

SumTotal Aims to Lead Talent Management Market With MindSolve

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By acquiring MindSolve, SumTotal Systems gains a strong talent management offering, including e-learning, employee performance management, succession management and compensation management applications.

News Analysis

Event

On 14 November 2006, SumTotal Systems, a provider of talent and learning solutions, announced that it had acquired the privately held MindSolve Technologies, which focuses on performance management software, in a cash and stock deal for approximately \$12 million.

Analysis

MindSolve's capabilities offer a good fit for SumTotal. MindSolve offers a very strong employee performance management solution, along with succession management and compensation management offerings. However, most of MindSolve's customers use only its employee performance management solution. This is not a significant issue because most of SumTotal's e-learning customers will probably look at employee performance management as a first step into a broader suite. MindSolve represents a good technology fit for SumTotal, because both vendors leverage the Microsoft .NET architecture.

SumTotal is a leading vendor in the e-learning market. Its strategy for assembling a broader set of talent management applications had included a partnership with SuccessFactors, which provides performance management applications. Together, SumTotal and SuccessFactors have had some success selling an integrated e-learning and employee performance management solution. SumTotal will continue to work with SuccessFactors and other providers to integrate their solutions with SumTotal's e-learning solution. In addition, SumTotal will continue to support customers who bought the integrated SuccessFactors solution. However, SumTotal acquired MindSolve because there was still a large opportunity available for an integrated talent management application suite.

SumTotal's acquisition of MindSolve is further evidence of vendors trying to gain a leadership position in the emerging talent management application suite market. Employee performance

management is the linchpin of the suite. However, less than 10% of potential customers have purchased employee performance management solutions. SumTotal realized that it could not truly be a contender in the broader suite market without having its own solution. Authoria, Halogen, Softscape and SuccessFactors have established strong initial positions. But e-learning vendors such as Cornerstone OnDemand, Plateau, Saba and now SumTotal will present a strong challenge, as will Kenexa, Vurv and ultimately Taleo from the e-recruitment market.

Recommendations

- **MindSolve customers:** Continue investments and consider SumTotal for your e-learning needs. Expect some isolated issues during transition with sales and customer support. Any interruption in short-term product strategy is unlikely, but push SumTotal to provide a detailed road map for longer-term product plans.
- **SumTotal customers and prospects:** Consider MindSolve if your organization requires a broader, integrated talent management application suite.

Recommended Reading

- "Magic Quadrant for E-Learning Suites, 2006" — Market and product consolidation is expected to continue through 2008, although there are no products in the market that "do it all." **By Waldir Arevolo and Lou Latham**
- "MarketScope for Employee Performance Management Software, 2005" — Employee performance management and its integration with other talent management applications are key to gaining business value. **By James Holincheck**

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