

Strategic HCM External Q&A

Q - What is Strategic Human Capital Management?

A – The Lawson Strategic HCM System – which includes Talent Management, Workforce Management and Human Resource Management suites – is designed to link people to business strategy. Lawson Strategic HCM helps an organization strategically manage, develop and retain employees and improve its ability to identify and develop top talent and emerging leaders. By identifying and optimizing talent, organizations will be better positioned to maximize employee effectiveness and efficiency, ultimately supporting improved profitability.

Q – I thought Lawson announced Strategic HCM at last year’s HR Technology Conference. How is today’s announcement different?

A – Today’s news is focused on the availability of Lawson Talent Management, an enterprise software solution within the Lawson Strategic Human Capital Management System. We demonstrated an early version of Talent Management during last year’s HR Technology Conference. Lawson Talent Management provides talent acquisition, compensation management, performance management, learning and development and succession management functionality integrated with a core HR system.

With the addition of Talent Management, Lawson is offering the full set of talent management, workforce management and core HR functionality identified by industry analysts and customers worldwide as critical to delivering a complete HCM solution.

Q. Lawson recently acquired VasTech. What does this bring to Lawson’s HCM portfolio?

A - By acquiring VasTech, Lawson has added the Workforce Management suite – including credentialing, staffing and scheduling – to complement our already-strong human capital management solutions. Our customers and industry analysts agree that workforce management is a top need for the key industries that Lawson serves, in particular healthcare and public services. This is another example of Lawson delivering on its acquisition strategy – to deepen our product and services for the vertical markets we serve.

Q - How is Strategic HCM different from the current Lawson S3 HCM product (version 9.0)?

A - Strategic HCM is a new system category, similar to Lawson’s S3 and M3 lines of enterprise software solutions. The system incorporates a world-class HRMS (formerly known as Lawson S3 HCM) with an integrated set of talent and workforce management capabilities. It will offer current Lawson clients the opportunity to add talent and workforce management applications to their portfolio while protecting their core investment in the Lawson HRMS.

Q - Is Strategic HCM a global product?

A - Strategic HCM was designed as a global system from day one. All of the core infrastructure components support internationalization (language, currency, etc).

The system’s global capabilities, demonstrated by the international scope of its charter implementation program, make it a compelling solution for managing business operations across multiple regions. For example, its transition management capabilities within the Talent Management suite allow organizations to configure and tailor their own

business processes that may differ from country to country or industry to industry, such as on-boarding, payroll and benefits enrollment.

The first version of Strategic HCM has been developed for North America (USA and Canada) and France. For those countries, we have translated and localized. Additional language support will be announced later this year.

Q – How is Strategic HCM being delivered?

A – Lawson Talent Management is being delivered via Software-as-a-Service (SaaS), enabling customers to implement the solution faster, and at a lower cost, than traditionally possible through an on-premise solution. Additionally, there is a strong market trend (which has been readily accepted by the industry) for the delivery of talent management solutions through a service offering. Lawson Workforce Management and Lawson Human Resources Management will be delivered as an on-premise solution, with plans to web enable in the future.

Q - Who are Lawson's implementation partners?

A - The first phase of Lawson's Strategic HCM charter implementation program included Commerce Bank, a \$48 billion regional financial services provider with 15,000 employees and more than 450 stores serving much of the East Coast; France-based Manitou, the world leader in the manufacturing and distribution of rough terrain forklift trucks; and Sitel, a global Business Process Outsourcing services provider with 67,000 employees located in 27 countries. Lawson also has implemented the solution to meet its own workforce management needs.

We are now actively recruiting the second phase of the program for customer implementations to begin in mid-2008. The charter program allowed us to mature the software, insure that the requirements were effectively met and prepare the organization to scale implementation activities to dozens (and ultimately hundreds) of customers.

Q - How big is the human capital management software market?

A – According to Forrester Research, the overall market for HR/HCM applications is currently \$5.9 billion in product revenues (i.e., licenses, maintenance, and subscriptions) and expected to grow at a composite rate of 9 percent through 2011, reaching \$8.3 billion. The talent management segment is expected to grow the fastest with an annual growth rate of 17 percent.

Q – Lawson Talent Management was developed using Lawson's Landmark Application Designer. Why is this important?

A - Landmark allows Lawson to design applications for service-oriented (SOA) IT environments. Using Landmark, Lawson simplifies applications by reducing the amount of code needed for development, which can significantly reduce the work needed for organizations to implement and use the applications. In addition, SOA increases flexibility by allowing maintenance and upgrades to be made when and where they are needed. A great example is how we were able to quickly release multiple product enhancements to Commerce Bank during their implementation period, enabling them to go live with Talent Management in less than 3 months. This would not have been possible through traditional software development.

Another benefit of Landmark is it enables business analysts – in this case, people who understand HR business processes - to develop the software instead of programmers.

Q - Is Strategic HCM an SOA application?

A – Absolutely. The beauty of SOA lies in Lawson’s ability to expose portions of the application to others on the Internet, and vice versa. A great example of this is how we are using Landmark to “expose” Lawson Process Language (LPL is the high level language we use to build all of our applications) to various websites on the Internet, like Facebook. By developing a widget that links Strategic HCM with a Facebook user’s profile page, Lawson is making Web 2.0 a reality by enabling employees to tap the power of their social networks to promote their company’s open positions for referral incentives.

Q - What is Smart Office and how does it play a role with Strategic HCM?

A – Strategic HCM leverages the best of what SmartOffice has to offer to deliver the best overall talent management user experience in the marketplace. By using the latest in Microsoft technology, the product has a modern, usable look and feel. Additionally, by leveraging interoperability with Microsoft Office, we have delivered breakthrough applications like the Manager Space, delivered right within Outlook.

Q – How does Strategic HCM compare to offerings from competitors, such as Oracle and SAP?

A – Lawson is the only enterprise software provider able to deliver a truly integrated set of talent management, workforce management and global HRMS offerings to its customers worldwide. This “trifecta” of solutions has been identified by industry analysts and organizations worldwide as critical to delivering a complete HCM solution.

Q – How is Strategic HCM priced?

A – Strategic HCM pricing is not published, but is licensed on a per-employee basis. Pricing is adjusted for the number of employees and number of talent management modules licensed. More information about pricing is available upon request.

Q - Will you have a separate sales force for Strategic HCM (since it's now separate from M3 and S3)?

A – For some strategic vertical markets, the Lawson vertical salesforce will be marketing the product to customers. In all other North American markets and all global geographies, Strategic HCM will be sold by a separate, dedicated salesforce to insure that domain experts are deeply engaged with customers for such a strategic technology purchase.

Q – What does “extended availability” mean?

A – Extended availability means that we are selectively making implementation commitments to customers based on capacity to deliver services and SaaS operations. However, there are no other restrictions on who can evaluate or purchase the product.