry to the cloud people applications space one year ago with its [acquisition of Taleo](http://www.zdnet.com/blog/btl/oracle-buys-taleo) (<http://www.zdnet.com/blog/btl/oracle-buys-taleo>-

[for-1-9-billion-saas-consolidation-ramps/69072](#)) . Many observers cited Taleo as the leading cloud talent management vendor, but some cast doubt on its architecture, which had much in common with Oracle's own hybrid take on multi-tenancy. That adds synergy to the acquisition, but perhaps makes it more interesting for Oracle's existing customers than for brand new prospects, who may prefer a more unalloyed SaaS platform.

Cornerstone

The acquisitions of Successfactors, Taleo, and Kenexa left [Cornerstone OnDemand](http://www.cornerstoneondemand.com/) (<http://www.zdnet.com/cornerstone-ondemand-staying-independent-has-its-perks-7000011252/>) . The company has been growing solidly in the wake of its [2011 IPO](http://www.bloomberg.com/news/2011-03-16/cornerstone-ondemand-raises-137-million-pricing-ipo-above-range.html) (<http://www.bloomberg.com/news/2011-03-16/cornerstone-ondemand-raises-137-million-pricing-ipo-above-range.html>) and subsequent acquisition of [Sonar6](http://www.zdnet.com/blog/sommer/cornerstone-and-sonar6-a-really-good-deal/1133) (<http://www.zdnet.com/blog/sommer/cornerstone-and-sonar6-a-really-good-deal/1133>) . Close relationships with other leading cloud application vendors such as Salesforce and Workday also help it hold its own against the competition.

Other HRM and talent

I'll quickly review some other notable names in a sector that remains fragmented, despite consolidation in recent years. Many have taken a long journey to transition their offerings from an on-premises legacy to re-architect for the cloud. Among the most determined in this respect are [Ultimate Software](http://www.ultimatesoftware.com/) (<http://www.ultimatesoftware.com/>) , with a long track record of delivering from the cloud albeit originally in a hybrid model; learning management vendor [Saba](http://www.saba.com/) (<http://www.saba.com/>) and European vendors [Lumesse](http://www.lumesse.com/) (<http://www.lumesse.com/>) (formerly Stepstone Solutions) and [TalentSoft](http://www.talentsoft.com/) (<http://www.talentsoft.com/>) . Others have fallen prey to acquisition, such as [Kenexa](http://kenexa.com/) (<http://kenexa.com/>) , acquired by IBM. [Peoplefluent](http://www.peoplefluent.com/) (<http://www.peoplefluent.com/>) is the result of the merger of talent management vendors Peopleclick and Authoria, the latter having been one of the larger single-tenant SaaS players (<http://www.zdnet.com/blog/saas/my-saas-deployment-is-bigger-than-yours/319>) . Finally, [Silkroad](http://www.silkroad.com/) (<http://www.silkroad.com/>) makes play of itself as a social HR vendor.

Payroll

Although still known best for its payroll services, [ADP](http://www.adp.com/) (<http://www.adp.com/>) has expanded its SaaS footprint into other functions both organically and by acquisition. One of the earliest leading SaaS vendors was benefits administration provider Employease, which ADP [acquired in 2006](http://www.zdnet.com/blog/saas/adp-buys-employease-on-demand-completes-the-circle/202) (<http://www.zdnet.com/blog/saas/adp-buys-employease-on-demand-completes-the-circle/202>) . Another acquisition was SaaS talent management vendor [VirtualEdge](http://www.zdnet.com/blog/saas/adp-buys-virtualedge-kenexa-nabs-brassring/230) (<http://www.zdnet.com/blog/saas/adp-buys-virtualedge-kenexa-nabs-brassring/230>) . ADP keeps a low media profile but its market presence cannot be ignored.

[CloudPay](http://www.cloudpay.net/) (<http://www.cloudpay.net/>) (formerly Patersons) has built a substantial business by addressing the surprisingly knotty challenges of global payroll management from the cloud. It raised a [\\$16 million venture round](http://www.cloudpay.net/press/cloudpay-raises-16-million-in-series-b-funding/) (<http://www.cloudpay.net/press/cloudpay-raises-16-million-in-series-b-funding/>) in December, bringing its total funding to a significant \$50 million. At the other end of the market, Intuit's [acquisition of PayCycle in 2009](http://www.zdnet.com/blog/btl/intuit-picks-up-paycycle-for-170-million/19094) (<http://www.zdnet.com/blog/btl/intuit-picks-up-paycycle-for-170-million/19094>) filled out its cloud offerings to SMBs. An interesting newcomer that could do well is [ZenPayroll](https://zenpayroll.com/) (<https://zenpayroll.com/>) .

Recruitment

The advent of the web completely changed the way job seekers and recruiters interact with each other. Now social is adding further twists. There's more to come, as the scope for automatically matching up skills and availability will lead to increased workforce fluidity through contract working and crowd sourcing — blurring the boundary between recruitment and procurement (more on that in my next posting in this series).

Today's cloud recruitment innovators include social recruiting platform [Jobvite](http://www.jobvite.com/) (<http://www.jobvite.com/>) and a number of related services such as digital interview platform [HireVue](http://hirevue.com/) (<http://hirevue.com/>) and candidate screening services [HireRight](http://www.hireright.com/) (<http://www.hireright.com/>) and [SHL](http://www.shl.com/) (<http://www.shl.com/>) . A newer startup taking a mobile-first approach is [iMomentous](http://www.imomentous.com/) (<http://www.imomentous.com/>) .

[LinkedIn](http://www.zdnet.com/story/create/linkedin.com/) (<http://www.zdnet.com/story/create/linkedin.com/>) is a growing force in recruitment, already generating around half a billion dollars in revenue from this source, and a potential threat to other players such as [Careerbuilder](http://www.careerbuilder.com/) (<http://www.careerbuilder.com/>) and [Monster.com](http://www.monster.com) (<http://www.monster.com>) . In the SMB space, [SmartRecruiters](https://www.smartrecruiters.com/) (<https://www.smartrecruiters.com/>) is [one to watch](http://www.zdnet.com/smartrecruiters-updates-social-hiring-platform-7000004068/) (<http://www.zdnet.com/smartrecruiters-updates-social-hiring-platform-7000004068/>) . An interesting use of social and online analytics to identify when candidates are looking to move job has been pioneered by [Entelo](http://www.entelo.com/) (<http://www.entelo.com/>) . Developments here reflect the growing potential for individuals to manage their own career progression, which could yet have repercussions in the evolution of recruitment and performance management applications.

Performance

Employee performance management and goal alignment is an integral part of most talent management suites. It's nevertheless worth calling out as a separate category, not only to cite several stand-alone apps, but also because it's an area where there's fair bit of innovation taking place using functions that are new to the enterprise, such as social networking and gamification. Increasingly sophisticated analytics are also contributing new capabilities.

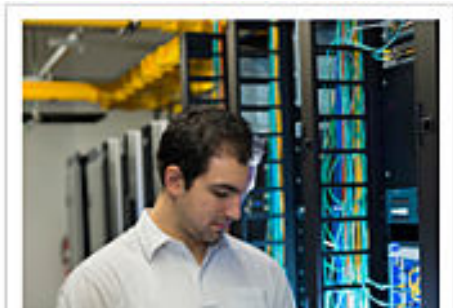
The stand-alones in this category include established sales performance management vendors such as [Callidus](http://www.calliduscloud.com/) (<http://www.calliduscloud.com/>) and [Xactly](http://www.xactlycorp.com/) (<http://www.xactlycorp.com/>) . A recent newcomer is [Work.com](http://work.com/) (<http://work.com/>) , the result of Salesforce's [acquisition of Rypple](http://www.zdnet.com/blog/btl/salesforce-makes-an-hr-splash-buys-rypple/65564) (<http://www.zdnet.com/blog/btl/salesforce-makes-an-hr-splash-buys-rypple/65564>) , which incorporates a heavy dose of social recognition into goal management. Gamification is at an early stage of evolution, but two notable players are [Bunchball](http://www.bunchball.com/) (<http://www.bunchball.com/>) and [Badgeville](http://badgeville.com/) (<http://badgeville.com/>) . At the leading edge of establishing how to motivate and reward the people that make a business tick, these emerging capabilities are a very long way from those early days of simply working out how much to put in the weekly paycheck.

Topics: [Cloud](#), [Enterprise Software](#)



About Phil Wainewright

Since 1998, Phil Wainewright has been a thought leader in cloud computing as a blogger, analyst and consultant.



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