

## RESEARCH NOTE

# TECHNOLOGY VALUE MATRIX FIRST HALF 2014 HCM



### THE BOTTOM LINE

The human capital management (HCM) market is consolidating behind three central competencies of core HR, talent management, and workforce management as it moves away from aggregated point solutions in favor of integrated application suites that span all three competencies. The technology value matrix for the first half of 2014 reflects the market trend toward integration and evaluates vendors based on how they have innovated to compete within the changing market dynamic.

Vendors in the matrix support at least one of the competencies listed below, though most support a combination of two or more either through native functionality, acquired functionality, or provided functionality facilitated through partnerships and external integrations.

- Core HR. Automating back-office procedures including but not limited to payroll, benefits, compensation, rewards, compliance management in records, and HR and performance analytics, that allow HR to focus on problem resolution and employee engagement.
- Talent Management. Streamlining the hiring and employee lifecycle management processes including but not limited to recruiting, hiring, on-boarding, performance management, succession planning, and off-boarding.
- Workforce Management. Automating analytical tasks and moving the basis for employee placement off of trend analysis and onto real-time analytics. Workforce management includes but is not limited to time and attendance, scheduling, absence management, wellness forecasting, compliance management in scheduling, and workforce analytics.

Vendors are evaluated on their depth of functionality and usability across the spectrum of capabilities provided, including the level of integration between functions and the use of analytics and social collaboration to support decisions.

Leaders are focusing their efforts on providing integrated functionality across the core competencies of HCM and integrating HCM into the bigger picture of operational

analytics. As market innovators, these companies are integrating their data sets across all solution offerings to compile analytics into common dashboards that make data more accessible, and that provide new and adaptive insights and visibility for real-time problem solving.

The second half of 2013 was marked by a continued shift to the cloud from on-premise and hosted environments, and a drive by the mid-market to innovate to survive as large vendors such as IBM, SAP, and Oracle kept pace with each other for acquisitions of new entrants. 2013 as a whole saw mid-market companies emerge as established vendors capable of competing with their larger counterparts and several smaller companies secure additional funding to stave off acquisition attempts by the top tier of consolidated vendors (Nucleus Research *n169 PeopleMatter secures series E funding*, November 2013).

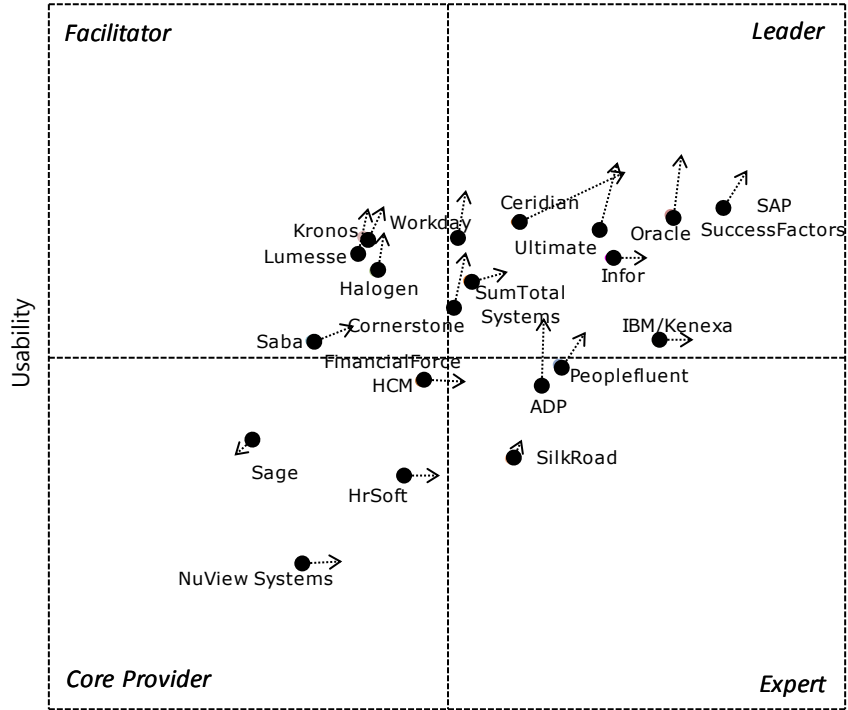
The first half of 2014 has seen a flurry of new capital enter the HCM market with increased interest in the market for publicly traded vendors, as human capital management has become a 'buzz word' among investors. The influx has renewed interest in the sector spurring new innovations and new strategies among vendors like SAP who are pushing the limits of current demand by including remote services such as vendor managed services (VMS) in the lexicon of mainstream HCM (Nucleus Research *o55 – SAP acquires FieldGlass*, March 2014).

During the time period covered by this matrix, vendors have focused on:

- Exploring cloud capabilities to improve usability
- Expanding their breadth of functionality while tightening new and existing integrations
- Trending to universal access points away from concepts such as BYOD and terminals that focus on only one area of technology
- Integrating social collaboration as a backbone for context in problem solving



**HCM VALUE MATRIX 1H2014**



**Functionality**

The HCM market is continuing to trend away from point solutions for core HR, talent management, and workforce management, as vendors integrate core functionality into unified solution platforms. This Matrix reflects how well vendors support integrated HCM across the employee lifecycle, and is representative of the trendline in emerging application developments and Nucleus's current view of product advancement.

Vendors have spent the first half of this year adding functionality, increasing usability, advancing mobility to drive end-user adoption, and integrating HCM within operations management. Companies whose positions changed the most include Workday with the release of Workday 21, SAP SuccessFactors with the release of Presentations, IBM Kenexa with the release of TalentSuite and deeper integration into IBM's Smarter Workforce, and Ceridian with continued advancement of their single source platform. Companies such as FinancialForce HCM, ADP, and Kronos saw advancements in functionality and usability as they created new partnerships, developed new integrations, and released new user interfaces responding to customer demand.

Leaders remain focused on integrating social capabilities, building a unified and simple employee view, guiding application development based on customer defined best practices, and facilitating decision making based on predictive analytics.

**LEADERS**

Leaders in this matrix include Ceridian, Workday, Cornerstone OnDemand, Ultimate Software, Infor, Oracle, SAP/SuccessFactors, IBM/Kenexa, and SumTotal Systems.

## **CERIDIAN**

Ceridian provides deep functionality in payroll, benefits, time and attendance, and employee and talent management. The company's cloud-based solution, Dayforce HCM, supports the employee lifecycle through native capabilities that bring together core HR, talent management, and workforce management, on a singular foundation based on a single employee record and a single rules engine. Customers using Dayforce HCM can manage their work environment and talent spaces, from effective hiring to labor management to achieve reduced costs, increase productivity, and manage employee retention from the point of hire.

Ceridian's user interface supports actions with data. Dayforce Payroll's user interface follows the same process used by payroll administrators to make decision, embedding analytics to provide real-time context and let users understand the impact of their decisions. The analytics let HR and scheduling managers immediately see the impact of a schedule change, enabling them to connect employees to the tasks they are assigned and to understand the financial and compliance impacts of employee placement. The increased visibility lets managers schedule and manage payroll in real-time by making decisions around current payroll issues, such as overtime or compliance, rather than analyzing past payrolls to manage the current pay period. Dayforce Payroll's employee self-service also lets HR reduce errors in employee enrollment through prefilled forms and auto-verification of employee information.

Ceridian's solutions are based on a single source code reducing disruptions from updates and enabling the company to deliver solution improvements that respond to customer demands more quickly. Nucleus expects Ceridian to expand its single source platform to include operational analytics with a focus on developing deeper functionality within Dayforce HCM. Ceridian already connects HCM data to operations through business intelligence, connecting labor to the processes and business environments they impact. As the HCM market moves away from isolated and point solutions, Nucleus expects Ceridian will continue to deepen its core HR, workforce management, and talent management functionality and extend the HCM data further into operations management. Ceridian's singular architecture will provide an opportunity to consolidate operations management into a single solution for customers consolidating legacy solutions into a single platform or considering human capital management for the first time.

## **WORKDAY**

Workday provides a unified cloud application suite for HCM and finance that has deep functionality, including:

- Human resource management. Includes organization management, compensation management, absence management, employee self-service, and manager self-service
- Benefits. Includes benefit plans, events, eligibility, open enrollment, compliance for issuing insurance, and pre-built integrations for different benefits types

- Talent management. Includes on-boarding, goal management, performance management, succession planning, and career and development planning.
- Workforce planning and analytics. Includes predictive and real-time models for guiding decision making including workforce planning, to segment roles and positions, analyze skills gaps, identify talent pools, and engage in recruiting, succession planning, and development and performance programs, and headcount planning to align project plans with pipeline and budget, and manage talent shortages.
- Payroll solutions. Includes payroll processing, earnings and deductions accumulations and balances, audit and reporting, accounting, and compliance for the US and Canada. Workday provides third-party, global payroll partners for companies having payroll needs beyond the US and Canada, connected by pre-built integrations through Cloud Connect
- Time tracking. Includes global time entry, mobile and web time-clock, time-clock integration, time approvals, real-time calculation, configurable business processes, and reporting and analytics unified within Workday HCM, payroll, absence, and project and work management.
- Recruiting. Includes configurable workflows and capabilities for collaboration and communication between team members throughout the hiring process, giving organizations visibility across the talent acquisition process and improving candidate engagement.
- Actionable insight. Includes provisions for access to relevant, contextual data in real-time for users to make informed decisions and take action. Users have access to multi-dimensional reports and analytics with the ability to break down the analytics to exact data points around transactions. Workday uses an in-memory object model meaning that customers can build and break down analytics and reports rather than accessing data from one system and waiting for it to be replicated in another for reporting.
- Workday Big Data Analytics. Includes provisions for pre-built connectors to the main user interface, increasing accessibility and built-in functionality that is easy to use. Connecting the analytics to the main UI provides context for decision-making and provides HCM analytics templates that include market compensation comparisons, global payroll costs analyses, headcount analyses, retention risk and impact analyses, and high performer analyses.

In January of 2014, Workday announced the release of Workday 21, which combines a redesigned visual user interface, built on HTML5, with new features designed to enhance usability and increase end-user engagement. The update provides a more intuitive user experience designed to increase self-service options for managers and end-users facilitating independent use and accessibility and reducing the burden on HR.

Outside of the solution, Workday maintains customer communities to channel feedback into product development and respond to application problems for common resolutions.

While customers can use the communities to communicate with each other around solution fixes, Workday also provides customer design partners to advise customers about improvements delivered through new updates and releases. With Workday 21, Workday revised its customer strategy to shorten the time it takes to respond to customer suggestions in delivering new solution capabilities. Workday 21 was the first version of the company's solution to leverage a single code line for development and production environments. Workday is using the single code to increase the rate at which updates and solution developments can be delivered to customers and to reduce disruptions caused by each individual change.

Workday considers integrations with its software partners to be a core differentiator. The company has strategized around the concept that modern enterprises require seamless interoperability between various technology platforms so that businesses can achieve their own best practices independent of their platform of choice. Partnership levels include:

- Solution Partner Program. First-year program
- Certified. Partners build and maintain integrations
- Connect. Integration platforms and third-party middleware providers develop and support Workday connectors
- Cloud Connect. Integrations and connectors come available out-of-the-box, delivered as part of the core product offerings that Workday builds, maintains, and enhances, and that are run in the Workday Cloud with no customer-owned middleware or integration code

Nucleus expects that with the recent push for increased usability, and the continued drive for seamless partnerships, Workday will likely continue to increase in usability with functionality improvements split between expanded breadth from partnerships, and depth from gradual improvements responding to customer use requirements.

### **CORNERSTONE ONDEMAND**

Cornerstone OnDemand's Recruiting Cloud, Learning Cloud, Performance Cloud, and Extended Enterprise Cloud provide an integrated, cloud-based platform for talent management, and partners with vendors in workforce management and core HR to fill gaps in integrated HCM. While Cornerstone's native functionality is mainly limited to talent management and learning, the company has developed seamless integrations with vendors such as Workday and ADP, that provide the full benefits of human capital management to customers already deployed on the other solutions or who are looking to implement additional levels of functionality.

Cornerstone's deepest, native functionality is in learning and performance management with the bulk of the company's customer base taking advantage of one or both of these modules. Cornerstone's solution also includes social capabilities that were originally included as a separate module, and that are now part of the Learning Cloud, and Extended Enterprise Cloud, promoting best practices, feedback, and employee engagement.

Cornerstone caters to enterprise customers with a typical deployment size of 8,000 end-users. The company also prepackages its solution suite by industry vertical, enabling customers to understand the solution's ability to meet their needs ahead of deployment, and reduce time determining the solution configuration. Cornerstone provides basic web and mobile user interfaces that can be configured and that support workflows such as:

- HR can line up and send out announcements, create paths for learning, manage learning content, conduct performance reviews, and build career development goals.
- Managers can conduct departmental performance reviews and use modeling to determine the best changes to team structures and members.
- Employees can manage their own goals and development and complete recommended and assigned learning.

Cornerstone also provides reports that take advantage of the company's singular database model, and that provide a simplified visualization of the data that the company manages. Cornerstone functions as a go-to partner for vendors lacking a learning solution. The company benefits from the larger vendors' desire to own the HR environment, and need to compete with integrated solutions that provide native learning, such as those offered by SAP, IBM, and Oracle.

As vendors are increasingly seeking to provide integrated, native functionality across all areas of HCM, Cornerstone stands to lose some market share as partnership ventures disappear. Nucleus expects that point solutions such as Cornerstone will have a tough road ahead of them as customers are seeking greater accessibility with less effort and increased efficiency and productivity in use. Still, these solutions, including Cornerstone, can leverage their depth of functionality into single sign-in partnerships and take advantage of new developments in social capabilities, simplifications to their user interfaces, and integration of their employee records with other vendor solutions to attract new customers looking for independent alternatives to prepackaged, integrated solutions.

### **ULTIMATE SOFTWARE**

Ultimate Software provides a cloud-based solution, UltiPro that manages the employee lifecycle and provides integrated functionality across core HR, workforce management, and talent management. UltiPro includes recruiting, onboarding, performance management, payroll and benefits, compensation management, succession planning, and time management. Although it lacks a native learning management environment, UltiPro provides an out-of-the-box integration with Certpoint (acquired by Infor in April 2013 and integrated within Infor's HCM suite). The solution originated as an integrated suite and provides native functionality allowing the company to translate improvements in one competency to improvements across the entire application suite as seen in the recent release of the company's Retention Predictor.

Ultimate consolidates talent management with traditional core HR functions, streamlining the user experience for employees, managers, recruiters, and other HR professionals.

UltiPro also automates compliance in onboarding, and provides recommendations for managing employee development beginning at the point of hire. Customers using the solution can process payroll on-premise, reducing the need to outsource payroll data to a third-party provider, and they can access standard reports and business intelligence analytics through a direct integration with Cognos BI.

Ultimate also introduced social collaboration through the integration of Yammer, taking advantage of social capabilities to channel ongoing performance feedback submitted through the embedded social network. Yammer provides social feedback through employee and manager communications facilitated through Microsoft's integration of Yammer with email services. As of February 2014, the solution also provides social media integration with LinkedIn, allowing candidates to apply for open positions as soon as they are generated. The integration of LinkedIn improves recruiting and provides direct access to resume submissions for expanded talent searches, candidate identification, and improved candidate engagement and usability. Social media integration expands UltiPro's usability, building on the already streamlined user interface.

Ultimate Software's usability is facilitated through its adaptive UI that extends to mobile devices and works on multiple platforms. Employees, managers, and HR professionals can engage all modules on stationary and mobile devices, providing universal accessibility and providing flexibility and eliminating the need to update multiple, incompatible access points. Customers access the solution through a single URL and single sign-in increasing accessibility and productivity.

Ultimate Software is focused on delivering a usable solution that integrates functionality behind one solution, delivering customers an HCM platform that requires less time to implement, lower up-front costs, and deployment facilitated through self-service with minimal training requirements. As part of the company's strategy, the company has introduced a new landing experience for managers and employees to engage the research-driven design process based on customer use cases. Ultimate is extending the value of its application by focusing on the candidate experience first, while retaining the focus on efficiency and effectiveness in recruiting.

#### **INFOR**

Infor provides a quantitative and analytical approach to human capital management. The company's HCM solution has grown through acquisitions with the latest one, PeopleAnswers, being integrated in January, 2014. Infor supports the employee lifecycle with a cloud-based solution that includes core HR, workforce management, and talent management with packaged offerings for industry specific needs in healthcare, public sector, manufacturing, financial services, and retail and hospitality. Infor's solutions include:



- Enwisen HR Service Delivery – Acquired in 2011 as Enwisen, Infor Enwisen HR Service Delivery streamlines and automates new hire on boarding, off boarding, and employee rewards management.
- Human Resource Management – HR Management is native to Infor and automates transactions and operational processes to deliver performance analytics and data, reducing the burden on HR.
- Workforce Management – Acquired in 2007 as Workbrain, Infor Workforce Management provides time and attendance, scheduling, and absence management.
- Talent Management – Talent Management is native to Infor and identifies quality candidates, matches them to compensation levels and benefits plans, and develops business and career goals for existing employees to increase retention.
- Certpoint Learning Management – Acquired in 2013 as Certpoint, Infor Certpoint Learning Management provides employee development and learning content management.
- PeopleAnswers Talent Science – Acquired in 2014 as PeopleAnswers, Infor PeopleAnswers Talent Science uses pre-hiring assessments to quantify candidate behavior relative to the workplace for increasing engagement in hiring and managing the employee lifecycle.
- Lawson – Acquired in 2011, Lawson has been expanded to include financial management, business intelligence, and human capital management, to connect labor analytics with operational management.

Infor's applications are consolidated within Infor Human Capital Management. The individual components have been improved through added analytics, mobility, and social capabilities through the introduction of Ming.le that lets users to follow, track, and participate in conversations. Infor's developmental strategy has been to quantify subjective employee characteristics and objectively analyze the collected data, tying context and feedback into skills and operational analyses to put the right employees in the right positions. Infor's analytics are delivered through their ION Business Intelligence platform that also supports other Infor solutions including ERP and CRM. ION acts as a virtual warehouse for big data that analytics can plug into to support business decisions as they happen.

Infor's breadth of functionality within HCM and beyond provide a distinct market opportunity to provide customers with combined solution capabilities on one data platform, supported by one company. While Infor is pushing to create a common visual interface through its 'Hook and Loop' strategy, the company has gone deeper to create an analytical base for subjective and objective labor feedback that can be extended to talent management, workforce management, and core HR processes. Nucleus expects that Infor will deepen its HR and workforce analytics capabilities and further integrate talent management into the mix, guided by PeopleAnswers's use of behavioral science to quantify employee characteristics.

## **ORACLE**

Oracle provides Oracle HCM Cloud, PeopleSoft HCM, and Oracle E-Business Suite (ECB) HCM for customers seeking an integrated HCM solution across core HR, talent management, and workforce management. PeopleSoft and Oracle EBS HCM provide an

ERP-based application that can be customized or configured according to the use case, and that can be deployed on-premise or hosted in the cloud on Oracle OnDemand. Oracle HCM Cloud provides cloud-based solutions for global HR and talent management. Oracle HCM Cloud can be used to complement existing on-premise deployments of Oracle EBS and PeopleSoft for customers looking to migrate to the cloud at their own pace, or it can be implemented new, as a cloud-based, hire-to-retire solution suite. Oracle HCM Cloud includes:

- Oracle Global HR Cloud – Global HR provides workforce management, time and attendance, payroll, benefits, compensation management, and succession planning
- Oracle Talent Management Cloud –Talent Management includes both Fusion Talent Management and Taleo (Acquired in 2012) to provides sourcing, recruiting, performance management, goal management, compensation, succession review, talent review, and learning and development.

Oracle has shifted its focus in HCM from developing first-in-market functionality that defines new market needs, to increasing the usability of its solutions and creating an integrated and cloud-based HCM platform. Recent updates have integrated social capabilities and extended self-service to mobile devices, creating an environment for businesses to easily access and consume analytics through the cloud. The extended analytics have also introduced predictive capabilities based on present data generation that are enabling managers to analyze outcomes and make decisions in real-time.

Oracle gives customers a breadth and depth of functionality in HCM spread across three deployment types and housed in two application options. Customers can deploy in the cloud using HCM Cloud, or they can deploy on-premise or hosted using PeopleSoft or Oracle EBS. While Oracle has traditionally lagged in usability among its legacy products compared to other vendors, the shift in focus to the cloud has seen major improvements to the user experience, while extending self-service to mobile devices has realized increased user adoption rates. Following the development of migration bridges from Oracle's other HCM offerings to Oracle HCM Cloud, the cloud is firmly in Oracle's strategy for human capital management as the company shifts to improve the user experience beyond generating new functionality markets. Nucleus expects Oracle to continue to increase usability and put more development effort into Oracle HCM Cloud.

### **SAP / SUCCESSFACTORS**

SAP offers a wide variety of HCM applications that can be deployed on-premise, hosted, or in the cloud. While the company continues to support its original ERP-based solution for core HR, workforce management, and talent management, it provides a full suite of HCM applications in the cloud consisting of core HR and payroll, HR analytics, workforce planning, recruiting, onboarding, learning, performance and goals, compensation, and succession and development. SAP gives customers integrated HCM functionality including:

**ERP-based:**

- Core HR with employee and manager self-service
- Payroll
- Time reporting
- Talent applications
- HR analytics, including Business Objects for business intelligence

**Cloud applications for HR:**

- Employee Central
- Employee Central Payroll
- Workforce analytics and planning
- Recruiting
- Unified talent management including on-boarding, learning, performance and goals, compensation, and succession and development.

SAP's HCM applications also integrate with applications from other vendors, enabling customers using legacy solutions to engage SAP without replacing their current platforms for integrated processes. The cloud-based application suite provides an integrated HCM platform across core HR, talent management, and workforce planning and analytics, engaging the SAP HANA platform for big data storage and an analytics engine.

SuccessFactors, an SAP company, provides a focused approach to talent management that spans the employee lifecycle. In February of 2014, SuccessFactors introduced Presentations allowing HR to extract data from the application's database in real-time using PDF views and Powerpoint. While the company's initial goal was to reduce the burden on HR for reviews, pivoting presentations into the databases for real-time extraction enables up-to-the-minute analysis of ongoing data trends, and connecting executive strategies to real-time analytics. SAP has invested in responding to customer demands for globalization and enhanced usability by supporting global and local compliance in more than 68 countries, updating user dashboards, and placing common functions up front with notifications in the end-user views.

Within the applications, SAP's reporting has also been limited to point-in-time analysis, but the company's consolidation of data and analytics onto HANA and the integration of KXEN into other solution spaces signals the potential to see development of predictive analytics for real-time decision-making, particularly in workforce planning. SAP is focused on deploying more customers in the cloud, expanding mobile capabilities, growing adoption of analytics by HR, and investing in a simplified user interface to draw older, ERP-based users to integrated, cloud-based functionality.

In March 2014, SAP also announced the acquisition of Fieldglass. Fieldglass adds to SAP's cloud portfolio by combining Fieldglass's market position in vendor-managed services with Ariba's collaborative, network-based procurement capabilities, and SuccessFactors's strength in HR. The acquisition also expands the definition of end-to-end HCM, placing SAP in a position to develop new functionality while other vendors contemplate similar functionality.

As SAP continues to develop and consolidate functionality behind HANA, Nucleus expects that the company will continue to invest in enhancing the user experience of its solutions while expanding its cloud application suite to draw customers further away from the ERP-based HCM space. At the same time, SuccessFactors will likely integrate further within SAP, taking advantage of the analytics power of HANA, while integrating with more partner vendors to deliver integrated HCM functionality. Nucleus also expects that both SAP and SuccessFactors will benefit from developments with KXEN that have the potential to be developed further to integrate predictive analytics into HCM and talent management.

### **IBM / KENEXA**

IBM has been building Kenexa into its Smarter Workforce platform as it aims to create an integrated solution that spans functionality within HCM. Kenexa is the first of three categories in Smarter Workforce focused on talent and performance management from employment branding, through recruitment, to interviewing and hiring. The recent introduction of Kenexa Talent Suite consolidated Kenexa's applications, syncing similar and aggregate functionality together. Within the suite, the Rules Automation Manager (RAM) and 2X BrassRing components, automate the screening and sourcing processes while standardizing candidate checks for movement within the hiring process.

Within Smarter Workforce, companies can take advantage of IBM's analytics capabilities to integrate Kenexa's survey data into performance management, business intelligence analytics, and workforce management. As a combination of technologies and services, Smarter Workforce leverages IBM's analytics with corporate engagement to provide a consultative approach to human capital management based on productivity optimization rooted in performance data. IBM's goal is to make the experience for employees, managers, and HR more social while taking decision making to data and analytics. Integrating IBM social capabilities will let employee be social on-boarded with an environment that provides the forms they need and where they can join groups, find peers and mentors, and immerse themselves into the organization.

### **SUMTOTAL SYSTEMS**

SumTotal Systems's Talent Expansion and SumTotal elixHR provides core HR, workforce management, and talent management on a single source platform. The solutions integrate with Microsoft SharePoint for social collaboration, learning and onboarding, extend to mobile devices to deliver learning content, and include features for payroll and benefits, recruiting, compensation, learning, succession planning, and workforce management.

The launch of SumTotal elixHR consolidated Sumtotal Systems's functionality into a single platform with single employee records that integrate with ERP, CRM, and other HR systems for comprehensive, operational management. SumTotal Systems is focused on

developing solutions that challenge the notion of employees as capital, and that reintroduce individuality to workforce management. The company's solutions identify quality talent based on personal employee records and use the personal records to individualize training and development beyond just workforce management and adaptive scheduling. The records also track employee engagement giving managers insight into employee activities and characteristics, and linking employees to learning, performance, and scheduling opportunities.

As a cloud-based platform, SumTotal elixHR provides a streamlined user interface and is partnered with SnapLogic to integrate with several external partners including Workday, Salesforce.com, and SAP. The company connects SumTotal elixHR's analytics to data sets provided by integrated solution platforms, translating different data sets to a common language for analytics and reporting on a single platform that eliminates the need to remove and replace existing solutions. The common platform reduces implementation requirements and appeals to companies with heterogeneous solution environments. Nucleus expects that as SumTotal Systems settles into a new brand identity focused on challenging the market, the company will expand on its value proposition that is current situated on providing integrated HCM functionality through external integrations that fit into existing deployment environments.

## EXPERTS

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Experts in this matrix include SilkRoad, ADP, and PeopleFluent,

### SILKROAD

SilkRoad's solution suite spans the employee lifecycle for customers in the mid-market. The company provides LifeSuite that includes OpenHire for recruiting, RedCarpet for onboarding, WingSpan for performance management, GreenLight for learning management, Point for social collaboration, Eprise for content management, and HeartBeat for core HR. SilkRoad also provides SilkRoad Connect for customers with existing ERP/HRIS systems to manage data transfers between the existing systems and SilkRoad's application suite.

In the past six months, SilkRoad bundled KnowledgeAdvisors's Metrics that Matter into their GreenLight LMS, and announced several updates to LifeSuite.

- Metrics that Matter – SilkRoad inserted KnowledgeAdvisors's solution into their LMS to provide data to measure the effectiveness of customers' learning programs. The added functionality lets customers manage the performance of their instructors, improve course content, compare internal training programs, and measure the impact of training on job roles over time.
- TheLadders – SilkRoad added TheLadders as a complementary job distribution partner for OpenHire to improve the effectiveness of advertising open positions at no added cost to customers.

- GreenLight – SilkRoad updated the GreenLight LMS to apply existing training events to new users, increasing the repeatability of learning content and programs, and applying rules to time sensitive material, eliminating outdated training methods. The solution was also improved to provide data-driven insight into employee engagement with learning events and programs.
- Core HR – SilkRoad added new reports to HeartBeat for employee categorization, performance management, and compensation, as well as improved timing, allowing HR to analyze the workforce in real-time.
- Talent Portal – SilkRoad added new features to Point, providing a central, organizational interface through social collaboration. The new features included customizable portals, simplified workflows for managing content, and increased accessibility to features and common links outside the application.

SilkRoad offers a robust complement of components for every stage of the employee lifecycle and the company has partnered with other vendors to fill in the competency gaps in workforce management and core HR. The company has unified its solutions into the LifeSuite application suite, but each component maintains its own underlying user interface, providing for bulky transitions between the strong functionality of each module, and making it difficult to provide a cohesive user experience. SilkRoad has focused on resolving the cohesion problems by expanding the capabilities of Point across the application suite, increasing employee engagement and developing best practices for using the solution. The company has also developed standard reports and dashboards to resolve the seeming lack of focus on unified analytics across the employee lifecycle.

Nucleus expects that the strength of LifeSuite's individual components combined with SilkRoad's focus on developing cohesion between each solution module will continue to provide a base for growth in the mid-market. Small to mid-size companies (SMB's) are realizing new challenges in compliance and management that they have to be more nimble to adapt to, engaging individual analytics as well as solution suites at different times, for different problems. Solutions with strong individual functionality and functionality across the application suite provide these businesses with a higher level of flexibility that integration-based suites do not.

### **ADP**

ADP provides software, services, and outsourcing for integrated functionality and support in core HR and workforce management with compliance for talent management. The company is based as a payroll provider and has grown and developed capabilities that extend to other areas of human capital management related to its core payroll offering. ADP offers packages solutions for small, medium, and large organizations centered on workforce analytics and compliance.

ADP's platform offerings include:

- RUN for small businesses includes payroll, tax filing, and basic workforce management

- Workforce Now for mid-size companies includes payroll, tax filing, and workforce management centered on a partner integration between ADP Payroll Services and Kronos Workforce Ready, and ADP Payroll Services and Kronos Workforce Central.
- Vantage HCM for large organizations includes payroll, tax filing, and enterprise workforce management
- GlobalView for large, multi-national companies provides integrated payroll, international compliance, and SAP services as a back-end environment

ADP has stayed true to its strength in delivering compliance-based support, consultancy, and solutions to small, medium, and large companies operating both domestically and internationally. In early 2014, the company released solution updates for mid-size companies to handle compliance with the Affordable Care Act, following similar releases for small and large companies. ADP has also extended compliance capabilities to recruiting with features for screening and selection that include background checks, drug testing records, and I-9 compliance management. While ADP remains focused on compliance risks in payroll, the company has also maneuvered to extend analytics and application-based support to mobile devices, increasing end-user adoption and facilitating deployment for cost management.

While ADP lacks some of the newer elements entering the HCM market such as social media and collaboration, the company's focus on compliance and ability to outsource non-native tasks within the employee management spectrum enable it to adapt to several different implementation environments. As a result, ADP can provide a similar range of functionality as leaders such as SAP and Oracle while staying true to its knowledge base in compliance management and payroll for its native solutions.

Nucleus expects that in spite of adoption barriers caused by the perception of ADP services as point solutions, ADP will continue to grow within the payroll and compliance niche, delivering consultative support, and that the company will develop existing partnerships into integrations to offer customers depth and breadth of functionality

## **PEOPLEFLUENT**

PeopleFluent combines Peopleclick and Authoria for talent management, Acquire Solutions for workforce management, Strategia for learning management, Criterion for compliance, and Socialtext for social collaboration. Each solution component maintains its own identity within the platform unified behind a common user interface and joined by a single sign-on.

PeopleFluent provides powerful analytical capabilities with hierarchy-based workforce performance metrics, detailed employee movement analysis, and predictive analytics. The solution capabilities deliver interactive and intuitive views that incorporate visualization as a differentiator in usability for PeopleFluent. For example, the Talent Pipeline features a visual representation of employee movement vertically and horizontally with built-in

attrition figures. PeopleFluent also takes the contingent workforce into account with its Vendor Management System. Data flows easily between the integrated solution components increasing visibility around employee movement for managers as they plan succession strategies. The increased visibility lets managers actively source candidates beyond current talent pools to fill hard-to-fill positions.

PeopleFluent is useful to organizations relying on an enterprise-size workforce with continuous recruitment. PeopleFluent supports a salaried, hourly, and contracted employee mix across multiple roles and provides surface-level employee management and payroll capabilities. While PeopleFluent integrates its native functionality, providing workforce management and talent management, customers using the solution will need a complementary core HR system to implement a fully integrated HCM solution.

In the first half of 2014, PeopleFluent made two significant announcements

- Performance analytics – PeopleFluent expanded its talent management suite to include video capabilities and analytics to increase employee collaboration and engagement across the employee lifecycle.
- Partnership with Professional Diversity Network – PeopleFluent announced a partnership with Professional Diversity Network to increase the sourcing capabilities of PeopleFluent's talent management solution to automatically screen for compliance around workplace diversity and skills.

## **CORE PROVIDER**

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Core providers in this matrix include FinancialForceHCM, HRSoft, NuView Systems, and Sage.

### **FINANCIALFORCE HCM**

FinancialForce.com acquired Vana Workforce in November 2013, rebranding it as FinancialForceHCM and integrating it with FinancialForce's other applications mounted on the Salesforce1 platform. FinancialForceHCM provides a hire-to-retire solution built for small to mid-sized businesses (SMB's) that includes global HR, benefits, leave and absence management, talent and performance management, succession planning, workforce collaboration, reporting, and social feedback. Customers can deploy FinancialForceHCM as a standalone solution or integrated with FinancialForceERP for unified visibility into operational performance. In both cases, the solution can be directly mounted on the Salesforce1 platform centralizing data collections into one database.

The solution provides a mobile and web-based user interface that is intuitive and configurable, and that carries over similar workflows to Salesforce.com and FinancialForceERP. The consistent user experience provides continuity between the applications and providing standalone customers the same advantages of FinancialForce's investment in usability regardless of their application of choice.



FinancialForceHCM carries many of the benefits provided as Vana Workforce, and combines with FinancialForce.com's applications to provide added functionality.

- Improved recruiting and onboarding with features such as visual candidate maps that show where candidates live, search capabilities for candidates based on proximity to an open position, accurate resume parsing, integration of passive talent search capabilities, and data sharing with FinancialForceERP for financial planning in labor allocations.
- Configurable performance plans that include type filters to align performance objectives to goals and to allow users to make future goals part of current performance reviews.
- Expanded time management capabilities that focus on absence management and compliance, and provide configurable timesheet rules and project costing for handling multiple employee types.
- Reporting flexibility that lets users perform mass changes on reports caused by reorganizations, change management, or other events that affect multiple employees.
- Social collaboration provided through Chatter, embedded directly into the solution, providing a forum for employee engagement and increasing end-user adoption.

FinancialForce's acquisition of Vana Workforce expands FinancialForceHCM's possibilities by adding workforce data and analytics to other operational statistics provided by Salesforce and FinancialForce's other applications. Customers using Salesforce and FinancialForce applications can realize the biggest benefits from the acquisition by interfacing the data from all three components for one operational view, while standalone users can benefit from a simplified HCM solution that is designed for a fast, easy implementation with relatively little training. While Salesforce.com has developed partnerships with more robust solutions such as Workday that provide customers with deployment options, FinancialForceHCM provides a direct integration that accesses common data without the need for toggling between the Salesforce and FinancialForce user interfaces.

Nucleus expects FinancialForce.com will further develop the integrations between each of its solution components and deliver an increasingly seamless user interface with Salesforce.com, as it joins vendors such as SAP, Oracle, Infor, and Epicor in providing a complete operational management suite that is easy to use and facilitated through social collaboration.

### **HRSOFT**

HRSoft provides talent management, compensation management, performance management, applicant tracking, rewards management, content management, and automated interviews packaged together as Talent Center. HRSoft's modules include:

- Applicant Tracking – HRSoft provides a web-based recruiting and hiring solution for creating job descriptions and requisitions from configurable templates, managing

approvals for open positions, posting positions to internal and external career sites, receiving and processing online applications, and assigning pre-screening questionnaires.

- Compensation Management – HRSoft’s compensation tools are configurable for mid-sized and enterprise customers and provide salary calculations across different employment types, budget modeling using real data and compensation plans, and management and planning for equity awards.
- Performance Management – HRSoft provides a competency library and career management templates for HR managers to track employee development and identify opportunities for growth.
- Total Rewards Communication – HRSoft manages incentives, base pay, recognition, medical and insurance benefits, retirement plans, work-life programs, training, continued education, and other employment-related programs facilitated through self-service and with configurable settings for managing rewards and workplace incentives that affect retention and engagement
- STAYview – HRSoft lets hiring managers and recruiters develop metrics for managing and gauging interviews to identify characteristics around candidate and employee retention and forecast the staying power of hired employees.
- Content HR – HRSoft provides a content management system for HR, accessible through self-service, which centralizes HR resources, increasing repeatability, and providing consistency across the HR organization.

HRSoft provides multiple capabilities that extend talent management to an existing core HR environment. The solution provides some native support to payroll and benefits workflows centered on onboarding and new hire management with the ability to stock incentive plans and compensation statements. HRSoft also provides a communicator that supports social collaboration and content generation for distribution in Content HR. Similar to SilkRoad’s use of the Point module, HRSoft uses the communicator as a means for Talent Center to serve as a central hub of interaction with employees for best practices, benefits management, wellness programs, and retention planning. The communicator and built-in extensions to HR processes increase the value of HRSoft as a point solution for talent management to include bridges to core HR and workforce management that would otherwise be built as manual integrations.

HRSoft’s development focus is on providing deep functionality for identifying, attracting, and retaining quality talent. The company’s STAYviews target companies who are looking to improve their retention rates and support managers who are conducting structured interviews and developing retention plans. The solution goes beyond generic hiring and recorded interviews to track and analyze the candidate requisition and hiring process for best practices feedback in engaging top talent and reducing flight risks in retention. nucleus expects HRSoft to develop its hiring analytics engine as it continues to straddle the line between an analytical approach to hiring used by companies such as Infor, and an approach based on personal interaction and advanced talent screening used by

companies such as HireVue, Lumesse, and SuccessFactors. Further developments to the analytics will likely enable HRSoft to develop stronger partnerships to bridge competency gaps in core HR and workforce management by building data transitions that reduce the need for manual integrations.

### **NUVIEW SYSTEMS**

NuView Systems provides HR management, talent management, time and attendance, and payroll offered on a flexible deployment model covering on-premise implementation, cloud implementation, or implementation through a service bureau. NuView's depth of functionality is in its core administrative programs that provide payroll management, benefits administration, time and attendance, employee self-service, recruiting, learning, performance management, succession, and compensation management.

NuView supports social recruiting, but the majority of social capabilities are not integrated within the application environment. Mobility is also supported for some basic workflows such as training, class enrollment, status changes, and time-off requests facilitated through self-service, but most of the tasks and the entire reporting are provided through the web-based interface. NuView provides analytics with the ability to import and export data to external reporting environments and the company offers business intelligence capabilities that extend labor analytics to a general financial view for operational modeling.

While NuView provides an integrated suite covering basic elements within core HR, workforce management, and talent management, the company will still need to accelerate its development efforts to more competitive as a full solution suite across all three core competencies. Its current solutions offerings remain a good fit for those looking for solid core HR capabilities with basic talent management and workforce management, and the BI bridge shows that NuView is aligning their development with the market focus on integrated functionality for operations management including HCM.

### **SAGE**

Sage is an international provider of ERP, CRM, and HCM solutions that provides talent management, core HR, and workforce management for customers seeking an integrated HCM solution. Sage's HCM modules are the result of some native development combined with acquisitions, and are packaged together as Sage HRMS and include recruiting and onboarding, payroll management and processing, risk mitigation and compliance, time and attendance management, employee benefits management, paperless HR, talent management, and decision support.

Sage's corporate roots are in accounting and finance and Sage HRMS benefits from a quantitative approach that links the key performance indicators of Sage's ERP and CRM solutions with HCM to provide an operational management structure to compete with companies like SAP and Oracle. The solution's user interface borrows heavily from

Microsoft, presenting familiar and easy to adopt dashboards for users in Sage's core markets.

Despite high potential for increased usability, Sage has not developed its social capabilities and mobility on the HCM side. The company's primary focus is on competing with SAP and Oracle for market share in CRM, relegating significant development in HCM lower in priority to Sage's primary product offerings. While Sage does provide a solution suite that touches the core competencies within HCM, the lack of development focus in the HCM space and the reliance on acquisitions for expansion of the suite have left the company behind competitors such as SAP, Oracle, Ceridian, and ADP. Nucleus expects that Sage's solution will hold potential to be a stronger competitor if the company develops its integration base to reflect native application development, and if the company counts HCM as an integral part of a greater operations management suite complete with CRM and ERP. As competitors are rapidly adopting cloud-based application suites, abandoning on-premise and hosted solutions, and exchanging customization requirements for configuration and pre-packaged integrations, Sage risks losing its foothold in the HCM market unless it reevaluates its tactic of marketing and developing its solutions separately.

## **FACILITATOR**

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Facilitators in this matrix include Kronos, Halogen Software, Saba Software, and Lumesse.

### **KRONOS**

Kronos brands itself as a workforce management (WFM) company and provides Workforce Central (WFC), targeting enterprise customers, and Workforce Ready, targeting small to mid-sized businesses (SMB's). Both solutions have deep functionality in time and attendance, absence management, workforce analytics, and scheduling, and Workforce Ready provides basic core HR processes including payroll and benefits administration through the integration of SaaS HR.

Workforce Central can be implemented as a standalone WFM solution or integrated with partner solutions such as SuccessFactors or ADP to achieve an integrated suite that spans WFM, talent management, and core HR. WFC serves as an industry standard for providing workforce management capabilities to complement the lack of functionality of other solutions in the HCM space. The solution comes packaged for different industry verticals and provides an intuitive, rich interface that extends to mobile devices and can be implemented in the cloud. WFC engages Kronos's powerful analytics engine to make complex administrative tasks easy for the end-user and to provide workforce analytics embedded throughout the user dashboards to guide decisions.

Workforce Ready provides SMB's with a cloud-based solution that uses data driven analytics to automate back-office tasks for HR and management. The solution includes workforce management, integrations for payroll, benefits, training administration, and

performance and compensation management. The integration of SaaSHR's functionality consolidates labor analytics onto a single employee record for each employee so HR can manage compliance risks, identify areas of productivity improvement, and control labor costs. Workforce Ready extends to mobile devices as well increasing the flexibility and configurability of the solution and driving end-user adoption.

Workforce Central is a powerful platform for workforce management but falls short of touching the other competencies of core HR and talent management as the HCM industry is trending toward the provision of integrated solution suites and greater integration within operations management. Workforce Ready extends deeper into human capital management than Workforce Central, providing basic HR functionality beyond labor analytics but its target SMB customer base limits its applicability as a native core HR complement to Workforce Central. Kronos's analytics are accessible and easy to use with analytical reports focused on workforce management as a means to reduce costs of operations and manage productivity.

Kronos continues to deliver value to customers looking to manage their workforce through scheduling and trending to real-time decision making based on analytical reporting. In the last six months, the company embedded Tibbr for social collaboration to provide contextual feedback and screening for problem resolution, and instituted single sign-in capabilities with SuccessFactors to integrate data for talent management with workforce management for increased breadth of functionality. Kronos continues to be the go-to solution for workforce management and analytics and nucleus expects that the company will continue to develop seamless partnerships with companies in the other competency areas of core HR and talent management to provide customers with a unified interface and shared database. While the HCM market is trending away from mainstream point solutions, Kronos is well positioned to be a partner of choice for underlying analytics and workforce management as larger, integrated players such as ADP and SAP shift their innovation to expanding their breadth of functionality rather than depth.

## **HALOGEN**

Halogen Software's TalentSpace provides deep, turnkey functionality within talent management across the employee lifecycle from hiring to succession planning, and it integrates to HR systems for payroll and benefits through HRIS Connect as an optional utility. TalentSpace provides nine solution modules that customers can configure, and the modules can be implemented as an application suite or phased in individually as customers develop additional needs.

Halogen Software's core functionality is in talent management, and the company offers a consultative approach to support, providing customers with an online support community with forums and vendor advice for how to maximize the value of using the TalentSpace solutions. While the vendor's breadth of functionality is focused on one area within HCM, it has developed deep capabilities, following a unique approach that integrates the Myers-

Briggs personality assessment with managing the employee lifecycle. The assessments help managers and employees understand how to engage one another, and provide standard guidance for communications.

TalentSpace also evaluates employee competency and performance using 360 reviews and multi-rater feedback. If a talent or performance gap is identified, managers can track whether interventions can be successful in resolving the issue based on past resolutions. Performance reporting is delivered through a dedicated portal and provides multiple standard data views linked with key performance indicators that can be correlated with other operational data. The solution's 1:1 Exchange Module also captures conversations between managers and employees for performance evaluations, adding social feedback for contextual reviews.

Halogen Software aligns compensation planning with talent management and offers capabilities for talent acquisition, applicant tracking, and e-learning, which have been developed more in the first half of 2014. The company focused on deepening TalentsSpace's e-learning capabilities in particular, and Nucleus expects that the combination of new functionality depth and Halogen Software's consultative support structure will provide a niche base for the company in a market shifting to be dominated by integrated solutions. While Halogen Software has not shown an interest in widening its breadth of functionality through acquisitions, the company's strong base in e-learning integrated within wider talent management will likely be courted for partnerships with other point solutions through single sign-in capabilities, or for acquisition by larger vendors seeking to expand their offerings.

### **SABA**

Saba is known primarily as a learning management system, and the company's expansion into cloud-based solutions with Saba Cloud encompasses multiple capabilities that support talent management and basic core HR processes.

- **Learning@Work.** Saba's cloud-based environment for learning that is at the heart of the company's solution and based on its long history as a learning management system (LMS) provider.
- **Performance@Work.** Saba's flexible performance management environment that provides reviews and manages recognition and incentives.
- **Planning@Work.** Saba's analytics engine builds analyses into organizational views that provide predictive outcomes from attrition, employee movement, and major labor related events inside an organization and well as providing capabilities to manage employee actions such as off-boarding.
- **Collaboration@Work.** Saba's social collaboration module provides collaborative discussion boards, social networking, content management, and real-time collaboration through web-based and mobile user interfaces.

- **Succession@Work.** Saba's risk management module brings multiple features together to analyze retention and identify talent that can fill holes left behind by absent, abdicated, or terminated employees.

Saba provides analytical views that show attrition risks, potential impacts of changes to the labor environment, and provides recommendations for problem resolution based on social collaboration and available talent. Saba also integrates machine learning within its environment and has developed algorithms that look at user preferences and career goals to guide employees through a personalized development path. The built-in analytics approach lets the solution learn from each choice employees make and tune recommendations to each employee individually without the need for HR to intervene or populate records or goals. The automated response and personalization increases the usability of the solution and provides new functionality that reduces the burden on HR while putting context behind employee development.

Saba currently supports both its on-premise legacy learning environment as well as Saba Cloud, consisting of the full breadth of functionality beyond LMS. The company has shifted its new developments to the cloud with a focus on migrating customers, luring them with the promise of reduced costs and increased functionality (Nucleus Research *o11 – Guidebook – Saba Cloud*, January 2014). While Saba's product development efforts are seeking to capitalize on the renewed market sub-focus on deeper talent management spread across core HR and workforce management within a greater integrated solution offering, the company is combatting its established reputation as an LMS provider to break into core HR. Nucleus expects that Saba will continue to deepen its functionality as an LMS provider while expanding its breadth into core HR as it seeks to broaden its solution offering and take full advantage of cloud development and deployment potential. The company is also facing competition from LMS providers moving to integrate in the same direction such as Lumesse and halogen, giving it equal potential as an acquisition target among integrated HCM solutions seeking to deepen their talent management component with an established LMS.

### **LUMESSE**

Lumesse provides talent management, connecting enterprise learning, reports, and analytics to core HR and automating tasks for onboarding and management of the employee lifecycle.

- **TalentLink.** The application automates recruiting and uses multi-channel sourcing, engaging social media, preferred recruitment agencies, and job boards to find and screen qualified candidates. The module can be integrated with existing core HR systems, and it includes compliance checks, automated reporting and analytics for HR talent reviews, and personalized workspaces for hiring managers. Lumesse is also partnered with HireVue for video content in recruiting and hiring.
- **ETWeb.** Customers can use this application module to manage learning, performance, compensation, and employee skills and competencies for improved placement and

career development in the workplace. The module provides 360 feedback channels, career and succession planning, and HR analytics that connect individual employee records to performance data.

- **LearningGateway.** Managers can personalize learning tracks for employees to increase engagement and skills development. Employees can also collaborate around best practices for content feedback and development while managers can set goals, track employee progress, and analyze skill development for scheduling and placement.
- **CourseBuilder.** Managers can develop learning content and manage quality control for workflows, processes, and documentation through a simplified user interface (UI). Employees and managers can access a documentation library for standardized forms, and managers can access social media feedback when developing documents and course material to increase employee engagement and drive knowledge development and repeatability.

Lumesse has extended talent management to include performance and compensation management, going in the opposite direction of the strategy of vendors such as Ceridian, Ultimate Software, and Oracle, who are extending core HR to include talent management. The application suite integrates with other HCM solutions through Lumesse's Open Platform, eliminates redundant processes, and streamlines management of the employee lifecycle. The solution also provides a streamlined user interface that transitions between the different modules and provides users with a minimal number of dashboards relative to the data they need to access. Lumesse's application suite is accessible through web-based and mobile UI's facilitating end-user adoption, and it provides customers with a single database for content and talent management for career development.

Lumesse is focused on delivering compliance-based talent management in an effort to expand its global reach. The extension to core HR recognizes the HCM industry trend away from point functionality in talent management as well as the discovery of the value of talent management and its impact as the initial point of productivity development in the employee lifecycle. As a new entrant to the technology value matrix, nucleus expects that Lumesse will continue to push the boundaries of talent management as it deepens its functionality in an area of human capital management that is growing increasingly vital to effective solution deployments. While other talent management companies are poised for upward battles in point solution development or as targets for potential acquisition, Lumesse is positioned more as a potential innovator in talent management with the capability to develop market-challenging connections between talent management, core HR, and eventually workforce management.