

INFORMATION MEMORANDUM



TalentOn-Talent Management Systems for China and the World

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Summary

- The market for Talent Management Systems (TMS) is an emerging opportunity, both in China and globally
- TalentOn TMS is built on cutting edge technologies that offer unique value in several dimensions:
 1. **SOCIAL**: A user interface similar to Facebook and Twitter makes it intuitive and collaborative
 2. **CLOUD**: Built on cloud infrastructure that provide better scalability, flexibility and cost-efficiency
 3. **MICROSOFT**: Promoted by Microsoft and integrate seamlessly with existing productivity softwares like Outlook, Office and Sharepoint
 4. **CHINA**: Innovated in China, for the Chinese market
- Strong go-to-market partners: China Mobile, Microsoft, Haiwen Training, Ethos Technologies

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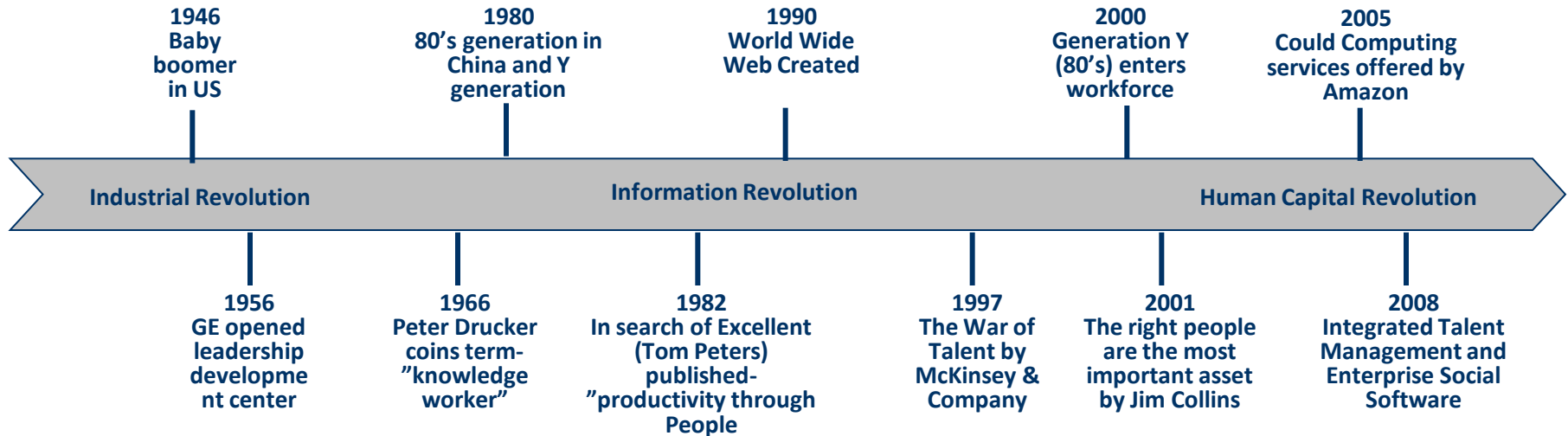
- **Talent Management**

- **TalentOn**

- **Competitiveness**

- **Products**

It's a Time of Talent Management now and on



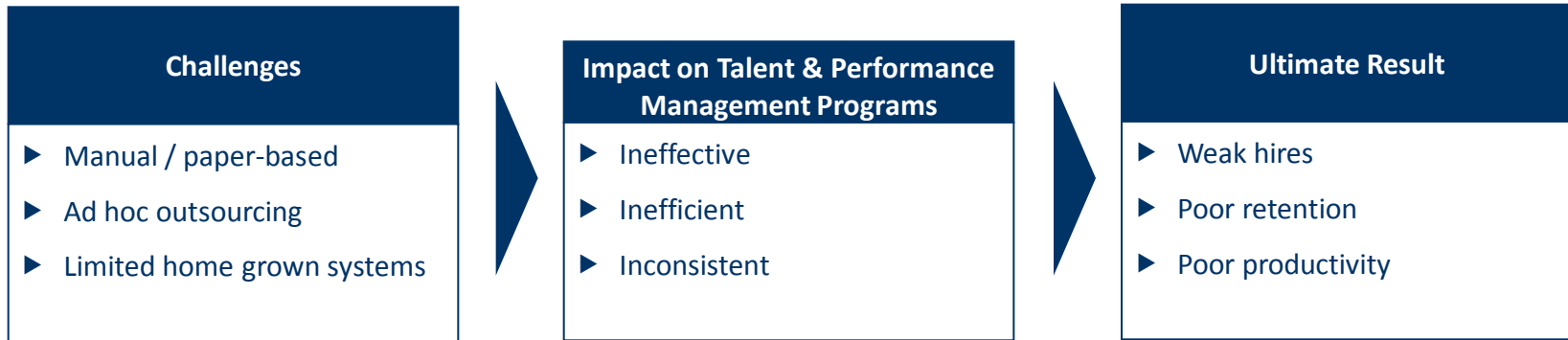
- » Workforce cost is the largest category of spending for most organizations, especially when economy upgrades like China, people will be the most expensive and important factors for organizations.
- » Since nearly all competitive business factors have become commoditized, talent is what ultimately drives business success and creates value.
- » The Talent Management market is created from US and has been quickly developing to Global!

Why TMS ?



Both Smaller and Larger Companies Need TMS

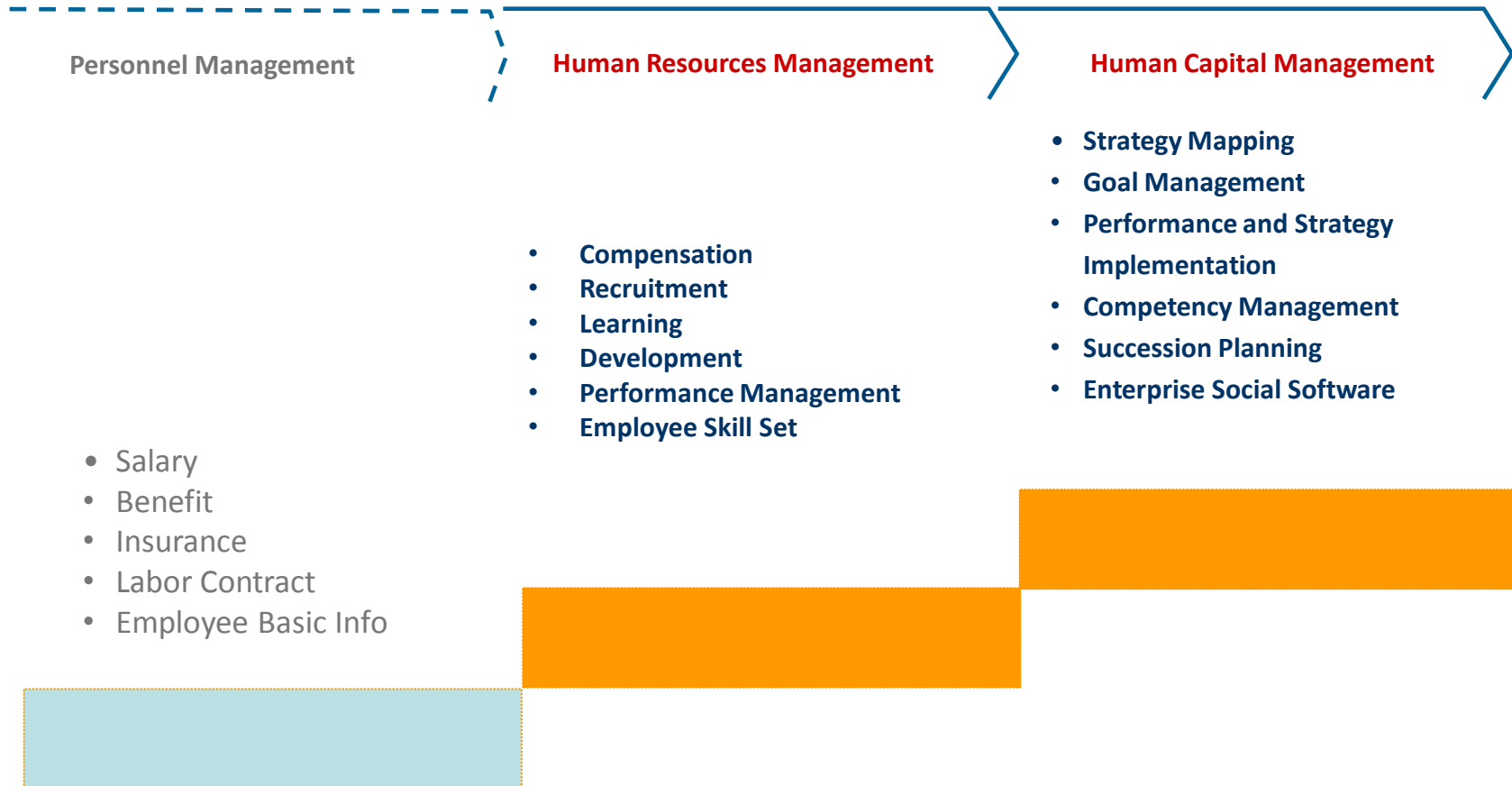
Most organizations' talent management processes are sub-optimal now due to increased challenges associated with talent recruiting, development, deployment and retention



- ❑ Organizations must invest in optimizing their Talent Management spend to compete for the best people
 - Increasing Competitiveness in most of the industries
 - Globalization and mobility
 - Declining tenure and new generation of workforce
 - Increasing cost management pressure on HR departments
- ❑ Organizations would use the Talent Management Systems to
 - **Align** people to business strategy
 - Increase employee **engagement**
 - Create a **performance driven** company

It is confirmed that Talent Management is the key for future business success

Future TMS Trends-our focus



Talent Management System is the ERP for People

- » Just as organizations have implemented systems such as ERP or CRM to manage critical business functions such as manufacturing, supply chains and customer relationships, they need a system to strategically manage and optimize their human capital, which we refer to as a performance and talent management system-TMS.
- » Organizations need a performance and talent management system to:
 - » align employee performance goals with overall organizational strategy and objectives;
 - » measure and manage employee performance against aligned goals throughout the organization;
 - » pay employees based on their performance;
 - » recruit talent internally and externally to fill critical talent gaps in the organization;
 - » identify employee skill gaps and provide needed training for current and future job requirements
 - » plan for succession in the event of promotions, transfers and employee departures.

An Integrated Talent Management Cycle could create real values for organizations

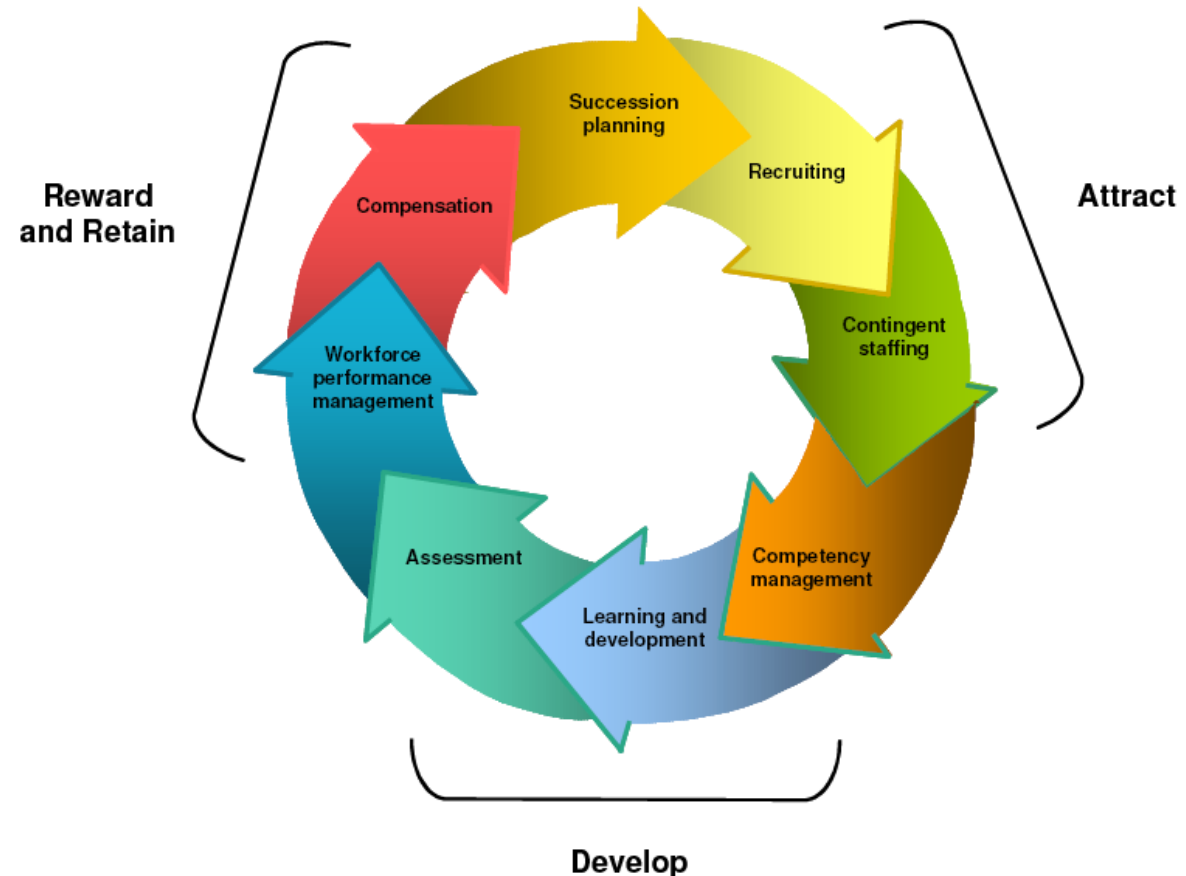
IDC defines

Talent Management

as those functions that serve to attract, develop, reward, and retain the workforce. Made up of a variety of functions, talent management includes the areas of recruiting and staffing, learning and development, performance management, compensation management, and career and succession planning all supported by a base of competency management and assessment

IDC Competitive Analysis, IDC MarketScape: Worldwide Integrated Talent Management 2008 Vendor Analysis

Talent Value Cycle



There are strong reasons from various perspectives for organization to adapt TMS quickly

“Both smaller and larger companies who invest in talent management practices are more likely to outperform their industry peers.”

-Aberdeen Group

Failing to manage your company’s talent pool is “equivalent to failing to manage your supply chain”

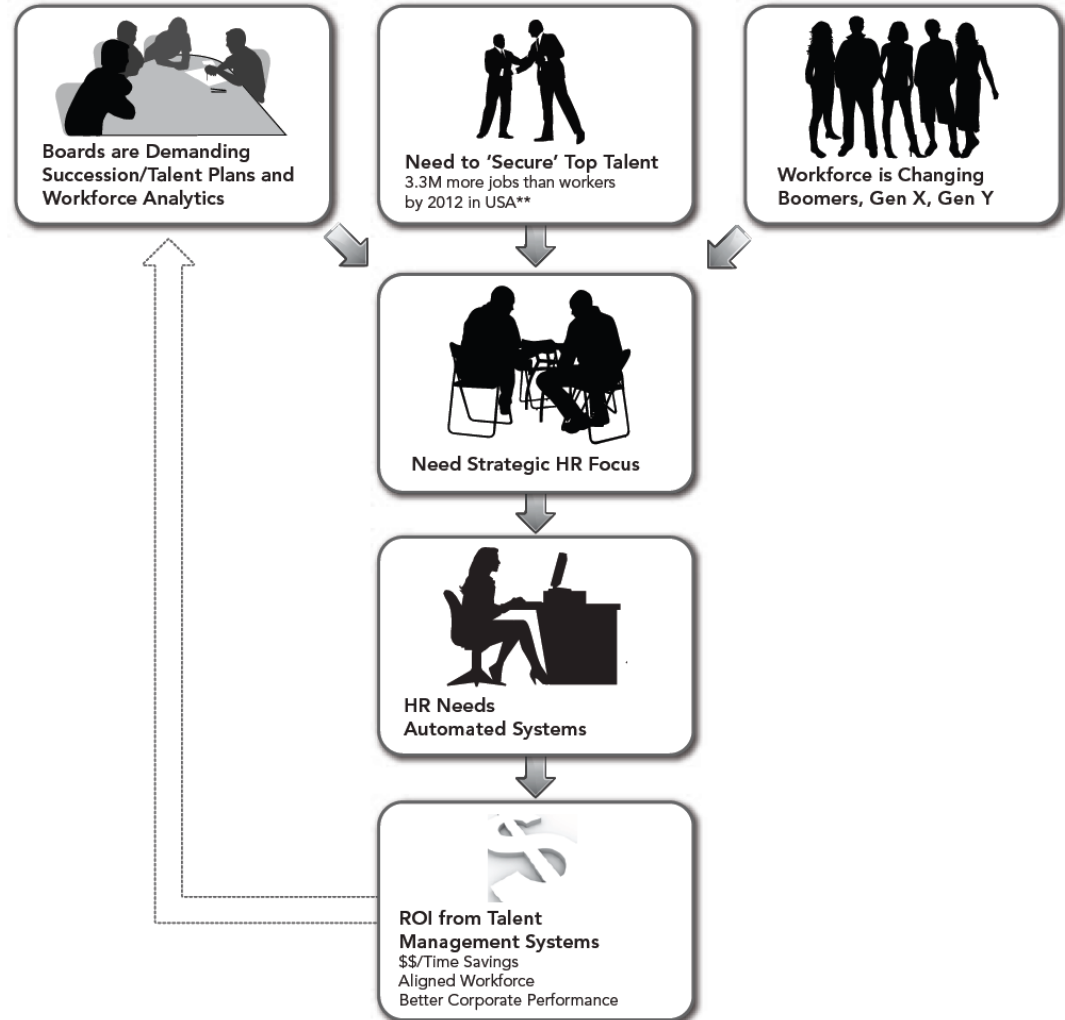
-“Talent On Demand” by Peter Capili, Wharton Professor

Managing the new generation of workers requires the integration of Gen Y workplace priorities into corporate cultures.

-A research report

“Companies have been investing in tools to better manage other business process areas. Now it is time to treat human capital as the asset that it is.”

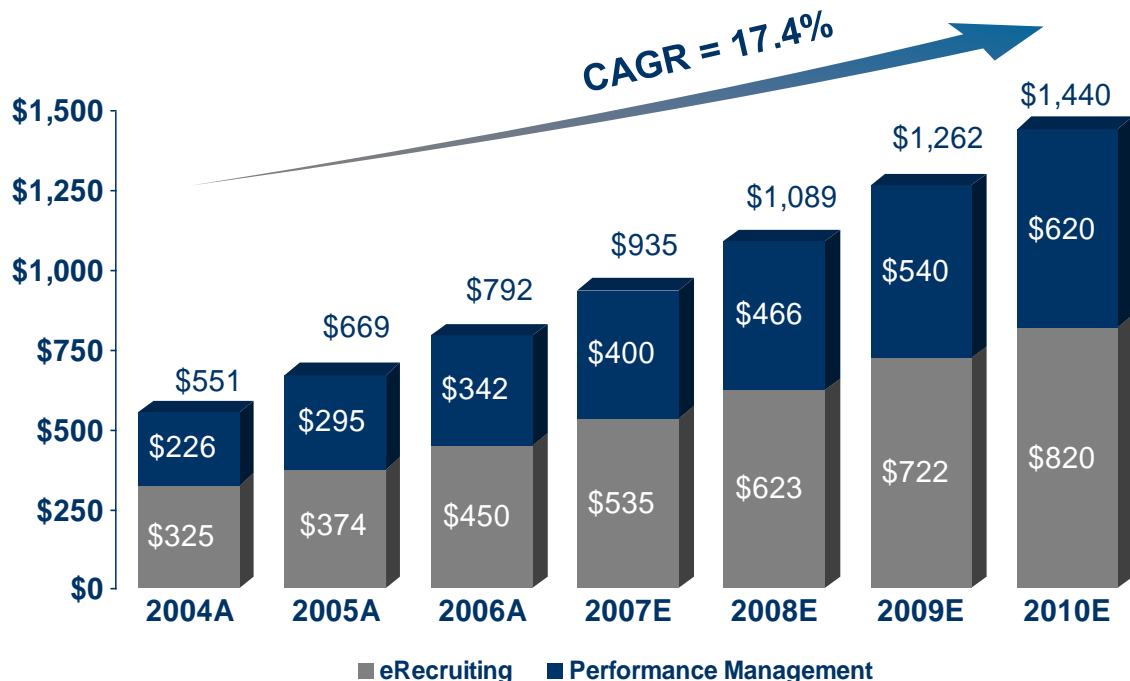
-AMR, HR consulting firm



The Global TMS Market is Strong now with value of 2 billion USD at a 20% annual growth rate

Worldwide eRecruiting and Performance Management Market

(\$ in millions)



- The addressable market for talent management market in US is projected at the level of 16-20 billion USD according to the market leader SFSF estimate
- 90% in US are Greenfield market, only 10% realized
- Current realized market level is around 1.4 -2.2 billion USD globally
- China's future TMS market will be a 20 billion RMB market, accounting for 20% of the global market

Source: Kenexa ppt. IDC, as of November 2006. Includes license revenue and license-related service fees. Subscription maintenance fees, fees for related training, implementation and other professional services are not included.

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- **Talent Management**

- **TalentOn**

- **Competitiveness**

- **Products**

TalentOn is created for China's emerging TMS market and the world market

Emerging Market

- ❑ Talent Management is a large, greenfield market in China
- ❑ Market value > 20 Billion RMB
- ❑ Kenexa, Successfactors, Stepstone, etc begin to promote their products and services in China in recent years
- ❑ Talent Management related consulting and services are quickly picking up, major corporations in China have well received such concepts and gradually adapted the best practices of the integrated talent management system

Our Positioning

- ❑ Our founders and key management have extensive experience in talent management practices, agile software development and HR management with multinational companies as well as Chinese companies
- ❑ TalentOn together with Ethos is the Gold partner with Microsoft and TalentOn's TMS has gained the full supports from Microsoft not only in China but also in the world. Our TMS is partly built on Microsoft xRM and future cloud computing platform.
- ❑ TalentOn is aimed at becoming the emerging TMS leader with strong footprints in China and other parts of the world, including Europe and US.

Our partners have strengthened our position in this market



TalentOn has formed partnership with Microsoft and the Talent Management Platform is build on Microsoft xRM and future Azure. Microsoft will fully support TalentOn in product development, market development and global expansion



Ethos Technologies is a premium supplier of technology services and consultation. Ethos is the key partner for TalentOn product development and global expansion



Assess Systems is the leading talent management and consulting firm from US. Assess Systems China is a key partner for TalentOn in terms of product development, market expansion and talent solution consulting. Assess Systems International has 4300 long term clients in around 42 countries which is potentially TalentOn's gateway to US and the other part of the world.

TalentOn will develop further partners for production distribution, services and technology cooperation. The goal is to set up and develop a network of partners in each area by 2011

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Our Unique Value Propositions and Approaches ensure that we can WIN!



Strong



Moderate



Limited



Weak



Other TMS Vendors

HR consulting Companies

ERP

HR BPO

Software Solutions and Social



Content



Services and Consulting



Value to Price



On Demand



Product Range



Talent Management Expertise



TalentOn is aimed at becoming a well rounded TMS software and service provider with our new set of Talent Management Solutions developed in China

Though there are some competitors in the market, there are lots of spaces for further development

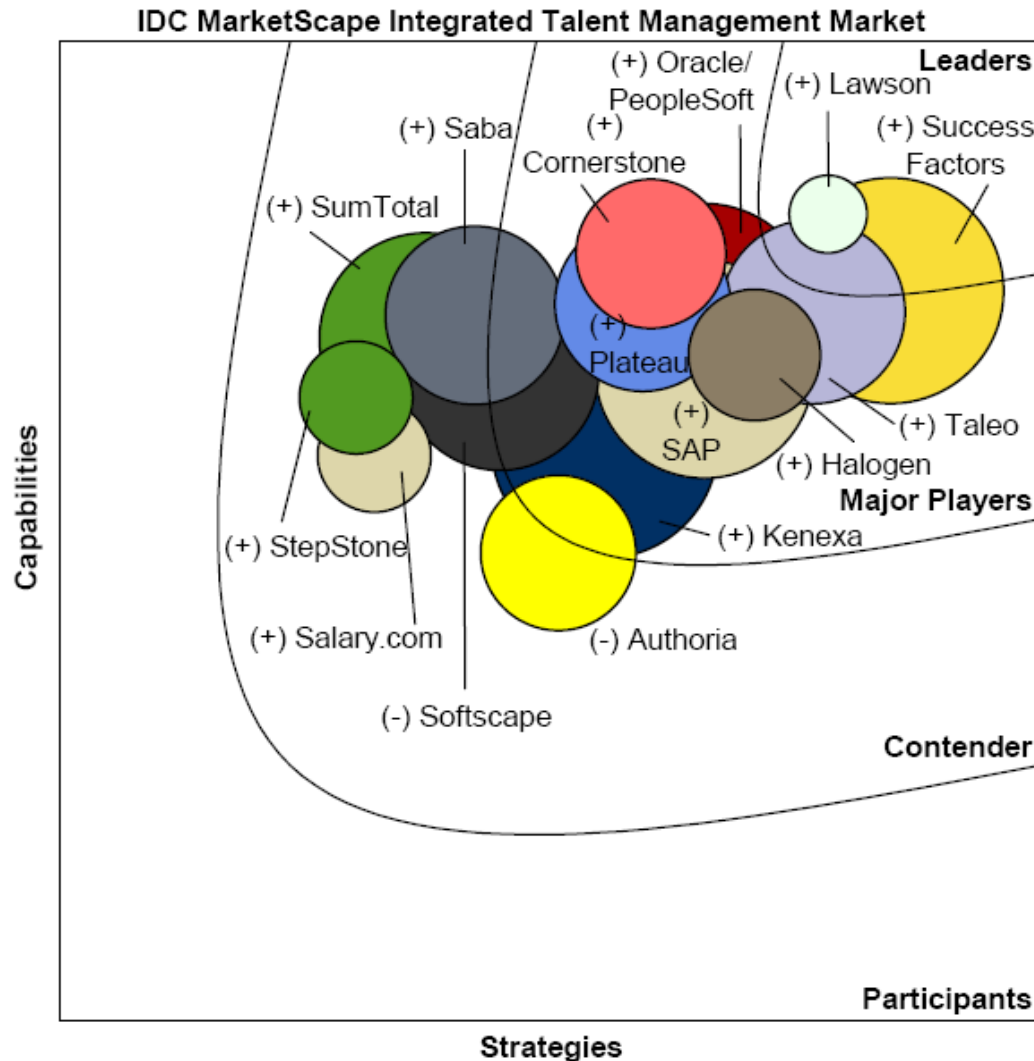
- » There are some major Talent Management Players in US, including Kenexa, Saba, SuccessFactors, Taleo
- » SuccessFactors and Kenexa entered China market from 2008, most of the companies still work in regional market
- » The competition in China market is just starting and it's time for TalentOn to enter with better understanding about the local market and sharper offerings

The Public Listed TMS Companies in US comparing with Microsoft and Oracle

Ticker	Company name	Stock Price	P/E ratio	Mkt Cap	Employees	Revenue(M)	Net income(M)
KNXA	Kenexa Corporation	14.31		323.16M	1,459	157.67	-31.02
SABA	Saba Software, Inc.	5.09	151.08	142.04M	554	102.82	-2.36
SFSF	SuccessFactors, Inc.	19.97		1.44B	664	153.05	-12.63
TLEO	Taleo Corporation	25.52	1,230.47	1.01B	878	198.41	1.29
MSFT	Microsoft Corporation	29.88	16.44	262.06B	93,000	58,437.00	14,569.00
ORCL	Oracle Corporation	25.95	23.19	130.26B	106,492	23,252.00	5,593.00

Note: Oracle has part of the business in TMS and Microsoft has no direct business in TMS area

There are some major players in US market, however it is still in a early adoption stage for majority of market



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Screenshots: Performance review and 360 feedback

Performance Management

- Performance Review
- 360 Review
- Group ratings *
- Stack Rack *

TalentSun Dashboard Goals **Performance** Development Compensation Succession Recruitment Profile Company Logout

Welcome, Emma

Performance Review Forms

Evaluate: Mikko
 Title: Project Manager
 Report to: Alex
 Department: Project Department
 Due Date: 01/02/03

Project Management

	Cannot Rate	Below Expectation	Meet Expectation	Top 30% in Ethos	Top 10% in Ethos	Top 5% in Ethos
1. Culture contribution						
- comes to work on time, works a minimum of 8 hours, smiles.						
- participates in company activities/improvements						
- suggests company activities/improvements	0	1	2	3	4	5
- organizes company activities/improvements						
- knows and exhibits core values						
- contributes to Confluence or other corporate discussions						
2. Communication						
- comes to work on time, works a minimum of 8 hours, smiles.						
- participates in company activities/improvements						
- suggests company activities/improvements	0	1	2	3	4	5
- organizes company activities/improvements						

Welcome tang@ethos.com.cn | Logout

TalentSun Home Performance 360 Review Goal Development About Profile

Evaluate

360 review for Emma

Evaluatee: Xu Yanhua
 Deadline:

Skill Sets

计划与组织

善于确立可行目标并有效控制目标实现的进程

无法评价

依据目标准确地确定、运用有效的工作管理程序及步骤

无法评价

灵活地根据预计的困难制定对策，调整工作方法

无法评价

有效管理自己及他人的时间

无法评价

有效管理多个项目、多种需求以及时限的要求

无法评价

通过计划与组织不断实现目标

无法评价

Screenshots: Goal management

Goal Management

- Align goals to daily tasks
- Cascade goal to team members
- Easy task update in Outlook*
- Feed for team member' goal status *

The screenshot displays the TalentSun goal management interface. At the top, there is a navigation bar with the TalentSun logo and a user profile section for Emma, including links for Profile, Company, and Logout. Below the navigation bar, there are tabs for Home, Goals, Performance, Development, Compensation, Succession, and Recruitment. The main content area is divided into two sections: 'My Goals' and 'My Team Members' Goals'.

My Goals

Goal	Metrics	Completed	Timeline	Comments	
[-] Improve English	Reach English Level 5	20%	Feb 3 - Mar 3, 2010	Reading Novles	Take Action ▾
[-] Improve English		20%	Feb 3 - Mar 3, 2010	Reading Novles	Take Action ▾
[-] Sell 100 apples		30%	Feb 3 - Mar 3, 2010	Hgile	Take Action ▾
[-] Sell 100 apples		30%	Feb 3 - Mar 3, 2010	Hgile	Take Action ▾
[-] Sell 2000 apples	Sell 2000 apples	20%	Feb 3 - Mar 3, 2010	Reading Novles	Take Action ▾
[-] Sell 2000 apples	Sell 2000 apples	20%	Feb 3 - Mar 3, 2010	Reading Novles	Take Action ▾

Below the 'My Goals' table, there is an 'Add New Goal' button. A context menu is open over the 'Take Action' button of the 'Sell 2000 apples' goal, showing options: 'Add Subgoal', 'Cascade to others', and 'Delete item'.

My Team Members' Goals

Name	Goal	Metrics	Completed	Timeline	Comments	
[-] Bob Smith	Improve English	Reach English Level 5	20%	Feb 3 - Mar 3, 2010	Reading Novles	Take Action ▾
[-] Bill Johnson	Sell 2000 apples	Sell 2000 apples	20%	Feb 3 - Mar 3, 2010	Reading Novles	Take Action ▾
Jane Doe	Sell 2000 apples	Sell 2000 apples	20%	Feb 3 - Mar 3, 2010	Reading Novles	Take Action ▾

Screenshots: Feed, instant feedback

Company Instant info feed

- Easy way to communicate
- Message filtered by groups

Instant Feedback

- Rate for anyone at anytime
- Customize rating receivers
- Anonymous rating

My Feed

Aggregate all feeds

in portal, Sharepoint* and mobile*

-Message

-Instant Feedback

-Email*

-Performance Review

The screenshot displays the TalentSun dashboard interface. At the top, there is a navigation bar with the TalentSun logo and various menu items: Dashboard, Goals, Performance, Development, Compensation, Succession, Recruitment, Profile, Company, and Logout. The user is identified as Emma.

The main content area is divided into several sections:

- My Feed:** A sidebar menu with options for Messages (2), Feedback (selected), Sent, Follow, and Groups.
- Feedback:** A central section for giving feedback. It includes a form to "Give a feedback for" (with a dropdown), a text input field "What's your feedback?", and an "Update" button. Below the form are three smiley face icons and a "Feedback" icon.
- Feedback Feed:** A list of feedback items:
 - Gaolei** gave **you** a positive feedback: "Hi, well done!" (4 days ago). Includes "Reply", "Like", and "More" options.
 - You** gave **Melissa** a positive feedback: "Hi, thank you so much for fixing the IE8 bug!" (4 days ago).
 - Gao Lei**: "Good to hear that!" (2 days ago). Includes a "FOLLOW" button.
 - You** gave **Melissa** a positive feedback: "Hi, thank you so much for fixing the IE8 bug!" (4 days ago).
 - Gustv** gave **Luo Bingqiao** a negative feedback: "I think he need to improve his Norwegian. I cannot understand what he said!" (7 days ago).
- Goals:** A table showing progress on various goals:

Goal	Progress	Target
My Goal		20%
Reach English Level 4	30%	
My Group's Goal		30%
Sell \$100,000	20%	
My Company's Goal		30%
Sell \$300,000	40%	
- My Tasks:** A list of tasks with checkboxes:
 - Meeting for product update
 - Sign contract with Greg
 - Buy cookies for the team
- My To-Do List:** A list of tasks:
 - Assign Rators for Zhang Xiao
 - Rate for Wang Tao
 - Approve PR result for Robin
- My Performance:** A table showing performance scores:

Category	Score
Total Score	5.6
.Net Technology	3.0
Soft Skill	6.0

Screenshot: Profile

Profile

- Contacts
- Competencies
- Experience/Education
- Following/Followers

The screenshot shows a user profile for Guo Mengjie, a Marketing Specialist. The page includes a navigation bar with options like Dashboard, Goals, Performance, Development, Compensation, Succession, Recruitment, Profile, Company, and Logout. The profile section features a photo, contact information, and several data tables for Expertise, Experience, Projects, and Education.

My Profile

Guo Mengjie
Marketing Specialist
Dept: Marketing Department
Report to: Anne

Basic | **Follow** | **Edit**

Expertise

- English
- Marketing
- Project Management

Experience | **Edit**

Time	Company	Title	Description
2006 - Now	Ethos Technologies	Training Specialist	Helped the company to train...
2006 - Now	Ethos Technologies	Training Specialist	Helped the company to train...
2006 - Now	Ethos Technologies	Training Specialist	Helped the company to train...
2006 - Now	Ethos Technologies	Training Specialist	Helped the company to train...

Projects | **Edit**

Time	Client	Role	Description
2006 - Now	Ethos Technologies	Training Specialist	Helped the company to train...
2006 - Now	Ethos Technologies	Training Specialist	Helped the company to train...
2006 - Now	Ethos Technologies	Training Specialist	Helped the company to train...
2006 - Now	Ethos Technologies	Training Specialist	Helped the company to train...

Education | **Edit**

Time	School	Degree	Major
2006 - Now	Harbin Institute of Technology	BA	English
2006 - Now	Harbin Institute of Technology	BA	English
2006 - Now	Harbin Institute of Technology	BA	English
2006 - Now	Harbin Institute of Technology	BA	English

Contact

Email: mengjieguo@ethos.com.cn
Skype: emma_mikka
MSN: draf@ethos.com
Mobile: +86 13910789157

Our Product Scope will cover all the TMS functions

- TalentOn plans to develop in China Talent management System including modules such as recruiting, On-Boarding, Goal Management, Compensation Management, Learning Management, Employee Portal and Analytics modules



The agile R&D helps us achieve technology leadership in the market

Cutting Edge Technologies

- Adaptive to Cloud computing platform, SaaS and enterprise intranet
- SNS in enterprise, i.e. social enterprise software architecture

Leader in China

- It will be one of the first of such systems developed locally in China with better understanding about the needs from Chinese HR arena

Flexible Solutions

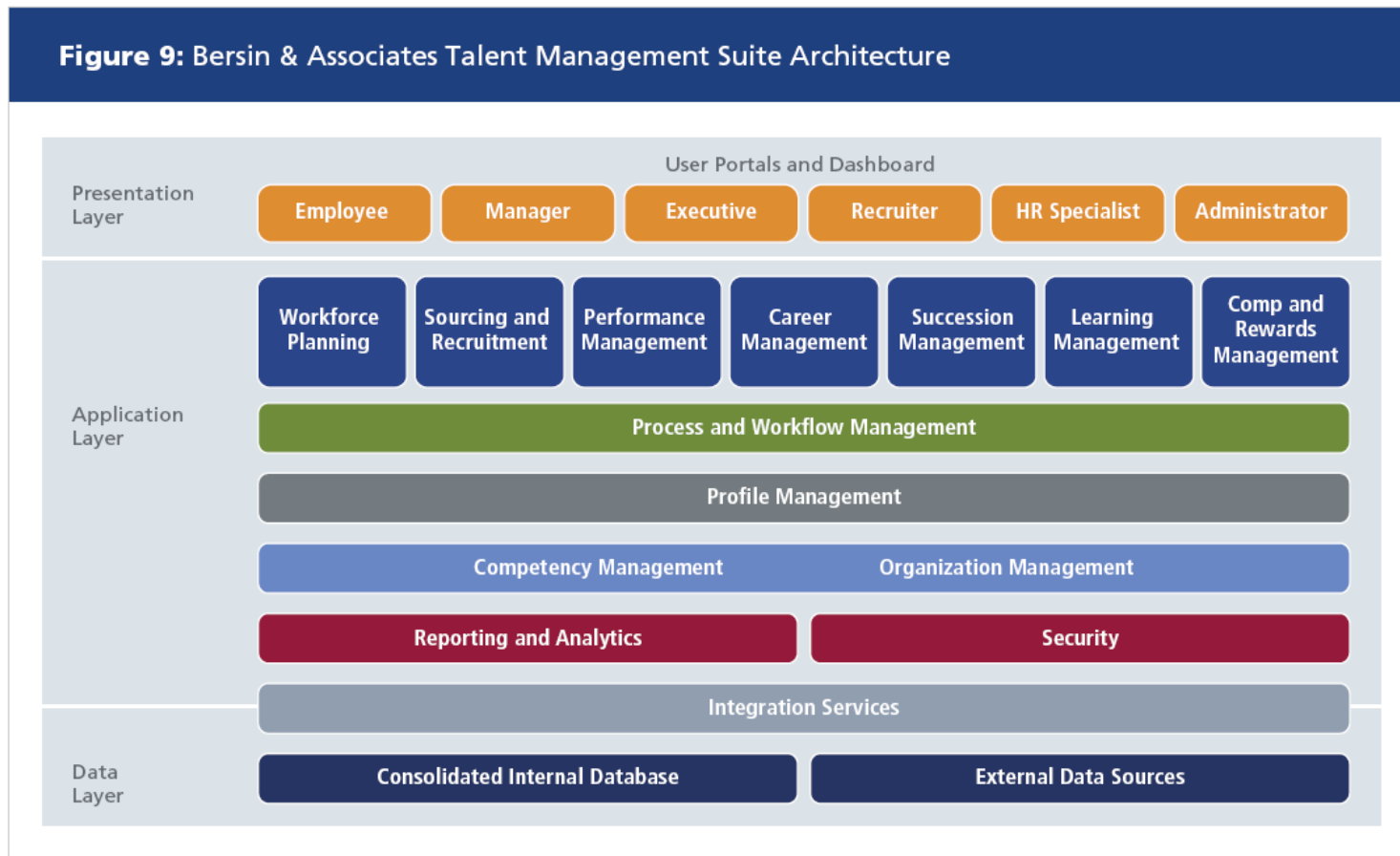
- The tools built on Microsoft XRM could be very flexible, scalable and easily integrate with other systems.
- It can further configured with client demands and it can also integrated with Microsoft outlook and Windows systems

Cost Advantage

- The development costs in China will be a great saving, even more competitive than those players which outsource their R&D in China or India
- The new business structure will also take advantage of the low operational cost base in China

Our product design follows a General Talent Management Suite Architecture

The Bersin & Associate Talent Management Suite Architecture shows the basic talent management architecture which we follow



Source: Bersin & Associates, 2008.

We are designing some cutting edge Product Features

Social Media	Integrated	Fast	Cloud/SaaS
Networking	MyTalentOn Page	Web 2.0 features (Ajax)	Cloud computing
Knowledge Sharing-Wikis	Integrated Profile	Outlook integration	SaaS
Internal Twitter	Integrated TMS	Windows Embedded	On-premise vs. On-demand
Instant Feedbacks	Enterprise social with TMS	Mobile Connection in future	Social Software
Open Rewarding			

TalentOn products have following four important features

- » *Social Software*
- » *Integrated platform for users*
- » *Fast and easy to use*
- » *SaaS Model which offers easy configuration and deployment*

with a very full scope TMS product design

1.Goal Management	2.Performance Management	3.Learning and Development	4.Succession/Talent Review
Goal Setting	Performance Setting	Job Skill/competencies/experience	Performance/Potential/Motivation
Goal cascating	Review Process setting	Gap Analysis	Potential/Performance Metrics
Goal alignment	Performance rating	IDP	Employee Scorecard
Goal Metrics	Rating Report	Career Development	Succession Positions/Candidates
	Development Suggestions	Linkage with LMS(skillsoft)	
	Stack Ranker		
6.MyTalentOn Portal	7.HR Analytics	8. Recruiting	9. On-Boarding
MyTask	Designed Metrics for varous modules	Job Profiling	On-boarding procedure
My Goal		Candidates pool	Company Introduction
My Performance		Candidates Interface	On-line compliance
My Developmental Areas		Assessment	
My Team		Screening and Selection(Auto)	
My Company		Interview(muti-round)	
Company Twitter		Decision Metrics	
Company Wiki		Company Online Recruiting Portal	
My honors			
My Knowledge/Skill/Competencies			

» We are developing a series of products including Goal, Performance, Learning, Succession, Analytics, Recruiting, On-Boarding and our Social Software functions, including micro blogging, Instant Feedback, company wikis, etc.

SaaS and Cloud Computing will be our major delivery model

Unlike traditional enterprise software delivery models, We will mainly use SaaS model to deliver our products and services which will be form a recurring subscription model for our business. The advantages for clients are

- » Low TCO (Total Cost of Ownership)
- » Rapid Deployment
- » Continuous upgrading and innovation
- » Low administration cost

When Microsoft promotes its cloud computing-Azure, we are one of the key partners to build upon Microsoft new cloud computing platform, which is a highly reliable and secure platform for our global clients

Solution on public & private cloud

TMS portal

Enterprise feeds handler

Business processes: goal, performance, recruitment, career development

Reporting service

Interfaces

TMS

Windows Live Office Live Exchange Online SharePoint Online Microsoft Dynamics CRM Online

Azure™ Services Platform

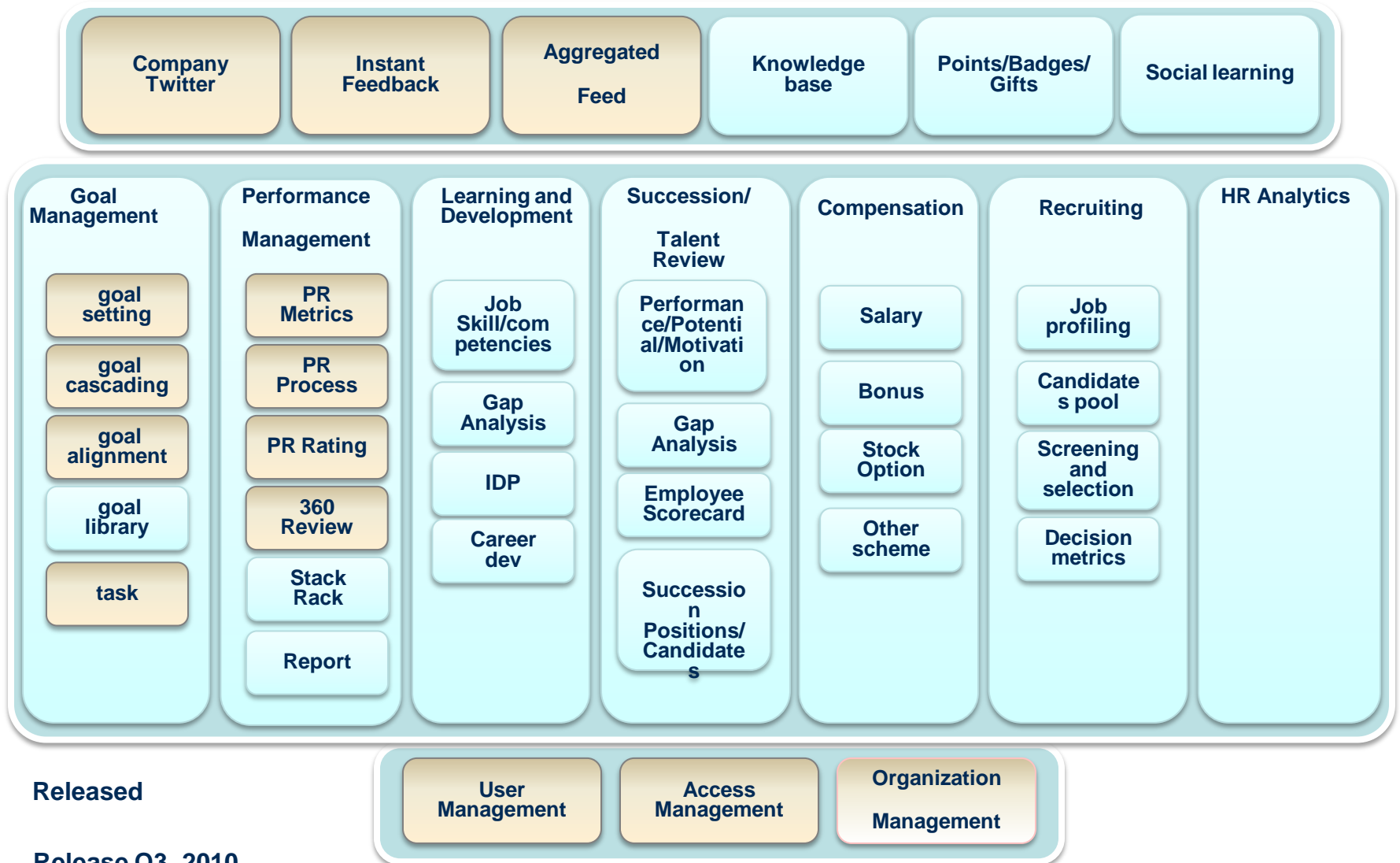
Live Services .NET Services SQL Services SharePoint Services Microsoft Dynamics CRM Services

Windows Azure

LAMP Service

Other Cloud

Platform



Cutting edge technologies – SNS collaboration

On the basis of Drupal – mature collaboration platform

- *Native Web2.0 platform, grown as open source framework*
- *More than 5,000 modules enabling easily expansion*

Talent relevant collaboration leveraging SNS – solid step to Enterprise 2.0

- *SNS is widely adopted by employees*
- *Strong channel to share information and cascading company vision*
- *Instant positive feedback through feeds enabling positive and effective result*
- *SNS model is the future of business software*

McKinsey&Company

Businesses find that social media can lead to more innovative products and services, more effective marketing, better access to knowledge, lower cost of doing business, and higher revenues. (1,700 sample, McKinsey & Company, September 2009)



"Why isn't all enterprise software like Facebook, It's really a compelling application; it's easier, its educational, you're learning all about these compelling concepts." (Marc Benioff, CEO of Salesforce)

Cutting edge technologies – Cloud computing

PaaS and SaaS on Cloud

SaaS / Cloud

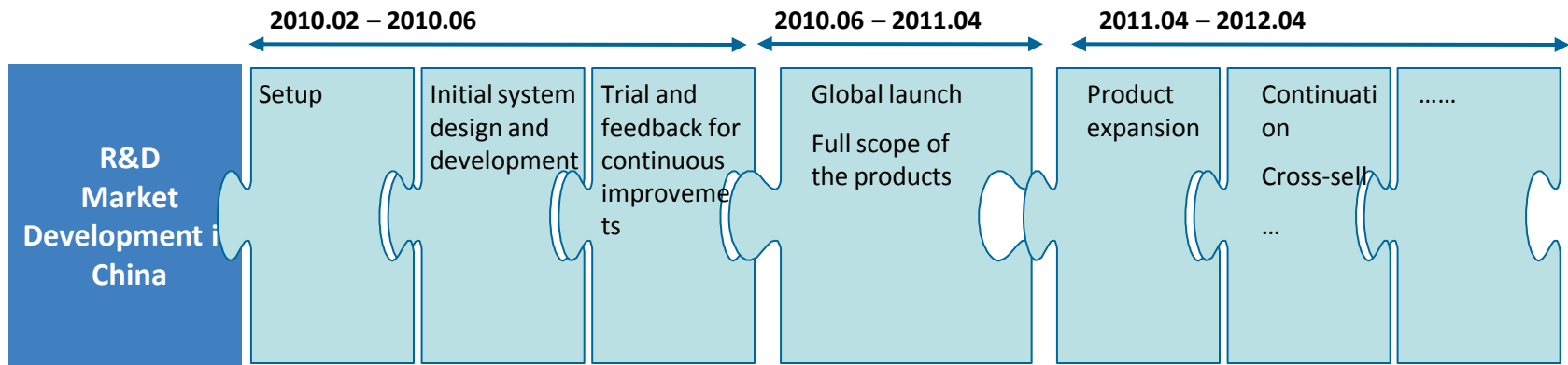
- *Capital savings: Software and Hardware*
- *IT operations savings*
- *Departmental / Business operations savings*
- *Reduced Risk / Project Failure*
- *Faster Time to Value*

PaaS / Cloud (Platform as a service)

- *Next generation of SaaS*
- *Easier to integrate more applications -> better ROI for existing infrastructures*

We are ready to deliver the first products in the middle of 2010 and the full products will be ready by early 2011

It is projected to have a set of pilot products for client trial by the middle of 2010, other modules and products will be finalized by 2011 and on.



Details

New Venture setup
Initial design

System Development

- MyTalentOn
- Goal Management
- Performance Management
- Succession Planning

• *Client Trail*

- Further Development
- Improvement

- Influence the environment
- Selling to prospects
- Operation

- Cross sell with our clients in assessment and talent consulting
- Continuous branding and marketing activities