

# Kenexa's Technology Strategy

**K**enexa's corporate vision is to help the K2500<sup>1</sup> maximize business success through HR. Kenexa believes that when people are in jobs that fit their knowledge, skills and attributes, and are given an opportunity to learn and develop their careers in an environment of accountability, they become the competitive factor that enables organizations to outperform their competitors in the global marketplace (see Figure 1). In order to realize this vision, Kenexa is following a business strategy to develop and deploy a wide variety of products and services in a cohesive manner that supports the concept of Integrated Talent Management (ITM). In turn, this business strategy drives a number of operational strategies, including applied human sciences, market, sourcing and technology, Kenexa offerings and operational capabilities. These strategies are continually monitored, aligned and adjusted from a process and system perspective based on feedback from customers, competitors and market innovations. The ultimate expression of this process is a series of tactical initiatives around technology architecture, product development and fostering innovation within the organization. This white paper will describe the main principles that drive Kenexa's technology strategy and outline the strategy's major elements.

## Principle 1: Kenexa's ITM Framework

One of the main principles driving the success factors of market growth in the next decade will be to deliver a cohesive solution rather than a fragmented set of products. The ITM Framework (see Figure 2) articulates the need for organizations to increase the efficiency and effectiveness of their employees by taking a proactive, strategic approach that includes the following major steps.

### Philosophy

Successful Integrated Talent Management is about more than just technology enablement and process optimization; it is first and foremost a philosophy that should permeate and connect the entire

employee lifecycle. Each organization has a unique approach to how it thinks about selecting and growing talent. Kenexa encourages organizations to think about their talent management activities in a holistic manner, and to review current practices against the latest practices, technologies and solutions for building, maintaining and growing talent. Because the change to an ITM approach usually requires substantial effort across the organization, leaders must consciously embrace the change in philosophy and mindset to increase the likelihood of successful adoption.

### Strategy

Upon distilling the desired philosophy, organizations should next craft a strategy for deploying ITM in their enterprise, a plan that links directly to business goals and outcomes. This strategy should incorporate an understanding of critical business metrics, demographic and cultural variations by geography and location, the key job families that disproportionately impact organizational results, and the characteristics of top performers in key jobs.

### Science

Underlying the selection and deployment of human capital management processes and solutions is a broad set of individual and organizational applied human sciences. A true Kenexa differentiator is its provision to customers of applied human scientists as well as the embedding of their expertise in solutions. In order to optimize their human capital, Kenexa recommends that organizations apply proven solutions leveraging the principles of individual and organizational psychology to understand and manage the drivers and inhibitors of top performance.

### Process

Building on the first three steps, organizations can select and leverage relevant leading practices and adapt them to accommodate their unique requirements, with the goal of breaking down functional silos and taking full advantage of content and

<sup>1</sup> Kenexa refers to the 2500 largest global organizations as the K2500.



information ‘leverage points’ that link HR processes into a seamless whole. All ITM processes must enable strategy execution and action planning to continuously improve outcomes.

### Technology

This step involves determining the right mix of software applications and services to support the final set of ITM processes (either new or redesigned). Solutions range from on-premise applications through Software as a Service (SaaS) deployments, based on customer requirements.

Ongoing measurement is critical to the success of the ITM framework. Another great example of Kenexa’s ability to combine science and measurement involves the administration and analysis of engagement surveys. This has become a key diagnostic tool to assess the health of the organization, highlighting where changes may need to be made in individual or leadership behaviors, HR processes or broader organizational communication programs.

Note that the last three steps of the framework can be delivered along a continuum of outsourcing that ranges from fully in-house to fully outsourced, with most organizations utilizing a mix of in-house and outsourced delivery.

For a complete discussion of the ITM framework, please see the Kenexa white paper, “Kenexa’s Integrated Talent Management Framework.”

### Principle 2: Delivering Business and Technology Value

As stated above, Kenexa’s business strategy is to provide ITM solutions. Various key stakeholders in the marketplace have clearly articulated the need for solutions that provide high business value through technology. It is by meeting this need that Kenexa provides highly valued enterprise solutions to the marketplace (see Figure 3).

### Figure 3: Delivering High Value Solutions

Kenexa believes one key aspect of business value to customers can be defined as Return on Information. The vertical axis for Figure 3, return on information, is principally delivered through software solutions that automate the various talent management processes, while delivering metrics reflecting their relative efficiency, effectiveness and impact. A solution is determined to deliver a high return on information if it can deliver these metrics on a consistent and easy-to-use basis.

Kenexa defines the second key aspect as technology value—the ability to reduce the complexity and cost of delivering ITM processes throughout all levels of the organization. The best use of technology is to make it easier and more intuitive, faster and cheaper to “get the work done.” When this is combined with a high return on information in an ITM solution, it will meet the needs of Global K2500 enterprises.

### Principle 3: Meshing With the Customer Enterprise

Kenexa meets the needs of the K2500 by delivering a unique combination of science (applied principles of individual and organizational psychology), process support/augmentation (ITM service delivery consulting, process redesign and recruitment process outsourcing, etc.), and technology enablement (a suite of ITM software applications). Delivering high business value means that Kenexa solutions must be able to “mesh” with the customer enterprise by interacting with a number of different types of organizational components shown in Figure 4.

### Talent Pools

Talent Pools are composed of both potential employees and former employees of interest to the organization; these must be attracted, managed, developed and engaged to do the work of the enterprise.

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**Applications must interact with the customer enterprise applications and processes as easily and seamlessly as possible. They must also be well integrated with each other.**

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### Key Stakeholders

Although key stakeholders vary by organization, Kenexa has identified several major common groups, each having their own needs and expectations for systems and processes:

- Executives are generally focused on achieving organizational objectives, which requires people. They need the right talent in the right place at the right time, talent that can grow and develop with the organization. They also must assess future talent needs of the business.
- Human Resources Staff are usually pressured to do more with less. Most want to truly impact the business by helping to build an efficient and effective workforce. However, they are usually struggling with HR functional silos and disconnected processes, and are often saddled with sub-optimal technologies that don’t work well together.
- Line Managers spend most of their time and energy dealing with day-to-day issues, often balancing “getting the work done” with “dealing with people issues.” Often their tactical focus manifests itself in a desire for ITM processes to “keep them out of trouble” by providing compliance support. However, they also need decision support tools, including intuitive metrics and reporting, along with relevant content.
- Employees have different expectations for ITM processes and technologies based on their generation and industry segment. New entrants into the workforce expect HR technologies to work and act like Facebook, eBay and Amazon. Many look to ITM processes and tools to help them answer the question, “How can I learn and grow my career?”



## Customer Processes

Kenexa solutions must interact with customer processes on a number of levels, based on the level of process support needed. In many cases, these solutions include a significant Kenexa staff component, such as process redesign consulting or RPO services. In others, the applications themselves provide the integration needed to support the customer processes.

## Customer Systems

A large number of systems must interact with Kenexa ITM applications to share needed information, provide a more complete level of process support and deliver business related impactful metrics. For example:

- The core HRIS often must supply foundational data (e.g., organization structure, job codes, reporting relationships) to ensure data integrity through regular synchronization. In addition, the HRIS will often need to supply non-ITM metrics for analysis and correlation to determine the effectiveness of HR programs and processes.
- Financial, CRM, Warehouse and Sales systems usually hold key data elements (business performance metrics, customer information, sales data) that are needed to properly dashboard and assess individual performance efficiency and effectiveness as well as the impact of ITM processes.
- Workforce systems such as time, attendance and labor scheduling also hold critical information on employee utilization and effectiveness that can be linked to data in Kenexa systems to show correlation with ITM measures (e.g., engagement).
- Security applications (e.g., firewalls, single sign on, etc.) provide critical information to safeguard system access and provide critical compliance support for ITM processes and applications.

## Kenexa Systems

Kenexa systems cover the critical ITM components (e.g., recruiting, assessments, performance management, learning, onboarding, engagement survey administration and analysis). These applications must interact with the customer enterprise applications and processes as easily and seamlessly as possible. They must also be well integrated with each other in order to share necessary information and increase the cohesion of ITM processes.

## Other Third Party Applications

As comprehensive as Kenexa's set of ITM solutions is, they are simply part of a larger vendor HCM ecosystem in most organizations. Kenexa's applications must "play well with others" to share information and process integration with such applications (e.g., background checks, candidate sourcing and tax credit providers).

The sheer number of interactions with various stakeholders, processes and systems makes it a bona fide challenge to seamlessly mesh

with the customer enterprise. However, it is imperative that Kenexa solutions are able to achieve this in order to meet the needs of K2500 organizations.

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**Kenexa is committed to caring for customers and not leaving anyone behind as our solutions continue to evolve with new features and functionality.**

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## Principle 4: Never Leaving Our Customers Behind

The ITM landscape is littered with examples of vendors that have sacrificed customer relationships by either forcing customers to migrate to new technologies, or simply abandoning them when migration proved to be too complex, costly and time consuming. As always, Kenexa is committed to caring for customers and not leaving anyone behind as our solutions continue to evolve with new features and functionality. Therefore, Kenexa has adopted a philosophy of not requiring customers using existing applications to migrate to another Kenexa solution before they are ready. Kenexa will work with customers to determine when the additional business value provided by new solutions is compelling enough to upgrade, and deliver tools and implementation methodologies to ensure the most seamless and painless migration possible. Kenexa believes that caring for our customers in this manner is not only the right thing to do—it is good business.

## Kenexa's Technology Strategy

In order to best incorporate these four key principles, Kenexa has developed a tiered architectural strategy that provides customers with the benefits of new technical developments, whether they are on current or next generation solutions (see Figure 5). This approach consists of the following major elements:

- Continuously enhanced current generation category talent management solutions (some developed organically, and others gained via acquisition). As might be expected, these solutions are comprised of a mix of technologies. These solutions will continue to be supported over time, and intra-category integrations have been developed to facilitate data sharing (predominantly using HR-XML over SOAP).
- A Common Services Layer that provides key shared functionality across all Kenexa solutions (e.g., search, video, job boards, background checks, etc.). This tier unifies current, legacy and future Kenexa applications by standardizing commonly used functions across products. This enables Kenexa to extend certain best-of-breed capabilities across applications and drives rapid, consistent code deployment across multiple product lines.



- Kenexa 2x, an Integrated Talent Management suite built on a unified data model with integrated security, applications management and an aggregated “universal” talent record. Kenexa 2x is a highly configurable single code base, multi-tenant solution.

A key component of the above is the ubiquitous Common Services architecture which unifies existing category solutions (e.g. KRB, KR, Survey, etc.) and Kenexa 2x application modules through what is known in the software industry as a service oriented architecture (SOA). As more 2x applications are developed, they too will use Common Services to help customers progress through periods of technology innovation by bridging current capabilities with the future. Today, Common Services have been developed for Search/Match, Video handling and Smart E-Mail, and are being used by various Kenexa applications (each application has its own roadmap and timeline for utilizing a particular common service based on market segment and priority versus other development needs).

Another key initiative to create a common user experience across Kenexa solutions is underway. Specifically, Kenexa is implementing a common User Experience Specification across many existing Kenexa products, so that these applications will behave in a similar user-friendly fashion, regardless of their underlying technology.

The overall 2009 development plan will maintain focus on each of the following three areas:

- A stream of enhancement and maintenance releases for category solutions, including multiple releases for Kenexa Recruiter® BrassRing (KRB) and at least one enhancement release for most other products.
- Continued development and integration of new Common Services, including background checking and candidate sourcing, as well as enhancements to existing services.
- Delivery of the first Kenexa 2x modules—2x Recruit and 2x Perform.

### Tomorrow's Picture

In the not-too-distant future, a continued build-out of Kenexa's solution architecture will have the following characteristics:

- KRB and Kenexa 2x become the primary innovation paths for application development for the foreseeable future, with additional modules coming to market on a regular basis.
- Category applications (transparent shading) continue to be supported for current customer bases, with streamlined migrations to solutions better meeting their needs when customers are ready to move. For example, should a customer wish to move from KRE to KRB or 2x Recruit, Kenexa service teams will be ready to migrate those customers and smoothly manage the ensuing change management.

- KRB will be tightly integrated to Kenexa 2x and provide access to any modules on the 2x platform to deliver integrated talent management capabilities. This will provide KRB customers with the ability to leverage performance management, learning, assessment and survey administration functionality, including a universal talent record and much more.
- Additional Common Services will be introduced and leveraged by Kenexa applications to maximize development efficiencies and ensure consistent usage of common functionality. For example, a common service designed to quickly integrate Kenexa applications with customer systems will be introduced in order to provide key insights into how Kenexa solutions impact customer business processes, as well as to accurately and consistently exchange information between systems.

### Conclusion

Kenexa's tiered architecture has been developed to unify existing category applications while building a bridge to future capabilities. This approach enables Kenexa to incorporate the four key principles of the ITM framework, delivering high business value, meshing with the customer enterprise and never leaving our customers behind. We also believe it provides the best balance of customer care, development efficiency and innovation to meet the needs of our target markets as well as our existing customers. ■

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Figure 1: What Guides Kenexa's Offerings



Figure 3: Delivering High Value Solutions

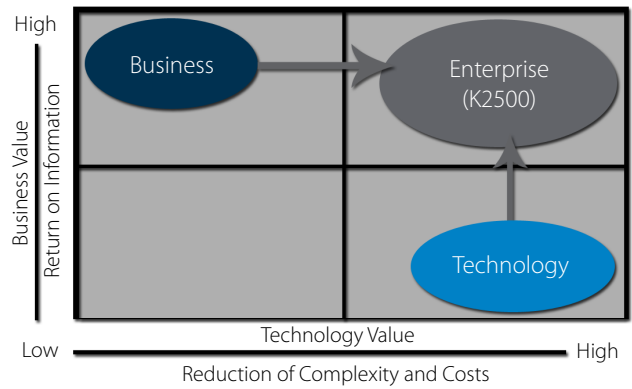


Figure 4: Meshing with the Customer Enterprise

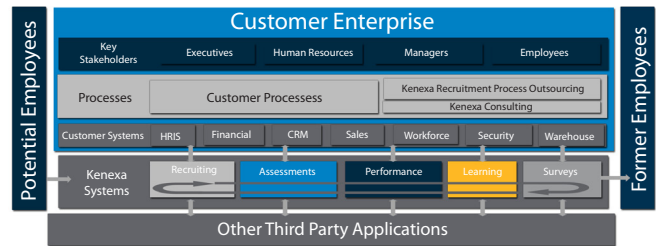


Figure 2: Kenexa's ITM Framework

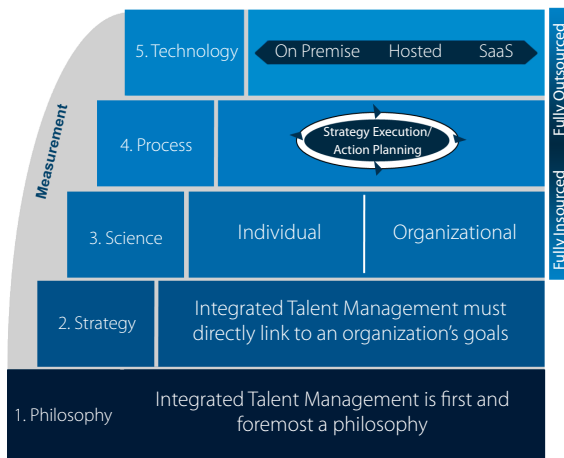


Figure 5: Kenexa's Common Services Architecture

