

Taleo-Vurv Deal Part of Talent Management Market Consolidation

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Taleo's planned acquisition of Vurv Technology will strengthen its leadership in the e-recruitment market, but will not have a short-term impact on its position in the broader talent management software market.

News Analysis

Event

On 6 May 2008, Taleo announced that it had signed a definitive agreement to acquire Vurv Technology for \$128.8 million in cash and stock. Taleo expects the acquisition to close by the end of June 2008. Both Taleo and Vurv focus on talent management application software.

Analysis

Taleo and Vurv both offer solutions for e-recruitment, employee performance management (EPM) and succession management. Vurv also offers compensation management, transition management (offboarding), and an EPM solution targeted at the small and midsize business market — none of which are included in Taleo's current portfolio. In addition, Vurv brings an extensive competency library and associated content that can be integrated into Taleo solutions. Taleo plans to incorporate the best of the Vurv intellectual property and product line into Taleo's Talent Management Platform. Taleo has indicated that Vurv customers will be able to migrate at an appropriate time frame, based on their business requirements. Taleo customers will continue on the Taleo Platform and be able to take advantage of these enhancements through the normal Taleo upgrade process.

Taleo's agreement to acquire Vurv is another example of consolidation within the broader talent management application market. Through this acquisition, Taleo seeks to:

- Grow its customer base and achieve economies of scale. The two vendors have very little customer overlap. The combined company will include close to 1,000 employees and 3,400 customers.

- Strengthen its international presence, as Vurv has double Taleo's European field presence (neither vendor earns more than 20% of its revenue outside the U.S., but both have been growing at more than 50% per annum in Europe).
- Remove a key competitor in the e-recruitment market. However, the acquisition will not enhance Taleo's immediate market position beyond e-recruitment, as Vurv has struggled to gain traction with its own solutions and Taleo's offerings are new.

Recommendations

- **Taleo customers:** Continue with your current plans, as this deal is unlikely to affect you.
- **Vurv customers:** In the short term, expect Taleo to continue to support current products. Starting in 2009 and through 2011, plan for a move to the enhanced product based on the Taleo platform. Once the acquisition is completed, push for a road map that helps identify the migration path to the enhanced solution.
- **Prospective Vurv customers:** Once the acquisition is completed, evaluate Taleo or alternatives.

Recommended Reading

- "Talent Management Application Suites Can Enhance Workforce Effectiveness" — After implementing an integrated set of administrative human capital management applications, larger companies are turning their attention to strategic talent management applications. **By James Holincheck**
- "The Pace of Consolidation Accelerates in the E-Recruitment Software Market" — Large vendors that have not had a presence in the talent management application market are now buying their way in through increasing mergers and acquisitions. **By James Holincheck**

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