

October 28, 2008

The Forrester Wave™: Human Resource Management Systems, Q4 2008

by Paul D. Hamerman
for Business Process & Applications Professionals



October 28, 2008

The Forrester Wave™: Human Resource Management Systems, Q4 2008

Lawson Software, Oracle, SAP, And Ultimate Software Lead The Pack

by **Paul D. Hamerman**

with Sharyn C. Leaver, Meghan Donnelly, and Ralph Vitti

EXECUTIVE SUMMARY

In Forrester's 104-criteria evaluation of human resource management system (HRMS) vendors, we found that Oracle and SAP continue to be the leading options for large multinational enterprises, with Lawson Software and Ultimate Software also placing among the Leaders with differentiating alternatives. Among the multinational enterprise choices, Oracle's E-Business Suite (EBS) outpaced SAP and Oracle PeopleSoft in achieving the highest Current Offering scores, while Ultimate Software had the top-rated strategy. Ultimate Software placed as the only Leader for the US midmarket ranking, where rapid deployment and lower ownership costs are higher priorities. Workday, a new competitor in this Forrester Wave™ evaluation, is a Strong Performer with an advanced software-as-a-service (SaaS) solution. Lawson's new talent management suite also represents an innovative approach, as the company shifts from a traditional HRMS to a next-generation offering. Automatic Data Processing (ADP) and Ceridian placed as Strong Performers, with solid scores in the US midmarket ranking, offering mature core HRMS capabilities, complemented by outsourced service offerings and integrated third-party solutions.

TABLE OF CONTENTS

- 2 **HR Systems Combine Core Transactions With Talent Management**
- 6 **HRMS Evaluation Overview**
- 8 **Multinational Competition Is Heating Up**
- 11 **US Midmarket Choices Emphasize Rapid Deployment**
- 13 **Vendor Profiles**
- 15 **Supplemental Material**

NOTES & RESOURCES

Forrester conducted this questionnaire and demonstration-based software evaluation in July and August 2008. For this research, we interviewed seven vendor and 30 user companies.

Related Research Documents

"Improve Strategic HCM Processes And Technologies"
August 1, 2008

"HR/HCM Applications 2008: Best-Of-Breed Solutions Make A Comeback"
January 7, 2008

"The Forrester Wave™: Human Resource Management Systems, Q3 2006"
September 28, 2006

HR SYSTEMS COMBINE CORE TRANSACTIONS WITH TALENT MANAGEMENT

Human resource management system (HRMS) applications consist of a broad set of business process and analytical capabilities spanning the employee life cycle, from hiring and onboarding, personnel and benefits administration, compensation, payroll, compliance, performance management, succession planning, and career development.

The HRMS Is An Essential Corporate Application

The HRMS is a foundational application suite used by companies of all sizes and in all industries. The need for an HRMS is driven by several fundamental and potentially mission-critical business needs including:

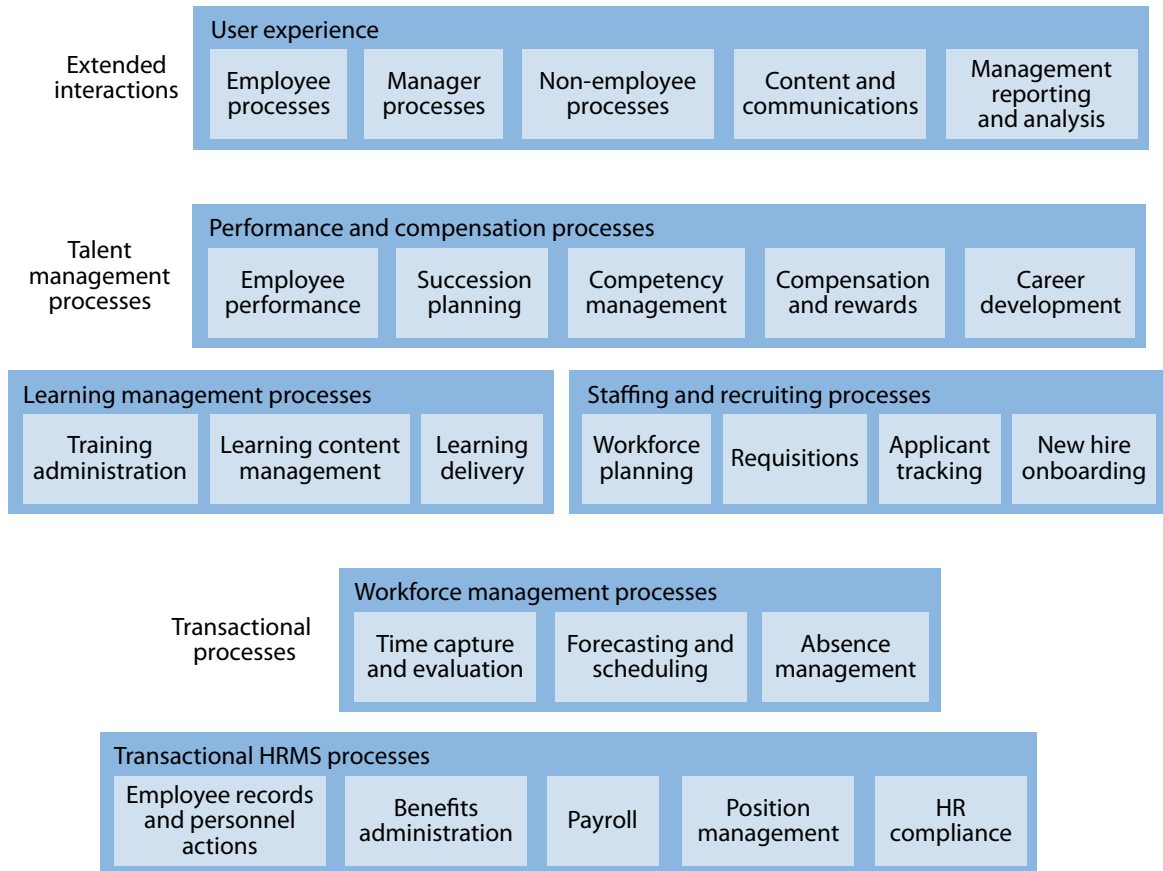
- **Managing personnel costs.** Labor costs are among the largest operating cost categories, accounting for an average of 36.4% of total operating costs and 29.8% of total revenues for US companies.¹ Organizations use the HRMS to plan and budget salaries and positions, maintain consistent compensation and promotion practices, control hiring, and manage layoffs.
- **Operating efficient business processes.** The HRMS supports a myriad of HR business processes, including personnel actions, keeping employee records up to date, paying employees, and managing benefits. These activities have traditionally been labor-intensive and paper-based. Efficiency gains come from making these transactions directly accessible to employees and managers without paper and clerical intermediaries, via Web-based functions within the HRMS.
- **Complying with regulations and managing legal exposures.** Another important reason to invest in an HRMS is compliance and risk management. Numerous compliance laws and risks exist that are related to equitable pay, overtime, time off, hiring practices, employee conduct, and working conditions. The HRMS, as the system of record for employees, helps to meet compliance obligations and manage risks.
- **Increasing the value of human capital.** Despite the economic slump and overstated vendor hype about the “war for talent,” few would argue about the value of human capital as a corporate asset. This case can be made whether the company is services-based or heavily invested in physical assets. Organizations with a strong HR function will focus on performance, employee development, and rewards programs to achieve better retention and higher workforce productivity. A comprehensive HRMS, often supplemented by best-of-breed talent management solutions (e.g., learning management systems), supports these human capital initiatives.

HRMS Footprints Gain In-Depth And Global Capabilities

Although the overall breadth of HRMS application suites has not evolved significantly over the past several years, depth of functionality has improved in several areas (see Figure 1):

- **Talent management.** Best-of-breed talent management solutions continue to be preferred by HR process and applications professionals, but comprehensive HRMS applications continue to add depth in this area. Progress can be seen in performance and competency management, although learning management and succession planning still lag well behind best-of-breed in most of the solutions reviewed in this Forrester Wave evaluation.
- **Global and localized capabilities.** Enterprise resource planning (ERP) titans Oracle and SAP continue to lead in supporting the most languages, local compliance requirements, and global capabilities (e.g., data formats, currencies, etc.), but this is a significant area of investment for other vendors. Customers are increasingly calling upon HRMS vendors to support a multinational workforce, and the global and localized capabilities also support vendor efforts to expand sales and distribution beyond their home-based markets.
- **Reporting and analytics.** The lack of user-friendly reporting and analytical capabilities has been a frustrating shortcoming of HRMS solutions over the years. Despite lengthy catalogs of standard tabular reports, graphical and analytical information has been difficult to come by. Improvements are evident in several solutions, where the best capabilities provide embedded analytical information (displayed within the context of the application, rather than having to extract the information with specialized reporting tools). Performance-oriented dashboards are beginning to materialize as well.
- **Organizational structures.** Hierarchical reporting structures are important within the HR context to define organizational reporting relationships and approval processes, as well as for succession planning. Curiously, HRMS vendors typically have relied on third-party plug-ins for graphical organization charting.² New HRMS products, including those from Lawson Software and Workday, now include graphical organization charting within their core solutions.

Figure 1 HRMS Application Footprint



45873

Source: Forrester Research, Inc.

The HRMS Market Has A Moderate Growth Rate, But SaaS Is Growing Faster

Within the \$5.8 billion market for human resources/human capital management (HR/HCM), HRMS applications make up the largest component, at 58% (\$3.7 billion).³ The overall growth rate in this segment is 7%, because the HRMS market is largely a replacement market. The growth of the overall HR/HCM segment is higher — 9% — because it includes faster-growing best-of-breed segments, especially those pertaining to performance and compensation.

Although on-premise, licensed software continues to be the predominant deployment model for HRMS applications, SaaS revenue is growing at a 14% rate, twice as fast as the HRMS segment as a whole. We believe that key drivers of SaaS HRMS adoption include faster implementation times and automatic software upgrades and updates. Improvements in software configuration flexibility in newer products (e.g., Workday) also make this deployment model attractive to larger organizations. Half of the eight vendors that we evaluated in this Wave — ADP, Ceridian, Ultimate Software, and Workday — offer SaaS as a primary deployment option (for Workday, SaaS is the only deployment option).

The HRMS Vendor Landscape Consists Of Three Types Of Solution Providers

The vendors providing HRMS solutions fit into three main categories:

- **ERP vendors.** Many of the leading ERP software vendors offer an HRMS as an application component of their overall suites. Within this Forrester Wave evaluation, Lawson Software, Oracle, SAP, and Workday fall into this category.⁴ Other ERP HRMS solutions, not evaluated in this report, include Agresso, IFS, Infor, Microsoft, Oracle's JD Edwards, and Sage Software. Sage Abra HRMS, evaluated in the 2006 HRMS Forrester Wave evaluation, is the leading on-premise HRMS option for companies with fewer than 1,000 employees.
- **Pure-play HRMS vendors.** Several software vendors specialize in HRMS applications as their core competency. Of the vendors in this evaluation, Ultimate Software falls into this category. Other pure-play HRMS vendors, not evaluated in this Forrester Wave evaluation, include High Line, HR Access (a unit of Fidelity Investments), Meta4, NuView Systems, and Spectrum Human Resource Systems.
- **HR/payroll outsourced service providers.** Several providers of HRMS solutions provide outsourcing services related to payroll, benefits, and HR as their core business. Two of the leading service providers, ADP and Ceridian, are included in this evaluation. Other service providers offering HRMS solution functionality, not evaluated in this Forrester Wave evaluation, include Fidelity Employer Services, Genesys, NorthgateArinso, and Patersons.

HRMS EVALUATION OVERVIEW

To assess the state of the HRMS market and see how the vendors stack up against each other, Forrester evaluated the strengths and weaknesses of top HRMS vendors.

HRMS Evaluation Criteria Focus On Solution Depth, Technology, Services, And Strategies

After examining past research, user need assessments, and vendor and expert interviews, we developed a comprehensive set of evaluation criteria. We evaluated vendors against 104 criteria, which we grouped into three high-level buckets:

- **Current offering.** Our current offering assessment evaluated the completeness of business process functionality across core transactional areas (including personnel, benefits, payroll, and time and attendance) as well as strategic talent management processes. We evaluated international capabilities as well as customer experience characteristics related to upgrades, support, and customer references. We also evaluated technology architecture characteristics such as flexibility and usability and deployment options related to SaaS and complementary outsourced services.
- **Strategy.** Our assessment of the vendors' strategies factored in their product strategy and technology visions, product road maps, market positioning, cost and value, and strategic alliances.
- **Market presence.** Our assessment of market presence factored in overall financial viability, the installed base of customers (including the aggregate number of employee lives managed), and the size of sales and implementation resources.

Evaluated Vendors Focus On Multinational Enterprises And The US Midmarket

Forrester included seven vendors and eight HRMS solutions in the assessment: ADP, Ceridian, Lawson Software, Oracle EBS, Oracle PeopleSoft, SAP, Ultimate Software, and Workday. The vendors invited to participate in this Forrester Wave evaluation met the following qualification criteria (see Figure 2):⁵

- **Core transactional capabilities.** Functionality includes HR core transactional capabilities at a minimum (i.e., personnel, benefits, payroll, compensation, compliance, and self service).
- **Market presence includes the US.** Support and market presence for US-based companies (including payroll) as a minimum requirement.
- **Focus on customers with more than 1,000 employees.** Customer focus primarily on companies with 1,000 employees and across most industry sectors.

- **Substantial vendor revenue and employee size.** Minimum size of \$50 million in annual revenues or 250 employees.
- **Forrester client inquiry activity.** Frequently mentioned or inquired upon by Forrester’s clients.

Figure 2 Evaluated Vendors: Product Information And Selection Criteria

Vendor	Product evaluated	Product version evaluated	Version release date
Automatic Data Processing	Enterprise HR	5.0	March 2007
Ceridian	Ceridian HR/PR	1.4	May 2008
Lawson Software	Strategic Human Capital Management	9.0	March 2008
Oracle E-Business Suite	EBS HRMS	12.0	January 2007
Oracle PeopleSoft	PeopleSoft HCM	9.0	December 2006
SAP	SAP ERP HCM	6.0	July 2007
Ultimate Software	UltiPro	10.0	July 2008
Workday	Human Capital Management	4.0	May 2008

Vendor selection criteria

Product functionality includes HR core transactional capabilities at a minimum (i.e., personnel, benefits, payroll, compensation, compliance, and self service).
Product support and market presence for US-based companies (including payroll) as a minimum requirement.
Customer focus primarily on companies with more than 1,000 employees and across most industry sectors.
Minimum size of \$50 million in annual revenues or 250 employees.
Frequently mentioned or inquired upon by Forrester’s clients.

45873

Source: Forrester Research, Inc.

Changes From The Forrester Wave Evaluation Of HR Management Systems In Q3 2006

This HRMS Forrester Wave evaluation differs from the one published two years ago. Although functional capabilities have improved since that time, the scores do not support comparisons to the prior HRMS evaluation because:

- **The players have changed.** As a comparative evaluation, our Forrester Wave scoring methodology is designed to highlight relative differences among the capabilities of the vendors included in this evaluation rather than as a comparison with prior evaluations. Workday is a new entrant in this evaluation, while we did not include Employease, Infor, Kronos, and Sage Software for various reasons.⁶
- **The criteria have changed.** We added, modified, or eliminated several criteria from the prior HRMS Forrester Wave evaluation based on relevance. Significant changes include modified strategy criteria, where we factored in time-to-value, pricing transparency, and ownership costs.
- **Scores were limited for third-party solutions.** Several vendors include third-party solutions as part of their overall HRMS offerings via reselling arrangements, often with rebranding and integration. For this evaluation, we limited the maximum score to three on a scale of five for third-party solutions, even if those solutions provide leading best-of-breed functionality. While reselling and integration partnerships can add value for customers, our position for this evaluation is that the application code must be owned and managed by the HRMS vendor to receive a maximum score, to provide for consistency and minimize gaming of the Forrester Wave evaluation process.

Consistent with the prior HRMS Forrester Wave, we created two separate sets of weightings to produce different perspectives on the evaluation — solutions for multinational enterprises and those for the US midmarket. The needs of US midmarket companies reflect higher priorities on cost and time to value, while de-emphasizing multinational capabilities.

MULTINATIONAL COMPETITION IS HEATING UP

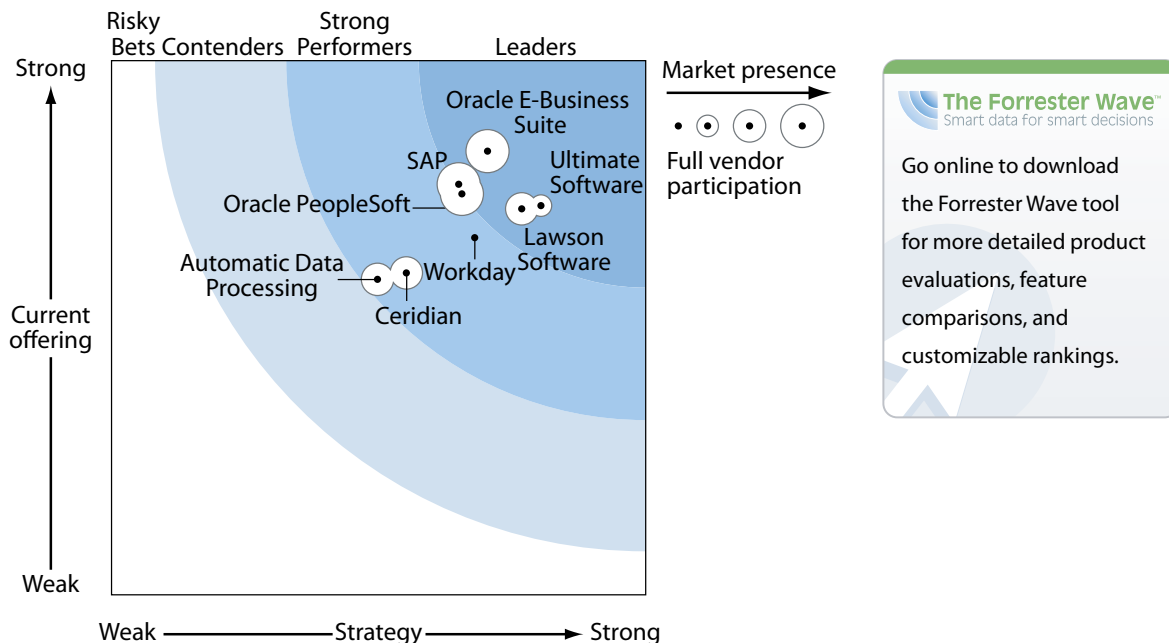
Based on the needs of multinational enterprises, this evaluation uncovered a market in which (see Figure 3):

- **Oracle and SAP remain the top choices for multinational enterprises.** Large companies looking to manage global human resources are likely to rely on their incumbent ERP vendor for HRMS solutions. The three products that we evaluated, SAP, Oracle EBS, and Oracle PeopleSoft, have the highest levels of support for languages and localizations (including payroll) by a wide margin. Oracle has made significant improvements to its EBS HRMS, putting it in the top position, ahead of SAP and Oracle PeopleSoft. Each of these three solutions can scale to support the largest enterprises.
- **Lawson Software and Ultimate Software offer competitive options.** Lawson Software has made a significant move by rewriting its strategic HCM solution in its Java-based Landmark development environment. Lawson has redesigned the solution to support a multinational workforce for personnel and position management, as well as talent management. Country-

specific elements, including benefits and payroll, remain within its legacy offering. Ultimate Software has added Canadian payroll capabilities to its HRMS offering, but remains focused primarily on US-based companies. Nevertheless, Ultimate Software has a well-rounded HRMS offering, offered primarily via SaaS, which will appeal to enterprise-class companies looking for an alternative to a traditional on-premise HRMS offering.

- **Workday is building out its differentiated HRMS solution.** As a new challenger in this market, Workday is rapidly gaining a following among companies looking for a fresh approach to this application. Its SaaS offering has innovative usability and high levels of configurability, making it appealing to both midsize and large enterprises. Although the solution has gaps remaining in several areas, Workday is on a path to challenge the established HRMS leaders.
- **ADP and Ceridian emphasize services more than software.** The two payroll market leaders take a services-oriented approach to HRMS, complementing HR process outsourcing offerings. The core hosted HR components are designed to feed payroll gross-to-net processing as well as outsourced services in other areas, including benefits administration. Both offer their own recruiting solutions as well, but they partner to provide other elements, including time and attendance, via reselling arrangements. For multinational payroll, both can provide support via combinations of their own country-specific solutions and local partnerships. ADP also has a multinational HRMS offering, GlobalView, which is powered by SAP's software.

Figure 3 Forrester Wave™: HR Management Systems, Multinational Enterprises, Q4 2008



The Forrester Wave™
 Smart data for smart decisions

Go online to download the Forrester Wave tool for more detailed product evaluations, feature comparisons, and customizable rankings.

Source: Forrester Research, Inc.

Figure 3 Forrester Wave™: HR Management Systems, Multinational Enterprises, Q4 2008 (Cont.)

	Forrester's Weighting	Automatic Data Processing	Ceridian	Lawson Software	Oracle E-Business Suite	Oracle PeopleSoft	SAP	Ultimate Software	Workday
CURRENT OFFERING	50%	2.93	2.99	3.59	4.13	3.73	3.82	3.62	3.32
Staffing and recruiting	5%	4.20	3.95	2.90	4.35	3.80	3.00	3.85	2.20
Personnel management	10%	3.00	2.90	4.60	4.80	4.80	3.60	4.20	4.60
Compensation	10%	3.15	1.85	3.95	4.70	4.15	4.85	3.80	4.70
Benefits	8%	4.10	3.80	3.45	4.85	4.80	4.40	4.20	3.75
Payroll	10%	3.70	4.10	3.20	4.65	4.40	4.70	3.80	0.95
Time and attendance and labor mgmt.	5%	3.00	3.00	3.00	4.10	3.35	2.55	3.00	1.00
Talent management	10%	1.50	2.65	3.60	3.10	3.15	4.30	3.05	1.95
Employee and manager self-service	6%	2.80	2.40	4.00	4.00	3.10	3.60	4.40	5.00
Compliance	1%	4.00	3.00	3.00	4.00	5.00	3.00	3.00	1.50
Technology	12%	2.10	2.60	4.50	3.40	2.80	2.90	4.20	4.30
Multinational	12%	2.15	1.95	2.65	4.80	4.10	4.50	1.55	2.85
Hosting and outsourcing	3%	3.50	4.80	2.60	1.20	1.10	1.20	4.50	3.80
Customer experience	8%	3.60	4.04	3.52	3.68	3.08	3.44	4.26	4.36
STRATEGY	50%	2.49	2.76	3.84	3.52	3.28	3.25	4.02	3.40
Product strategy and vision	50%	2.40	2.40	4.40	3.60	3.45	3.85	4.15	3.00
Technology strategy and vision	15%	1.00	3.00	5.00	3.00	3.00	3.00	4.00	5.00
Cost and value	20%	3.80	4.10	2.70	2.60	1.90	0.70	4.70	3.40
R&D	5%	1.00	1.00	2.00	5.00	5.00	5.00	4.00	5.00
Strategic alliances	10%	3.25	2.40	2.45	4.95	4.75	4.80	2.05	2.15
MARKET PRESENCE	0%	3.50	3.34	3.47	4.46	4.22	4.90	2.76	1.72
Financial viability	30%	5.00	3.40	3.60	5.00	5.00	5.00	3.70	2.80
Installed base	60%	2.80	3.50	3.40	4.20	3.80	4.90	2.30	1.00
Employees and offices	10%	3.20	2.20	3.45	4.40	4.40	4.60	2.70	2.80

All scores are based on a scale of 0 (weak) to 5 (strong).

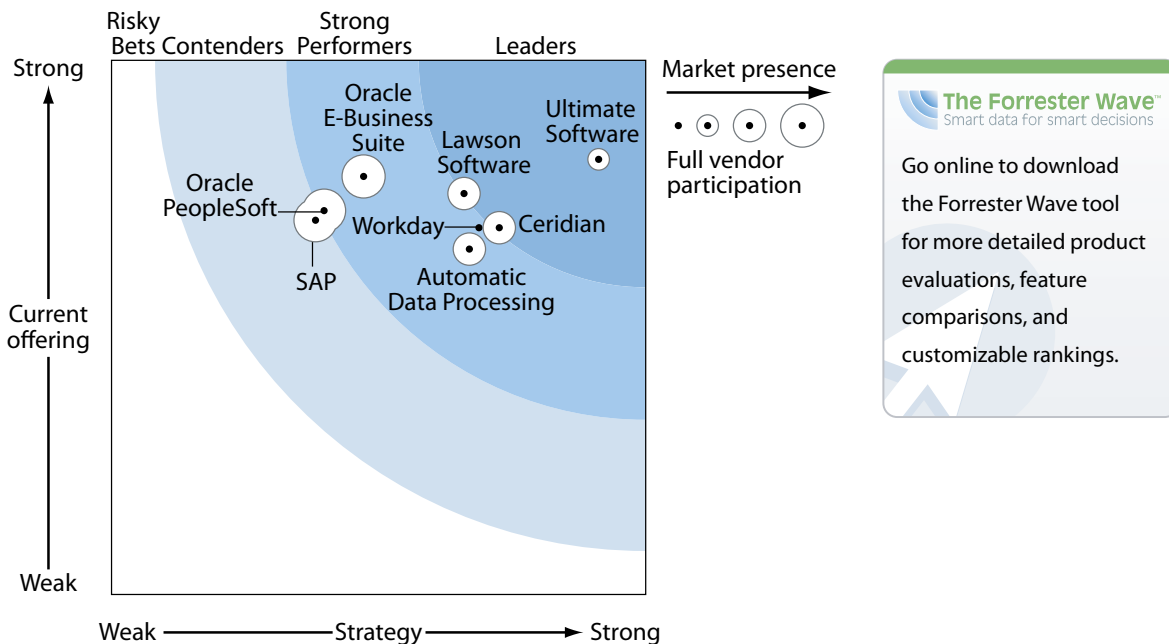
Source: Forrester Research, Inc.

US MIDMARKET CHOICES EMPHASIZE RAPID DEPLOYMENT

Based on the needs of US-based, midsize companies with 1,000 to 5,000 employees, our evaluation uncovered a market in which (see Figure 4):

- **Ultimate Software leads the pack.** Ultimate Software’s well-rounded HRMS solution has strong core transactional capabilities, including payroll, as well as good flexibility and usability. The product is sold mostly via the SaaS model and good cost and time-to-value factors, making it appealing to midsize US companies as well as enterprises.
- **ADP, Ceridian, Lawson Software, and Workday offer competitive solutions.** With an emphasis on hosted deployment options (including SaaS) and cost-effective delivery, these vendors are a good fit to the US midmarket segment. Workday will have a stronger play in this segment when its new US payroll offering comes up to speed. ADP and Ceridian leverage their core strength in US payroll processing combined with mature HRMS functionality and an orientation toward hosted and multitenant SaaS deployment methods. Lawson Software, while primarily sold as an on-premise solution, also has a good presence among US midsize firms, including a strong alignment with healthcare.

Figure 4 Forrester Wave™: HR Management Systems, US Midmarket, Q4 2008



Source: Forrester Research, Inc.

Figure 4 Forrester Wave™: HR Management Systems, US Midmarket, Q4 2008 (Cont.)

	Forrester's Weighting	Automatic Data Processing	Ceridian	Lawson Software	Oracle E-Business Suite	Oracle PeopleSoft	SAP	Ultimate Software	Workday
CURRENT OFFERING	50%	3.21	3.41	3.73	3.89	3.57	3.48	4.05	3.41
Staffing and recruiting	6%	4.40	4.15	3.30	4.45	3.60	3.00	3.95	2.40
Personnel management	10%	3.00	2.90	4.60	4.80	4.80	3.60	4.20	4.60
Compensation	10%	3.15	1.85	3.95	4.70	4.15	4.85	3.80	4.70
Benefits	10%	4.10	3.80	3.45	4.85	4.80	4.40	4.20	3.75
Payroll	10%	4.00	5.00	4.20	4.90	4.60	4.60	5.00	0.90
Time and attendance and labor mgmt.	5%	3.00	3.00	3.00	4.10	3.35	2.55	3.00	1.00
Talent management	8%	1.50	2.75	4.00	3.10	3.35	4.20	3.35	2.25
Employee and manager self-service	5%	2.80	2.40	4.00	4.00	3.10	3.60	4.40	5.00
Compliance	5%	4.00	3.00	3.00	4.00	5.00	3.00	3.00	1.50
Technology	10%	2.00	2.55	4.55	3.30	2.70	2.80	4.30	4.45
Multinational	1%	2.25	1.75	2.75	5.00	4.50	5.00	1.25	2.75
Hosting and outsourcing	10%	3.50	4.80	2.60	1.20	1.10	1.20	4.50	3.80
Customer experience	10%	3.40	4.18	3.49	3.41	2.51	3.08	4.12	4.62
STRATEGY	50%	3.35	3.63	3.30	2.36	1.99	1.91	4.56	3.44
Product strategy and vision	40%	3.40	3.60	3.95	2.10	2.10	2.30	4.75	3.05
Technology strategy and vision	10%	1.00	3.00	5.00	3.00	3.00	3.00	4.00	5.00
Cost and value	40%	4.20	4.30	2.50	1.80	0.90	0.50	4.90	3.40
R&D	5%	1.00	1.00	2.00	5.00	5.00	5.00	4.00	5.00
Strategic alliances	5%	3.25	2.40	2.45	4.95	4.75	4.80	2.05	2.15
MARKET PRESENCE	0%	3.50	3.34	3.47	4.46	4.22	4.90	2.76	1.72
Financial viability	30%	5.00	3.40	3.60	5.00	5.00	5.00	3.70	2.80
Installed base	60%	2.80	3.50	3.40	4.20	3.80	4.90	2.30	1.00
Employees and offices	10%	3.20	2.20	3.45	4.40	4.40	4.60	2.70	2.80

All scores are based on a scale of 0 (weak) to 5 (strong).

Source: Forrester Research, Inc.

- **Oracle and SAP offer strong functionality but challenging cost of ownership.** While Oracle's EBS and PeopleSoft and SAP have high scores for functionality, they tend to be more difficult to deploy and manage than the other players in this evaluation. As a result, we believe that they are less desirable options for US midsize companies, unless these companies already have the ERP solution in house for finance and operations or if these companies have relatively complex needs and international operations.

This evaluation of the HRMS market is intended to be a starting point only. We encourage readers to view detailed product evaluations and adapt the criteria weightings to fit their individual needs through the Forrester Wave Excel-based vendor comparison tool.

VENDOR PROFILES

Leaders

- **Oracle E-Business Suite.** A Leader in the multinational enterprises category and a Strong Performer in the US midmarket ranking, Oracle EBS has very comprehensive functionality and excellent depth in personnel, benefits, compensation, and recruitment. In the past two years, Oracle's EBS HRMS has moved from a trailing to a leading position compared with SAP and Oracle PeopleSoft. Current Oracle EBS customers should feel reassured that Oracle continues to invest in and support this product under Oracle Applications Unlimited, even as it builds a new product, Oracle Fusion Applications, which may be of interest as a future migration path.
- **SAP.** A Leader in the multinational enterprises category and a Strong Performer in the US midmarket ranking, SAP has the most extensive multinational functionality on the market, making it suitable for large enterprises that need to manage a global workforce. SAP is also a good choice for larger companies based outside the US, as a result of its extensive localizations and worldwide distribution and implementation resources. While SAP has very comprehensive core functionality and good talent management support, it has more work to do to enhance usability and shore up weaknesses in recruitment and time and attendance.
- **Oracle PeopleSoft.** Also a Leader in the multinational enterprises category and a Strong Performer in the US midmarket ranking, Oracle PeopleSoft remains among the most comprehensive HRMS offerings on the market, but it has some challenges ahead. With less investment in functional enhancements and architectural improvements, Oracle PeopleSoft is looking a bit stale as other vendors make innovative improvements; it also has not progressed as much as its sister product, Oracle EBS. Oracle risks further attrition in this customer base unless it can provide a compelling migration path to Oracle Fusion Applications or more compelling enhancements to Oracle PeopleSoft HRMS.
- **Ultimate Software.** A Leader in both rankings, Ultimate Software combines a well-rounded HRMS solution with good cost/value factors and a strong vision and road map for continued development. With SaaS as its primary deployment model, Ultimate Software has a strong appeal to US-based companies and now supports Canadian payroll as well. Limited multinational capabilities make up the only significant gap in Ultimate Software's HRMS offering. Time and attendance is delivered via a rebranding/reselling relationship with Infor (Workbrain), but it also owns time and attendance source code developed by NOVAtime Technology, which is currently positioned for the lower midmarket.

- **Lawson Software.** A Leader in the multinational enterprises category and a Strong Performer in the US midmarket ranking, Lawson Software has made an impressive move to reinvent its product. While some core elements remain in the traditional Lawson S3 architecture, it has written the new strategic HCM solution in its Java-based Landmark development environment to achieve higher levels of flexibility and usability, as well as to add more multinational capabilities. The new solution has come a long way, but it still needs more time to develop comprehensive HRMS functionality. Lawson Software also has recently added workforce management functionality via an acquisition, which is currently best-suited for the healthcare vertical, although Lawson Software is planning to expand this time and attendance solution to a broader client base.

Strong Performers

- **ADP.** A Strong Performer in both rankings, ADP has a componentized approach that combines a mature core HRMS solution, Enterprise HR, with its own best-of-breed recruitment solution (ADP VirtualEdge), along with a rebranded time and attendance offering provided by Kronos. The core HRMS is also supplemented by ADP's flagship payroll processing engine and benefits administration services, which are well integrated. ADP has limited capabilities currently in talent management, which it is planning to address via partnerships or acquisition.
- **Ceridian.** A Strong Performer in both rankings, Ceridian has a similar componentized approach to HRMS as its rival ADP. The core HRMS product, Ceridian HR/Payroll Latitude, is supplemented by well-integrated Ceridian payroll processing and outsourced benefits administration capabilities (benefits administration is also available within Latitude). Ceridian provides its own recruitment solution, and it partners with CyberShift to provide a rebranded, service-oriented architecture (SOA)-integrated time and attendance solution. Talent management is limited in the Ceridian HR/Payroll Latitude product, but the company offers it via a reselling partnership with SuccessFactors, although the integration is limited.
- **Workday.** A Strong Performer in both rankings, Workday is an innovative new player that is already making inroads into the HRMS market, appealing to both multinational enterprises and the US midmarket. At the time of the evaluation, Workday had 53 customers and increasing momentum. As a SaaS-only solution, Workday has recognized that configuration flexibility and integration are critical success factors to drive adoption, because customization is not an option, and supports these characteristics well. Additional strengths include compelling usability and embedded analytics. Workday still has some gaps to fill in talent management while maturing its brand-new payroll capability, but this vendor is clearly on the right track.

SUPPLEMENTAL MATERIAL

Online Resource

The online versions of Figure 3 and Figure 4 are Excel-based vendor comparison tools that provide detailed product evaluations and customizable rankings.

Data Sources Used In This Forrester Wave

Forrester used a combination of three data sources to assess the strengths and weaknesses of each solution:

- **Vendor surveys.** Forrester surveyed vendors on their capabilities as they relate to the evaluation criteria. Once we analyzed the completed vendor surveys, we conducted vendor calls where necessary to gather details of vendor qualifications.
- **Product demos.** We asked vendors to conduct demonstrations of their product's functionality. We used findings from these product demos to validate details of each vendor's product capabilities.
- **Customer reference calls.** To validate product and vendor qualifications, Forrester also conducted reference calls with three to five of each vendor's current customers.

The Forrester Wave Methodology

We conduct primary research to develop a list of vendors that meet our criteria to be evaluated in this market. From that initial pool of vendors, we then narrow our final list. We choose these vendors based on: 1) product fit; 2) customer success; and 3) Forrester client demand. We eliminate vendors that have limited customer references and products that don't fit the scope of our evaluation.

After examining past research, user need assessments, and vendor and expert interviews, we develop the initial evaluation criteria. To evaluate the vendors and their products against our set of criteria, we gather details of product qualifications through a combination of questionnaires, demos, and/or discussions with client references. We send evaluations to the vendors for their review, and we adjust the evaluations to provide the most accurate view of vendor offerings and strategies.

We set default weightings to reflect our analysis of the needs of large user companies — and/or other scenarios as outlined in the Forrester Wave document — and then score the vendors based on a clearly defined scale. These default weightings are intended only as a starting point, and we encourage readers to adapt the weightings to fit their individual needs through the Excel-based tool. The final scores generate the graphical depiction of the market based on current offering, strategy, and market presence. Forrester intends to update vendor evaluations regularly as product capabilities and vendor strategies evolve.

ENDNOTES

- ¹ Source: Saratoga Institute, “2007/2008 US Human Capital Effectiveness Report Executive Summary,” PricewaterhouseCoopers, 2007.
- ² Best-of-breed organization charting solutions include Acquire, HumanConcepts, and Nakisa.
- ³ The sizing figures reflect product revenues, consisting of licenses, maintenance, and subscriptions; it excludes professional services revenues. See the January 7, 2008, “[HR/HCM Applications 2008: Best-Of-Breed Solutions Make A Comeback](#)” report.
- ⁴ Workday Human Capital Management, an HRMS solution, was Workday’s initial offering, launched in November 2006. It now offers a financial management application and is expanding its product line to encompass other ERP solutions, including procurement and resource management.
- ⁵ In addition to the participating vendors listed, we invited Microsoft and Infor, but they declined to participate.
- ⁶ ADP acquired Employease in 2006, and ADP has realigned the solution within its offerings. We invited Infor, but it declined to participate. Kronos and Sage Software did not meet the revised criteria for participation.

FORRESTER®

Making Leaders Successful Every Day

Headquarters

Forrester Research, Inc.
400 Technology Square
Cambridge, MA 02139 USA
Tel: +1 617.613.6000
Fax: +1 617.613.5000
Email: forrester@forrester.com
Nasdaq symbol: FORR
www.forrester.com

Research and Sales Offices

Australia	Israel
Brazil	Japan
Canada	Korea
Denmark	The Netherlands
France	Switzerland
Germany	United Kingdom
Hong Kong	United States
India	

For a complete list of worldwide locations, visit www.forrester.com/about.

For information on hard-copy or electronic reprints, please contact the Client Resource Center at +1 866.367.7378, +1 617.617.5730, or resourcecenter@forrester.com. We offer quantity discounts and special pricing for academic and nonprofit institutions.

Forrester Research, Inc. (Nasdaq: FORR) is an independent technology and market research company that provides pragmatic and forward-thinking advice to global leaders in business and technology. For more than 24 years, Forrester has been making leaders successful every day through its proprietary research, consulting, events, and peer-to-peer executive programs. For more information, visit www.forrester.com.