
Taleo  Talent Drives Performance



Taleo Corporate Overview

August 2008

Safe Harbor

This presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of Taleo Corporation. These statements are only predictions and reflect the current beliefs and expectations of Taleo Corporation. Actual events or results may differ materially from those contained in the projections or forward-looking statements. Factors that could cause actual results to differ materially from the forward-looking statements contained herein are detailed in documents Taleo Corporation files from time to time with the Securities and Exchange Commission, including its recent filings on Forms 10-K as filed with the SEC on March 14, 2008, and 10-Q as filed with the SEC on May 12, 2008. Forward-looking statements in this presentation are made pursuant to the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995.

Agenda

1. Business Overview
2. Market Opportunity
3. Superior Solutions and Execution
4. Financial Overview



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Why Taleo?

Large and growing talent market



Proven market leadership



Pure On Demand provider with award winning platform



Delivering real ROI to large and growing customer base



Superior sales and channel execution



Rapid growth in revenue and profitability

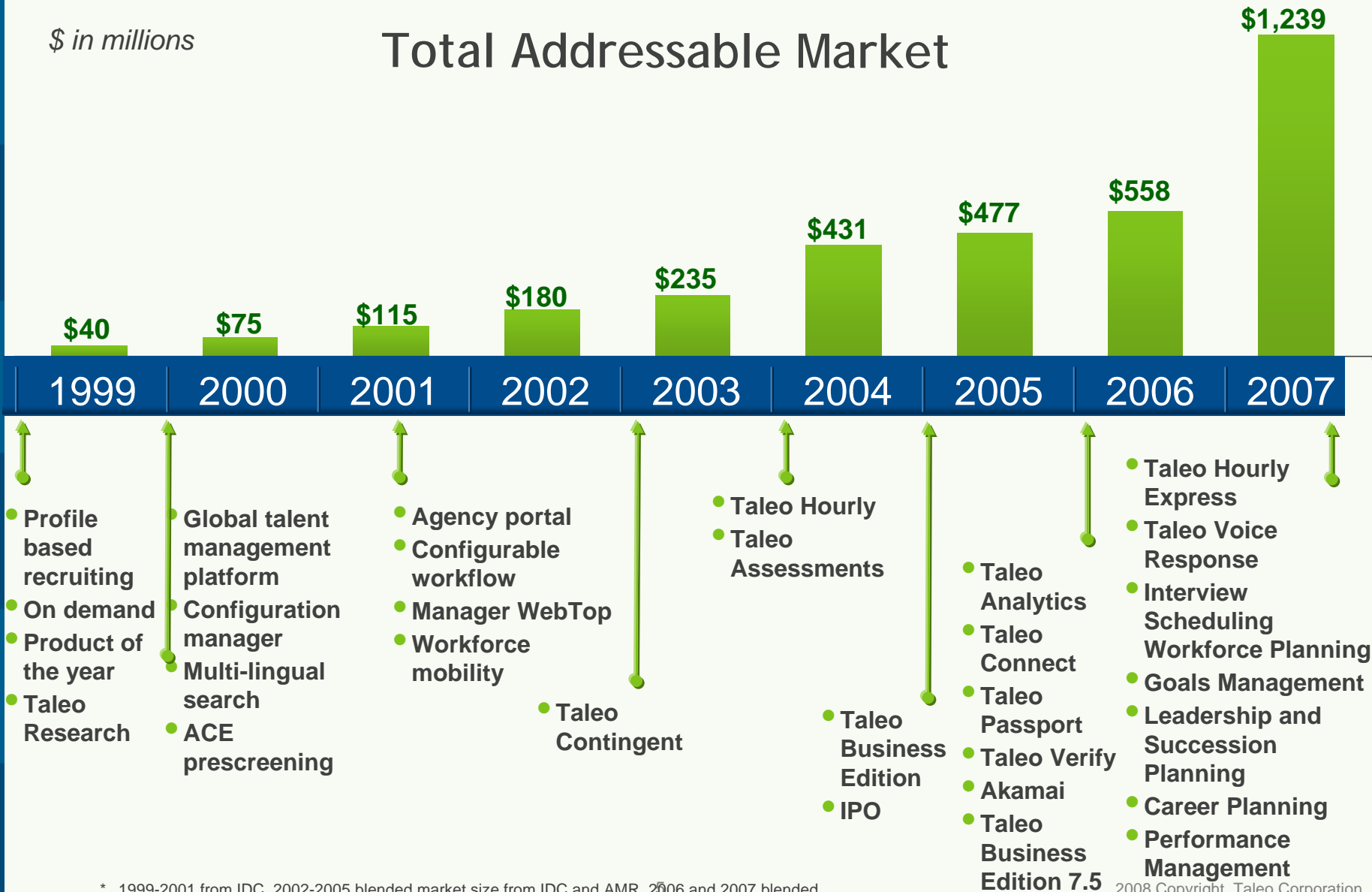


History of Innovation, Execution and Growth



\$ in millions

Total Addressable Market



* 1999-2001 from IDC, 2002-2005 blended market size from IDC and AMR, 2006 and 2007 blended market size from Yankee Group, IDC and AMR.

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What is Talent Management?

A management system that optimizes workforce achievement to transform business goals into business performance



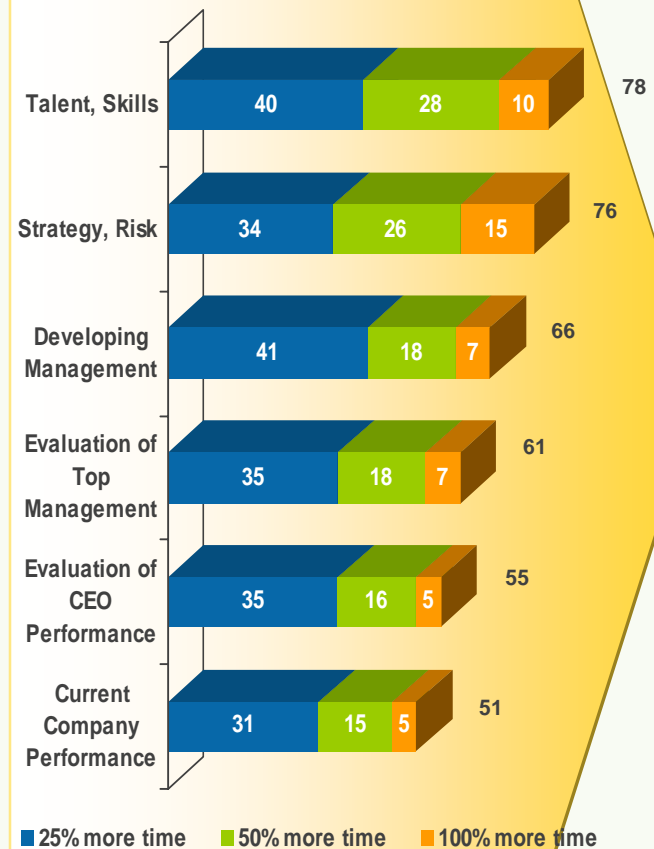
Talent Management is a C-Level Imperative

Macro Trends
 Labor shortages
 Aging workforce
 Increasing employee mobility
 Globalization

Micro Trends
 Skilled labor accounts for 70% of the value of S&P 500 companies today versus 20% in 1980 (Accenture)
 Corporations spend 2.5x annual compensation to replace employees (BLS)
 70% of employees feel performance mgmt. tools are inadequate (NY Times)

Critical Business Need

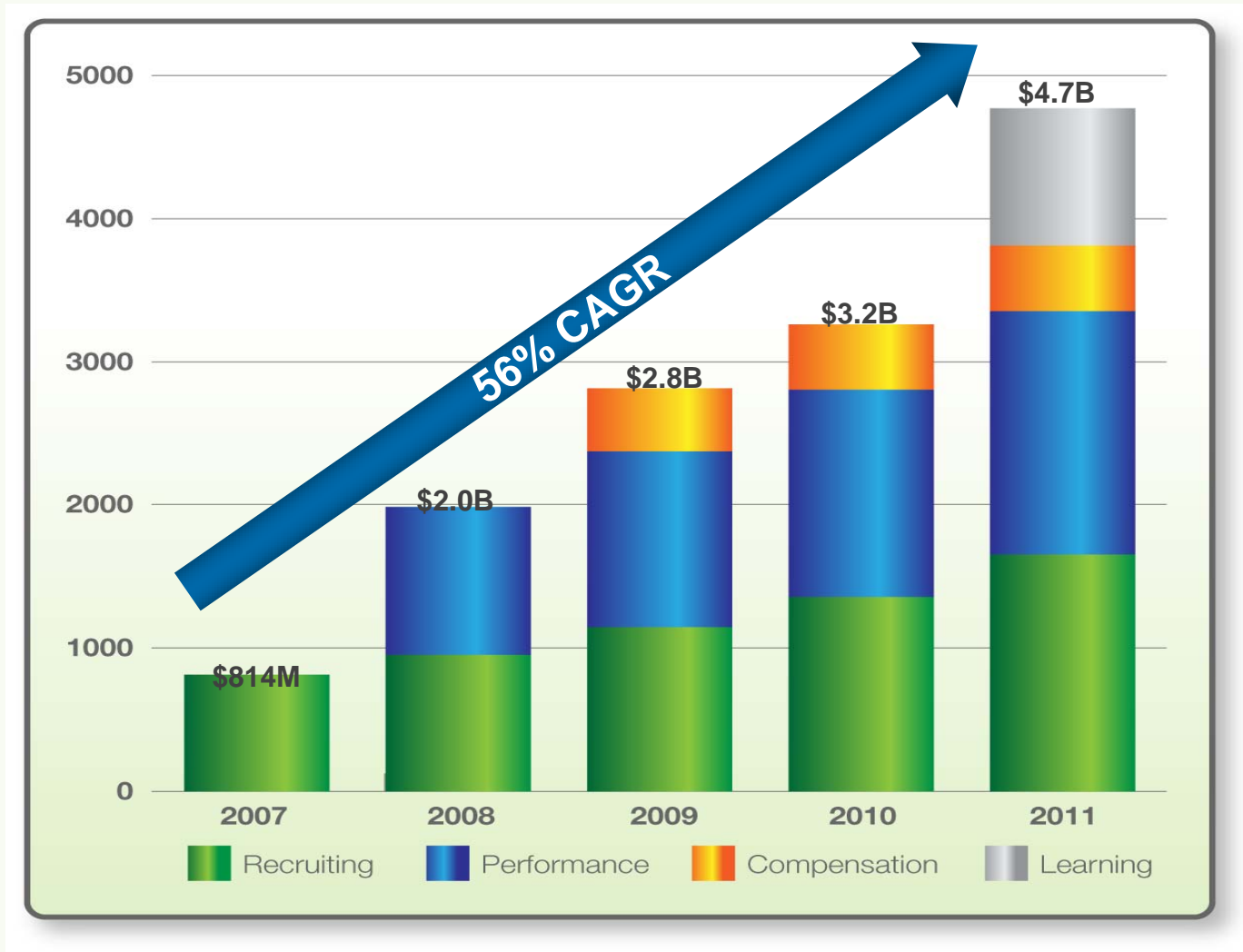
BoD Priority Topics



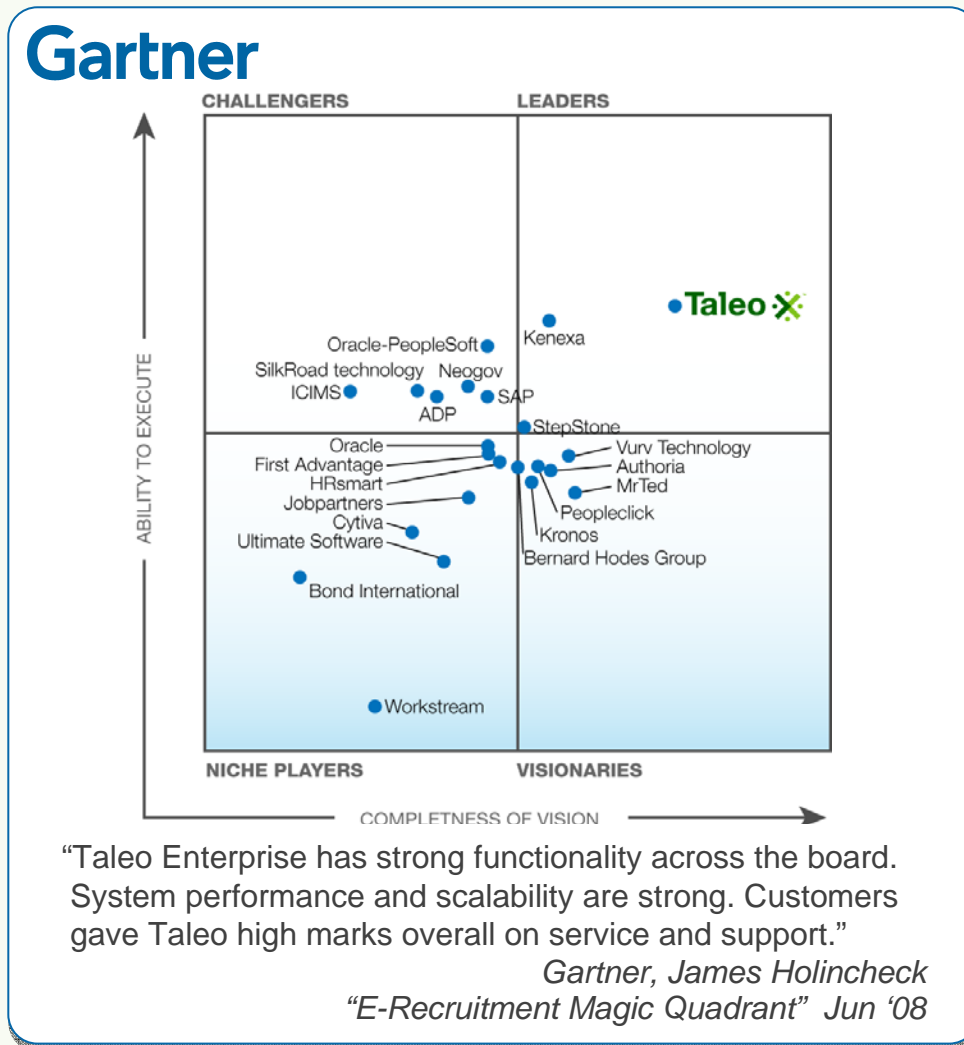
Source: McKinsey-The View from the Boardroom

Significant Market Opportunity

Taleo's Total Addressable Market



Talent Management Leadership



“Taleo Performance has the opportunity to truly transform the way business handles talent management.”

Josh Bersin
 President & CEO
 Bersin & Associates



“Taleo is taking a unique approach to talent management by focusing on a superior user experience and real business impact rather than just process automation.”

Lisa Rowan
 Program Director
 HR and Talent Management
 IDC

Talent Management Competitive Landscape



	Taleo	TM Suite Vendors	Niche Vendors	ERP Vendors
Domain Expertise				
Global Application				
Enterprise Market				
SMB Market				
Single Code Base				
Pure On Demand				
Depth of Offering				
Breadth of Offering				
Financial Strength				

LEGEND:



Excellent



Very Good



Good



Fair



Poor

Best-in-class product with segmented suites
 Broad, referenceable customer base
 Focused, effective talent management salesforce

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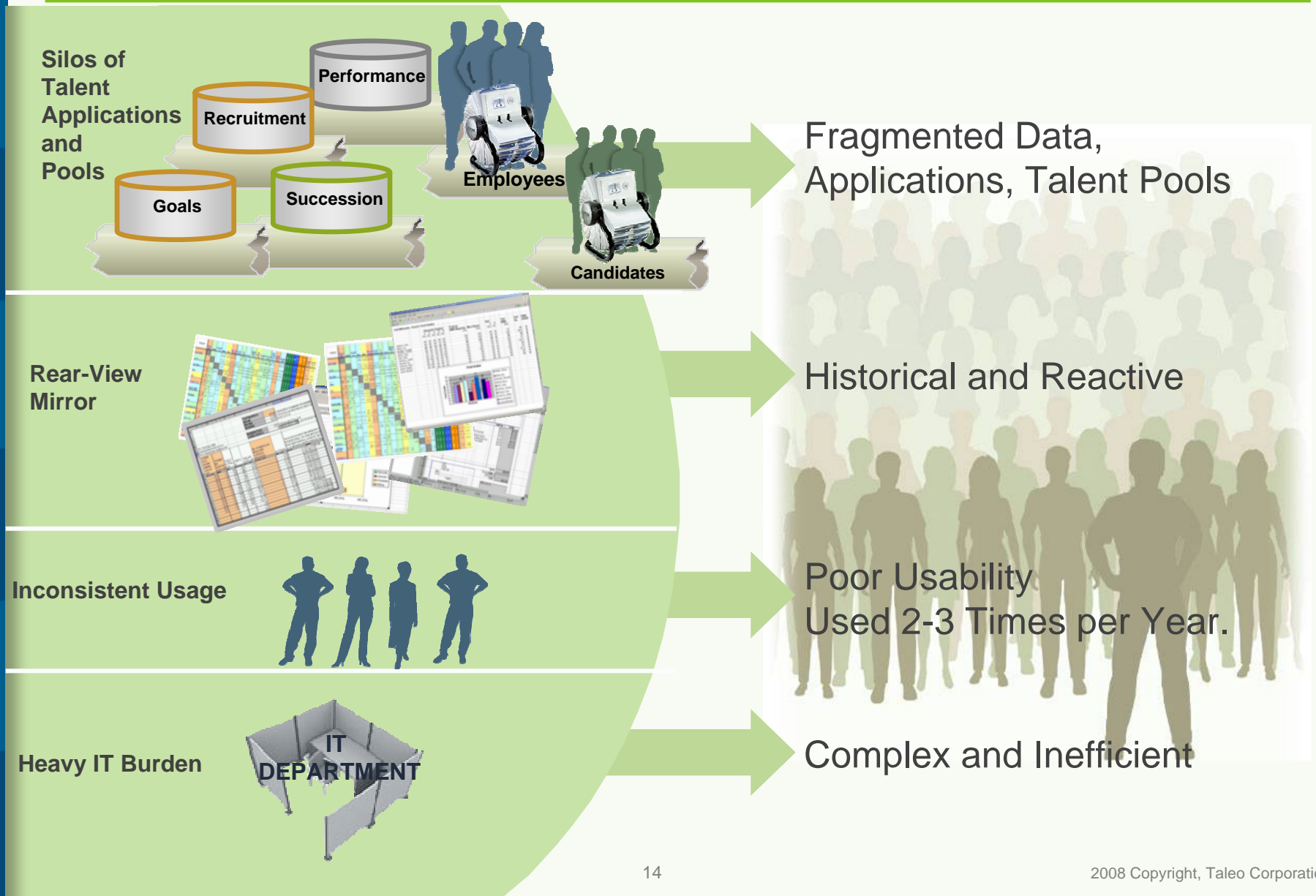


Today's Workforce Challenges



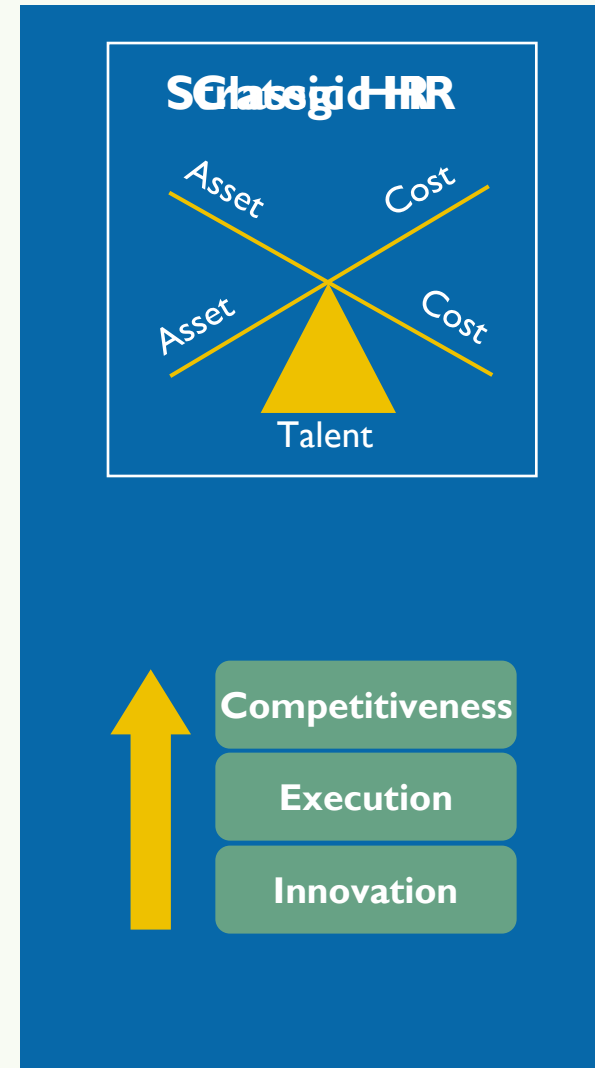
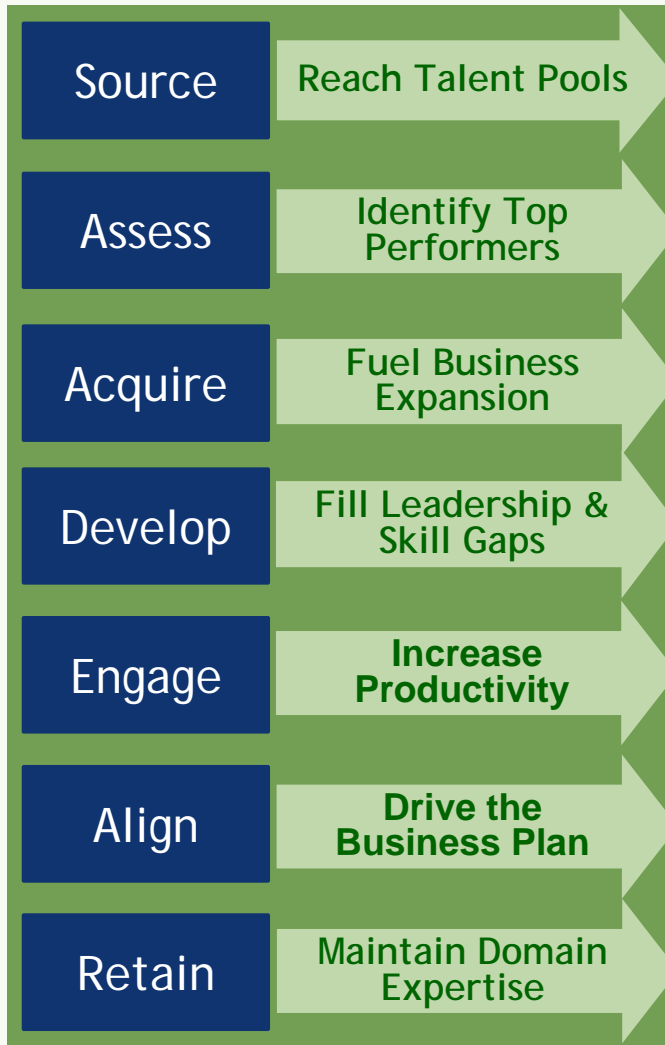
Sources: The Gallup Management Journal, US BLS, UK CIPD, Hewitt Associates,, Taleo Research

Current Solutions Not Meeting Challenges



Talent 2: Strategic Value

Business Performance Thru Talent Mobilization



Talent 2: Taleo Differentiation

	Requirements	Taleo Capabilities
UNIFY	Complete View of Talent	<u>Unified</u> View of Talent: recruiting and performance data, employees and candidates
PREDICT	Predict Performance	Talent <u>Intelligence</u> : success profiles, model talent pools, predict skill gaps, precise candidate matching,
PERSONALIZE	Tailor to Environment	<u>Configure</u> to every organization and every role: minimize IT resources
ADOPT	Easy, rapid adoption	<u>Usability</u> : Intuitive, easy to use interface, Outlook integration, built for business users
PROVEN	Reliable, Available, Secure	Established <u>Scalable</u> , on-demand Talent Management Platform

...from a single talent management solution

On Demand Enterprise Infrastructure

On Demand Model



No hardware
No software
No IT staff

Lower TCO

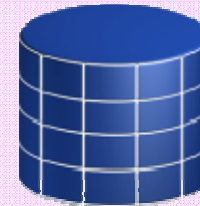
Enterprise Class Infrastructure



Reliable
Scalable
Secure
Dual data centers
99.9+% availability

Mitigate Risk

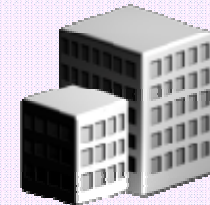
Single Code Base



Automatic upgrades
No maintenance
Flexible & easy configurations

Rapid Innovation

Multi-Tenant



Shared Infrastructure
Economies of scale
Operating Leverage

Scalability

Superior Sales Execution

Enterprise

Global, multiple brands & divisions
 Heterogeneous staffing processes
 High volume, 24X7
 At end of 2Q08:
 31 quota carrying sales reps
 23 sales reps focused on renewals
 33 of Fortune 100
 >350 large enterprises

Strongest Customer Base In the Industry

SMB

Easy to deploy
 Easy to use
 Easy to buy
 Self service implementation
 Telesales model
 Fast growing business
 2Q08=17 sales reps focused on SMB
 >1,500 customers

Fastest Growing Customer Segment

HRO Channel



IBM
 CONVERGYS *Outthinking. Outdoing.*
 Hewitt
 ExcellerateHRO
The HRO business of EDS & Towers Perrin
 Veritude
 accenture
 Fidelity INVESTMENTS
 alexandermann solutions

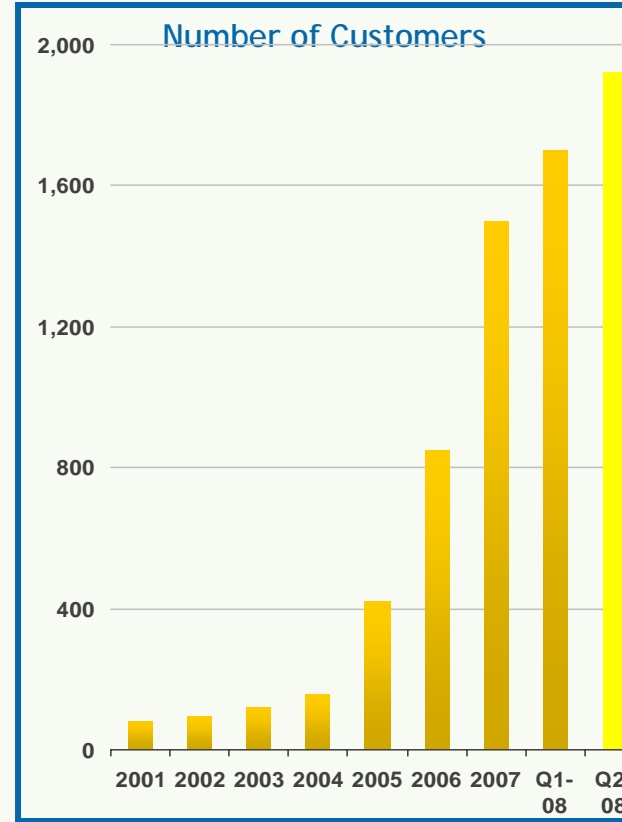
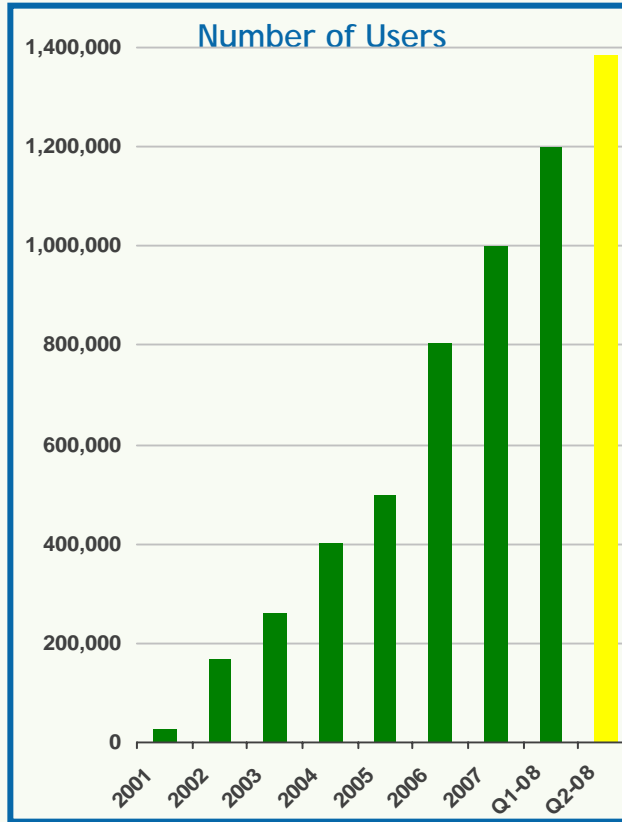
Strongest HRO Channel In the Industry

Taleo World Class Services



Unmatched Customer Base

Financial



Technology

Manufacturing

Retail

Health Care/Life Sciences

Proven Track Record of Customer Success



- Reduced advertising expenditures by 50% in local hotels
- Increased productivity and reduced cycle time by 50%
- Standardized reporting and captured metrics and candidate statuses for campus reporting



- Achieved 500% ROI
- Reduced search fees and advertising expenses by more than 30% on average
- Reduced workflow



53% report decrease in process costs



30% reduction in cost of hire



54% improvement in quality of hire



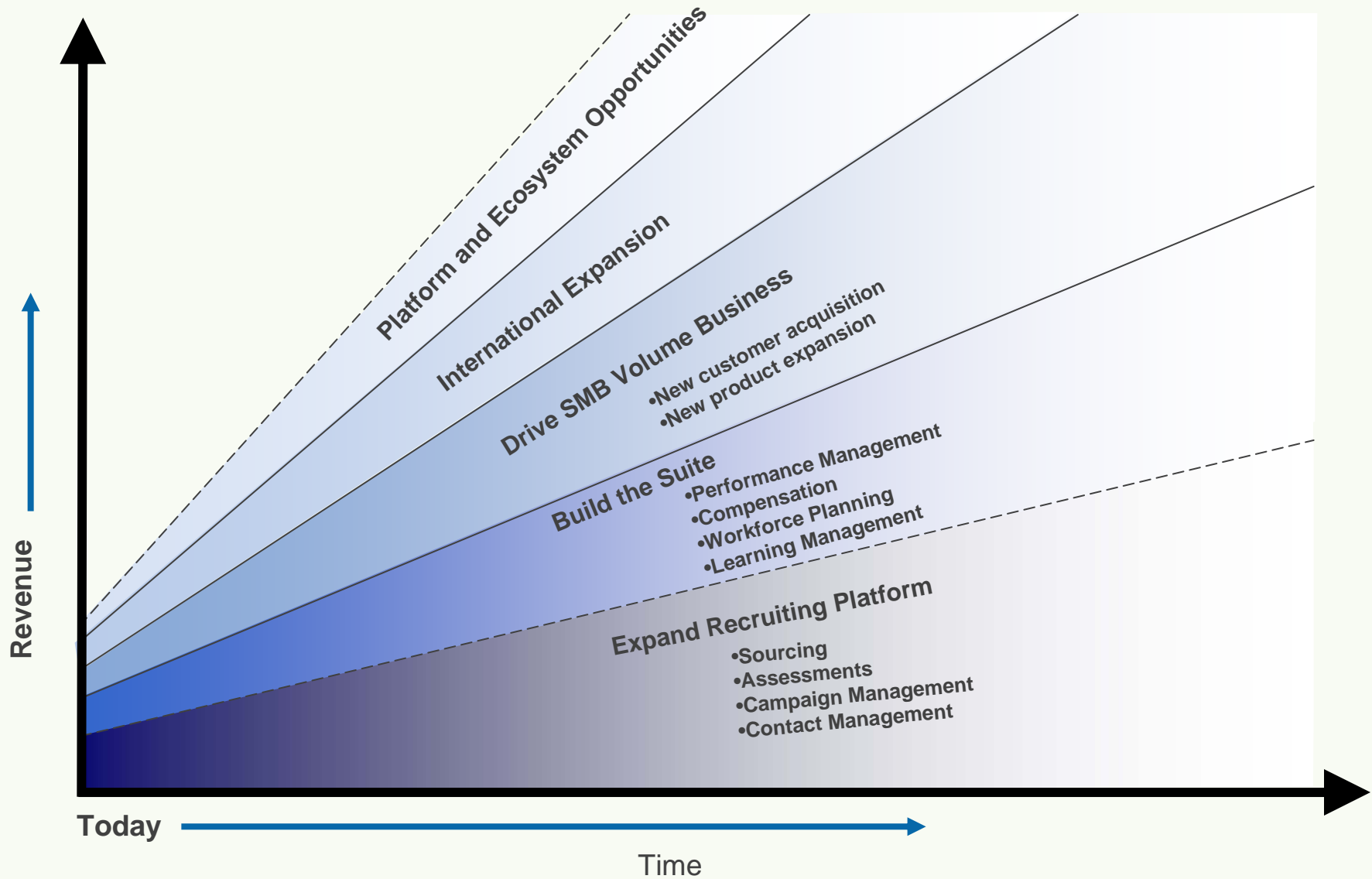
- Employs skill-based solutions for internal mobility and external hiring in 60 countries accessed by 14,000 hiring managers
- More than 215,000 candidate profiles that can be targeted for jobs as they occur
- Adheres to each country's regulatory requirements



UnitedHealth Group

- Added self services solution to improve overall staffing process
- Reduced advertising spending by \$2 million and saved nearly \$5 million in agency fees
- Deployed select kiosks and other self-services to optimally deploy internal and external talent

Multiple Growth Drivers



Closed Acquisition of Vurv on July 1, 2008

Geographic Reach

- EMEA and APAC
- Catch SaaS and TM Wave

Solidify Market Leadership

- 600+ Enterprise Customers
- 2,800+ SMB Customers

Comprehensive Product Line

- Recruiting + Performance + Compensation

World-Class Development

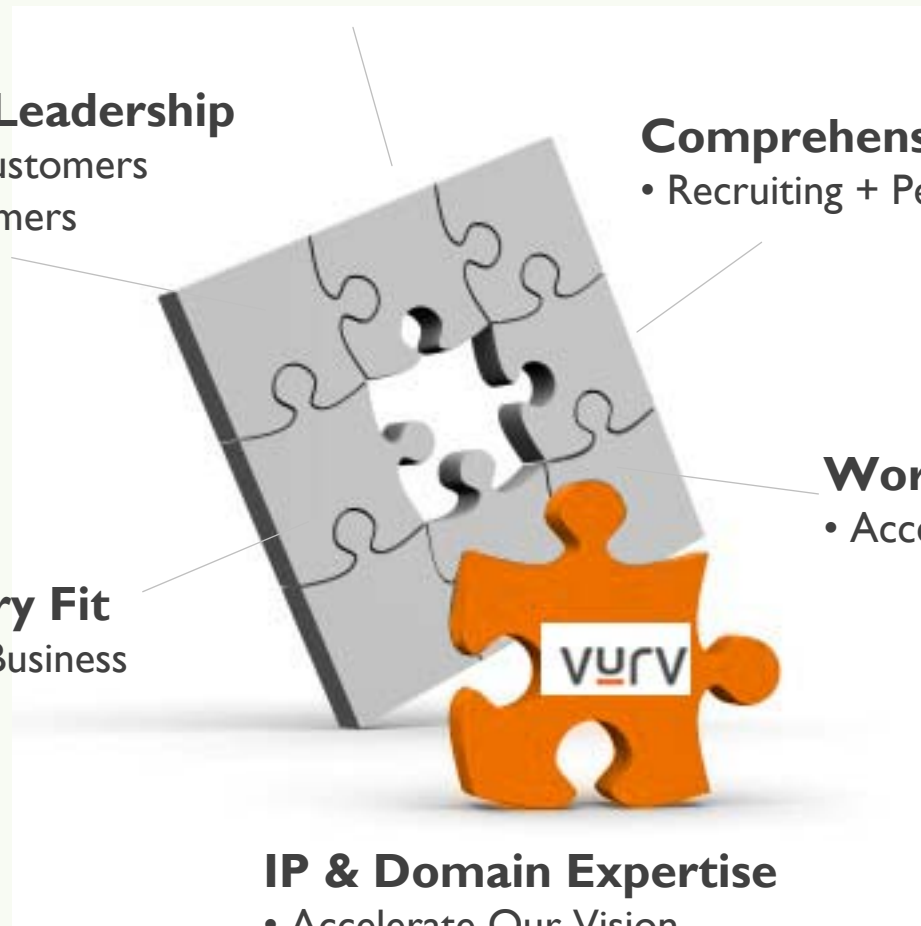
- Accelerate Delivery

Complimentary Fit

- We Know This Business

IP & Domain Expertise

- Accelerate Our Vision



Why Now?

Customers Want a Unified Platform

Market Demanding Leadership and Better Solution

Market Acceleration

- Consolidation
- Broader Solution



Invest Today to Set Up for Future

Management Team Strong

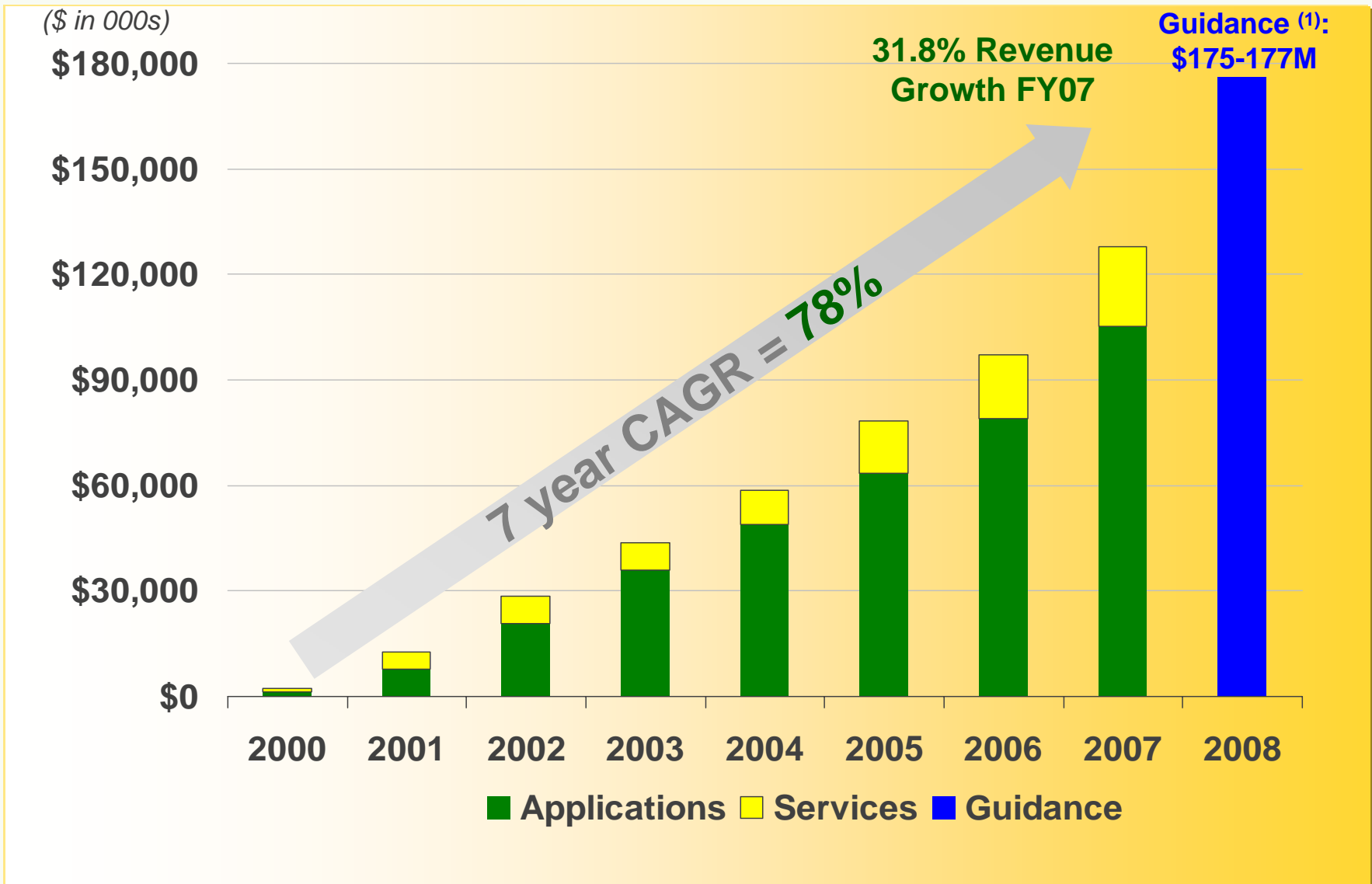
Balance Sheet Strong

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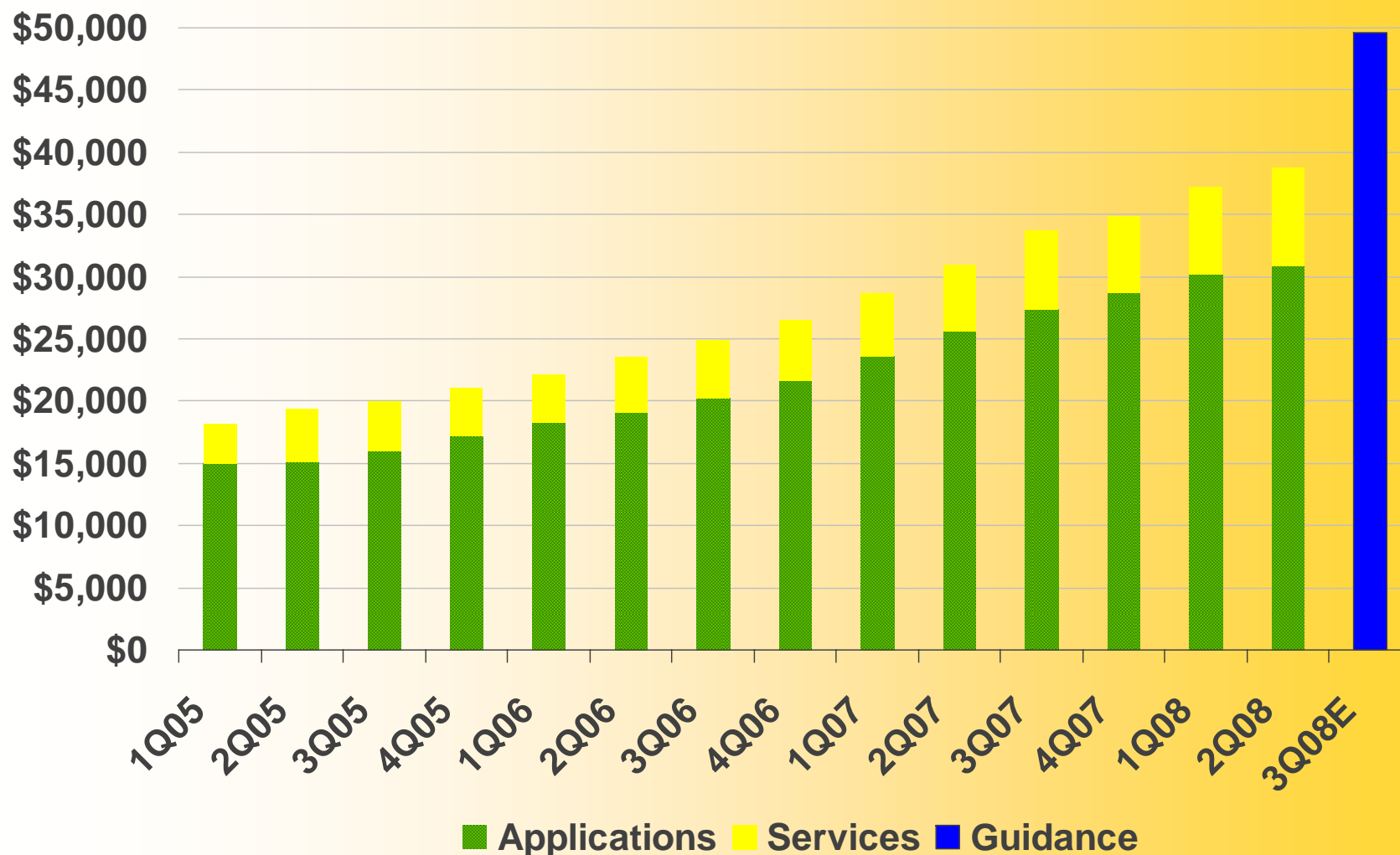


Strong Revenue Track Record



Quarterly Revenue Track Record

(\$ in 000s)



Note: (1) Non-GAAP revenue guidance issued on 7/31/08; includes impact from acquisition of Vurv.

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Business Model Highlights

Profitability

Financial Stability

- Cash flow positive: **>\$30 million in 2007**
- Cash flow positive: **>\$12 million in 2Q08**
- 2Q08 non-GAAP net income of **\$4.2 million** (\$0.15/share)

Visibility Financial Strength

Strong base of recurring revenue

- Multi-year contracts (avg. 3 yrs)
- Ratable revenue recognition
- 6/30/08 cash balance: \$104.7 million, no debt
- Strong visibility into backlog

High Customer Lifetime Value

Excellent value creation characteristics

- High renewal rate %: mid/high-90s
- Value-added services revenues
- Cross-sell and up-sell add-on products to install base

Significant Operating Leverage

Pure on demand business model

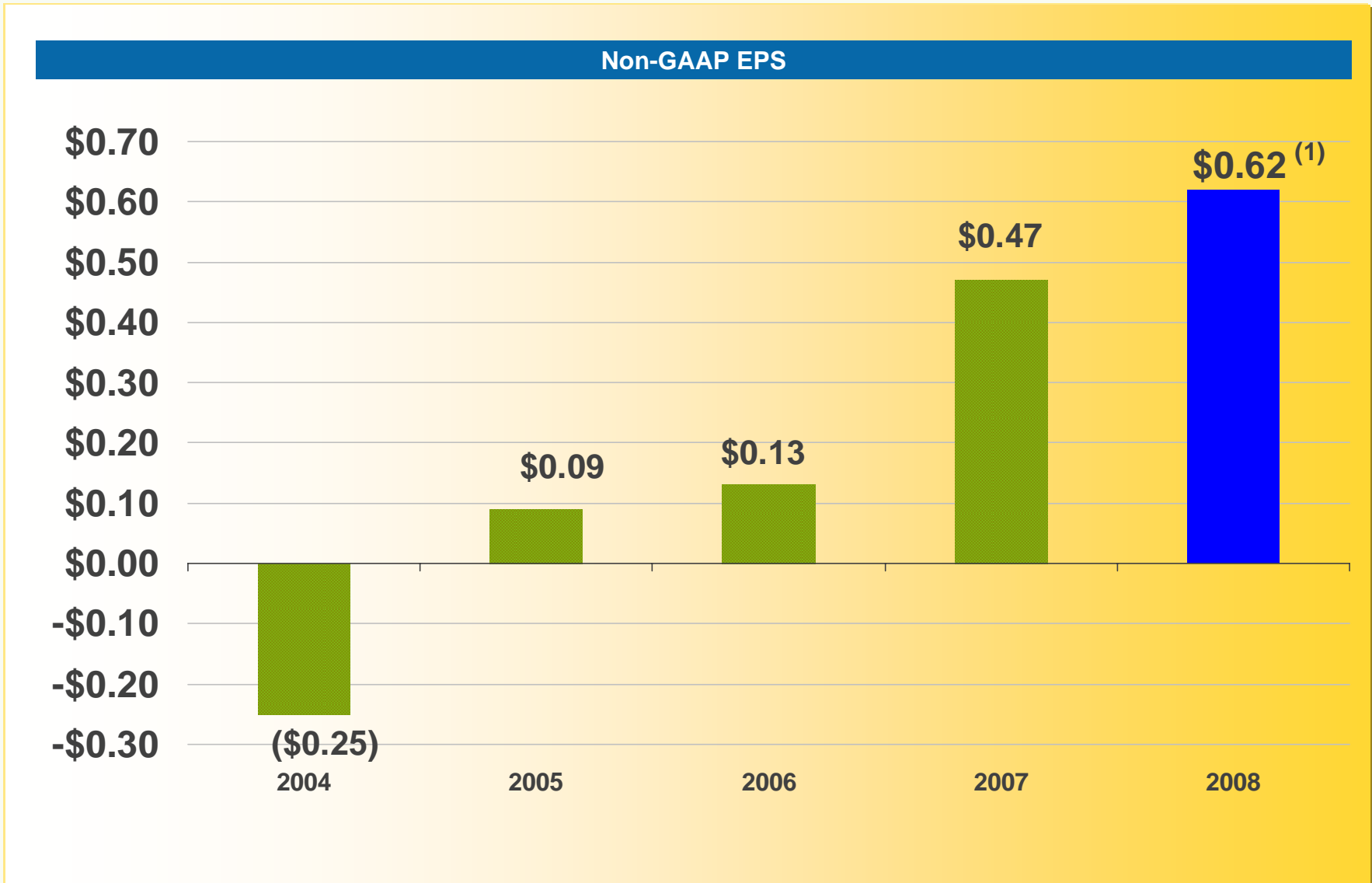
- Single code base
- Standardized and leveraged cost structure
- Rapid solution adoption by customers

Q2 2008 Highlights

- 25% Year over Year total revenue growth
- 25 new Taleo Enterprise Edition and over 200 new Taleo Business Edition customers added, bringing total customer base to >1,900 organizations around the world
- Closed 10 \$250K+ annual ASP deals in Q208, as compared to 26 in FY 2007, up 40% from 18 in FY 2006
- Closed transaction with AT&T, the largest in Taleo's history

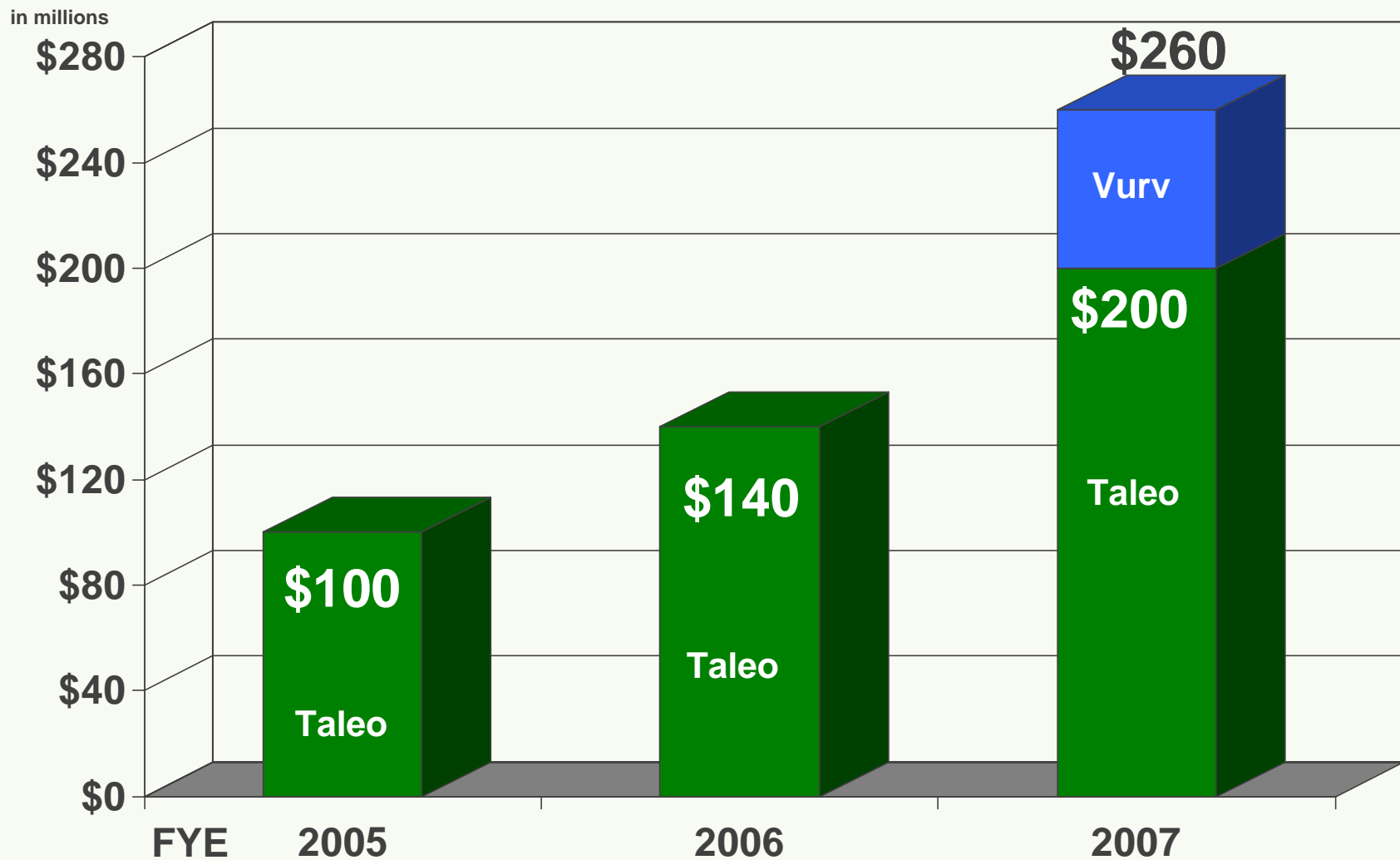
<i>\$ in millions, except per share data</i>	Q2 2007 (Actual)	Q2 2008 (Actual)	Y/Y % Change
Revenue mix			
Applications	\$25.6	\$30.9	21%
Consulting	\$ <u>5.4</u>	\$ <u>7.9</u>	<u>48%</u>
Total	\$31.0	\$38.8	25%
Gross Profit			
Gross Profit	\$21.0	\$26.9	28%
GM %	67.7%	69.3%	
Operating Income			
Op. Inc.	\$0.5	\$0.2	(57)%
OM %	2%	1%	
Net Income			
GAAP NI	\$(1.8)	\$1.1	NMF
GAAP EPS	\$(0.07)	\$0.04	NMF
Net Income			
Pro forma NI	\$2.8	\$4.2	50%
Pro forma EPS	\$0.10	\$0.15	50%

Improving Profitability



Note: (1) Non-GAAP EPS guidance issued on 7/31/08; includes impact from acquisition of Vurv.

Combined Application Backlog at 12/31/07



Note: Vurv backlog included for 2007 period only.

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