



August 17, 2007 | Updated: January 15, 2008

Plateau Systems Is A Leader For Performance And Compensation Solutions

The Forrester Wave™ Vendor Summary, Q3 2007

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EXECUTIVE SUMMARY

Plateau Systems' recent acquisition of NuvoSoft for compensation functionality and its internal development of a performance management solution clearly indicate that the vendor's intention is to head to the front of the pack of leading players in the strategic human capital management (HCM) market. As an established learning management provider, Plateau is well positioned to thrive in this market if it is able to integrate this acquisition and continue to focus on functional depth, usability, and seamless integration across the product suite. Plateau is a good choice for companies that are either currently using the learning product or want to enter strategic HCM applications from a learning angle.

PLATEAU SYSTEMS IS BEST SUITED FOR GLOBAL, LEARNING-FOCUSED ORGANIZATIONS

Plateau is historically a learning management vendor that has gained a foothold in the performance space and recently acquired NuvoSoft for compensation functionality to broaden its footprint. Plateau is a growing company, with \$35 million in annual revenues.

Forrester evaluated Plateau's current offering and strategy for performance and compensation solutions against 95 criteria (see Figure 1). Overall, the product has strong performance review automation and career development capabilities but needs a bit of time to fully integrate its recent acquisition of NuvoSoft into its existing product suite. In addition, the performance and succession planning capabilities need to gain maturity and refine their usability. This means that the product is an especially good fit for buyers that:

- **Value an integrated approach to learning, performance, and compensation processes.** Plateau is also a leader in the learning management market, and its integration of the acquired compensation product helps complete its strategic footprint. This means that current customers looking to expand their strategic footprint into performance and compensation or prospective customers with a bent toward learning should give Plateau a look.
- **Require vendor experience in large, global rollouts.** Plateau has historically served large, global customer rollouts with its learning management solutions with great success. This expertise will continue to be leveraged as the performance and compensation solutions continue to increase market presence and adoption.

To see how Plateau Systems stacks up against nine other competitors, see the Forrester Wave™ evaluation of the performance and compensation solutions market.¹

Figure 1 Plateau Systems Evaluation Overview

CURRENT OFFERING	
Competency management	Plateau provides strong capabilities for competency tracking and content management as well as adequate capabilities for best practices, content integration, and skill and gap tracking.
Goal management	Plateau provides strong capabilities for best practices and goal assignment as well as adequate capabilities for metrics integration and goal alignment. However, the product does not integrate with a Balanced Scorecard.
Performance review process	Plateau provides strong capabilities for form creation, rater assignment, process flow, monitoring and tracking, score calculation, and reviews as well as adequate support for offline form completion and writing tools.
Career development planning	Plateau provides strong support for best practices and adequate support for career plan management, tracking, and mentoring.
Succession planning	Plateau provides strong capabilities for plan management, successor searching, charting, and analytics as well as adequate support for talent pools, employee resumé, and job mobility.
Compensation management	Plateau provides strong capabilities for short-term and long-term incentive pay; adequate capabilities for compensation planning and analysis, compensation structures, compensation workflow and approvals, compliance, integration, and off-cycle payments; limited capabilities for pay for performance; but no support for commission-based pay.
Global support	Plateau provides strong capabilities for languages and adequate support for localizations. The product supports 19 languages.
Usability	Plateau's organic offering is very usable, but the integration of Nuvosoft (compensation product) has yet to mature.
Technology	Plateau provides strong capabilities for scalability, integration and openness, and system security as well as adequate capabilities for configuration and reporting and analytics.
Customer experience	<p>Plateau received very satisfied reviews from its reference customers.</p> <p>Plateau provides strong capabilities for maintenance services and training, adequate capabilities for customer service, and limited capabilities for upgrades. Cost of ownership/usage was average.</p>

Source: Forrester Research, Inc.

Figure 1 Plateau Systems Evaluation Overview (Cont.)

STRATEGY	
Product strategy and vision	Plateau's vision is to be the leader in integrated learning, compensation, and performance with a longer-term goal of providing workforce demand planning and talent forecasting. Its product road map intends to enable this vision by providing Web 2.0 configurability, content management, and collaboration as well as products in the forecasting and demand planning space.
Deployment options	Plateau offers capabilities for on-demand and on-premise deployment options, and customers are split evenly across both options.
R&D	Plateau invests approximately 20% to 25% of revenue annually in R&D.
Strategic alliances	Plateau has strong implementation partnerships, application partnerships, technology partnerships, and reseller channels.
MARKET PRESENCE	
Customer base	Plateau is historically a learning management vendor that has gained a foothold in the performance space and recently acquired NuvoSoft for compensation functionality to broaden its footprint. It is a small, growing company with \$35 million in annual revenues and 265 total customers, 85 of whom have purchased more than 700,000 licenses for Plateau Compensation and/or Performance.
Revenue	For FY 2006, Plateau's total revenues was \$35 million on bookings of approximately \$50 million.
Revenue growth	Its 15% growth rate also reflects the vendor's change in a revenue recognition model toward significantly more subscriptions (under its previous model, 2006 revenue growth would have been 30% to 35%). So for 2006, revenues are up 15%, but bookings (i.e., closed contracts) were up 50%, and deferred revenues were up 85%. Growth revenues are expected to be 35% in FY 2007.
Employees	Plateau is a small company with 400 employees but has a global sales force.

Source: Forrester Research, Inc.

SUPPLEMENTAL MATERIAL

Online Resource

The underlying spreadsheet for Figure 1 is available online. The spreadsheet includes more detailed data and scores for this vendor.

These detailed data and scores are also available online through an Excel-based vendor comparison tool that provides detailed product evaluations and customizable rankings.

The Forrester Wave Methodology

We conduct primary research to develop a list of vendors that meet our criteria to be evaluated in this market. From that initial pool of vendors, we then narrow our final list. We choose these vendors based on: 1) product fit, 2) customer success, and 3) Forrester client demand. We eliminate vendors that have limited customer references and products that don't fit the scope of our evaluation.

After examining past research, user need assessments, and vendor and expert interviews, we develop the initial evaluation criteria. To evaluate the vendors and their products against our set of criteria, we gather details of product qualifications through a combination of lab evaluations, questionnaires, demos, and/or discussions with client references. We send evaluations to the vendors for their review, and we adjust the evaluations to provide the most accurate view of vendor offerings and strategies.

We set default weightings to reflect our analysis of the needs of large user companies — and/or other scenarios as outlined in the Forrester Wave document — and then score the vendors based on a clearly defined scale. These default weightings are intended only as a starting point, and readers are encouraged to adapt the weightings to fit their individual needs through the Excel-based tool. The final scores generate the graphical depiction of the market based on current offering, strategy, and market presence. Forrester intends to update vendor evaluations regularly as product capabilities and vendor strategies evolve.

ENDNOTES

- ¹ Forrester evaluated leading integrated performance and compensation vendors across 95 criteria in a product evaluation and found that Authoria, Softscape, and SuccessFactors established early integrated performance and compensation leadership, thanks to their depth of functionality, heritage as performance vendors, and organically built products that are inherently integrated. Plateau Systems and SumTotal Systems are Strong Performers. Both augmented their learning management offerings by recently acquiring other pieces of the strategic human capital management (HCM) application suite, with some work ahead to complete integration road maps. Kenexa is a Strong Performer with a nice blend of services and software but lacks deep compensation functionality. Halogen Software is a Strong Performer targeted toward the midmarket; it has shown considerable traction despite its limited marketing and sales force. Oracle, Oracle's PeopleSoft, and SAP are Contenders that provide functional breadth that spans the strategic HCM footprint. But they only offer on-premise solutions and still have work ahead to build the depth and usability offered by the best-of-breed providers. See the August 17, 2007, "[The Forrester Wave™: Integrated Performance And Compensation Solutions, Q3 2007](#)" report.