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Industry Bulletin From The Starr Conspiracy Intelligence Unit

The Way Forward for SAP's HR Cloud

Mike Ettling, Former CEO of NGA Human Resources, Steps in to Guide SAP's HCM Business Forward in the Face of Heightening Competition

By Lance Haun, Editor, TSCIU

Note: This bulletin is part of The Starr Conspiracy Intelligence Unit's industry coverage. The views expressed here are based on publicly available information, as well as our own industry background.

FORT WORTH, Texas (March 4, 2014) — 2014 started off with a bang, with [SuccessFactors President Shawn Price moving up to oversee all of SAP's cloud operations](#) after the unexpected departure of Robert Calderoni. Now Mike Ettling, former CEO of NGA Human Resources and an HR technology veteran, has joined SAP to lead its cloud HR division — which includes SuccessFactors and SAP's ERP human capital management solution, respectively. That division represents more than 17,000 SAP customers, [according to the release](#).

The position was only open for two months, but it helps that SAP chose someone who was readily available. Ettling left NGA last spring and, [according to his LinkedIn profile](#), has been spending time in advisory roles to a wide range of enterprise technology companies and venture capital firms, including talent management solution provider Peoplefluent and Business Connexion, a large IT consulting and outsourcing practice based in South Africa.

The Right Move at the Right Time

The move comes as SAP looks for a significant growth year in 2014 from its cloud business. In 2013, [revenue from SAP Cloud grew by 130 percent](#). With Price in as president of SAP Cloud, the HR unit needed a proven technology leader who had a history of successfully growing a global HR business during a transformative time. They found their match in Ettling.

"When it comes to managing talent in today's global and connected economy, implementing technology to automate old ways of recruiting, payroll, time tracking, and expenses won't cut it," Ettling said in a prepared statement distributed to media. "To engage the workforce of the future, companies need solutions that enable new processes to motivate and align employees with business goals to drive outcomes."

Steve Smith, partner at The Starr Conspiracy and head of The Starr Conspiracy Intelligence Unit, said that SAP is at an inflection point in their cloud HR strategy. "They acquired SuccessFactors to play catch up with their cloud strategy — a move that has paid off well. They've crammed six or

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seven years of innovation into the past three years of product development," he said. "However, they need to reconcile who SAP has been in the past — a global leader in on-premises enterprise solutions — to who they need to become to compete with Workday, Oracle, and Salesforce — the global leader in cloud computing."

Due to Ettlign's background at NGA and Unisys, Smith believes he can bring greater clarity to SAP's cloud HR services. "He's a guy who understands that HR and talent don't exist in a silo — they're intertwined with financials and other enterprise solutions. HR and talent are more than just the technology," he said. "And Mike is a guy who gets that. He understands how technology needs to augment services across both HR and the enterprise, as well as integrate with SAP's many partner relationships."

Setting SAP Up for 2014

We'll call this what it is: a net talent addition for anyone interested in SAP's future in HCM. Not only does the former SuccessFactors leader head up SAP's most important division for growth over the next decade (SAP Cloud), but a proven leader and HR technology veteran has joined to head a team already on an aggressive growth trajectory (SAP Global HR Cloud).

SAP has a major partner ecosystem that's been historically central to its growth into a global powerhouse. During this transition to cloud-based services, this move sends an important signal to the those partners, especially those that focus on business process outsourcing, that one of their own is leading that transition.

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