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RESEARCH NOTE **TECHNOLOGY VALUE MATRIX SECOND HALF 2013** **HCM**

THE BOTTOM LINE

The HCM market continues to evolve from one dominated by point solutions for core HR, talent management, recruiting, and learning to one where vendors compete based on a holistic approach to the employee lifecycle. This Value Matrix reflects the evolution of the market and evaluates vendors based on how well they support the holistic hire-to-retain process from the perspective of HR, management, and employees.

Vendors in the Matrix support at least three of the stages listed below, though most support the entire hire-to-retain process either organically or by embedding capabilities from specialists:

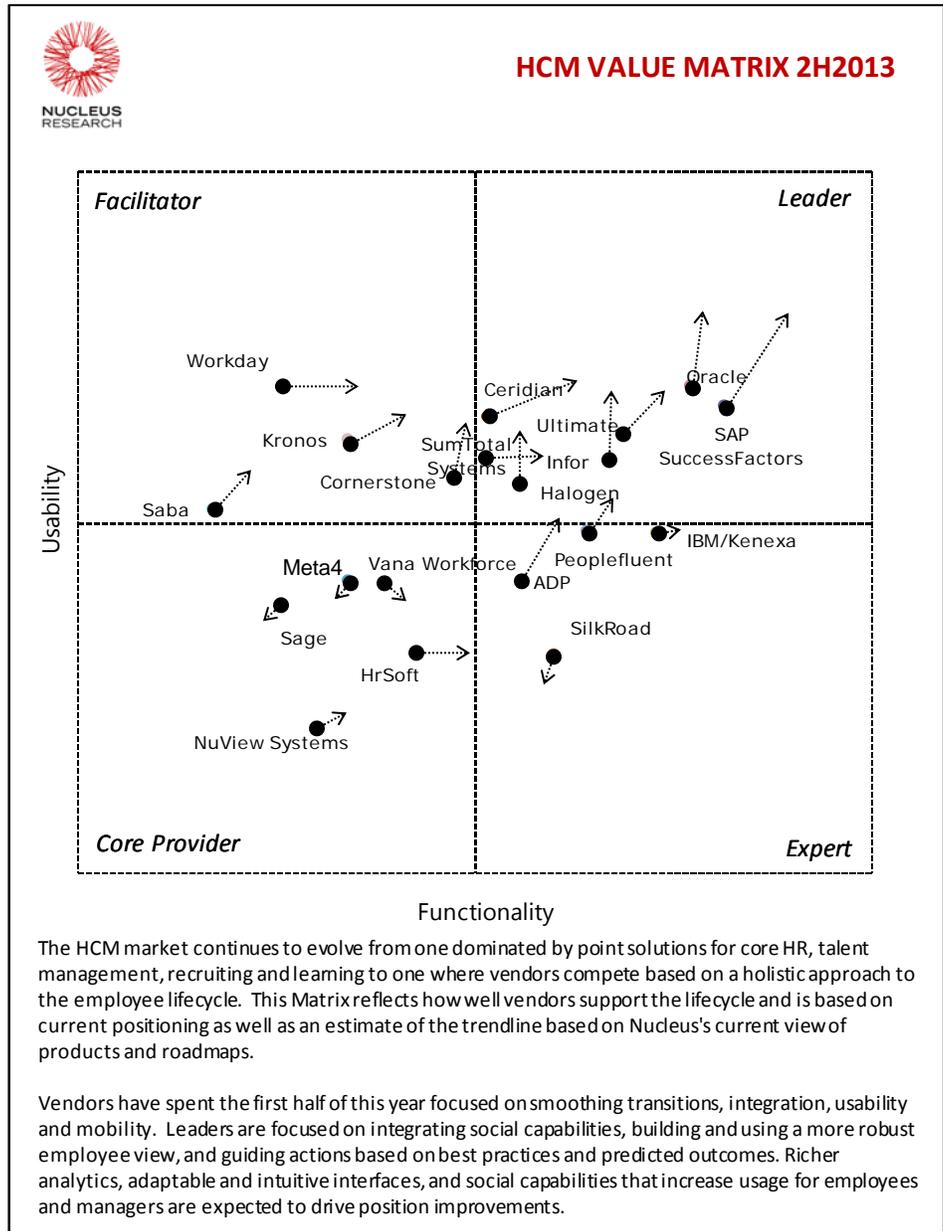
- Recruiting and onboarding – the processes of identifying a hiring pool, engaging with new hires, evaluating candidates, hiring candidates, and onboarding new hires.
- Learning and development – capabilities for creating and deploying learning, capturing competencies across roles, developing competencies across employee populations, evaluating and managing employee performance, and succession planning.
- Management and administration – compensation planning, time and attendance, payroll, and benefits including employee self-service.
- Retention and off-boarding – capabilities that support employees at the end of their lifecycle which could range from retention strategies for key personnel to off-boarding processes.

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

Leaders are focusing their efforts on supporting the hire-to-retain process holistically and the cross-pollination of data by, for example, the ability to select and administer learning as part of the onboarding process and bring together an employee view that incorporates outcomes from recruiting, performance, compensation, and learning. Last year and the first half of this year were marked by vendors developing, acquiring, and partnering to fill hire-to-retain gaps within their portfolios. This activity continues and is likely to accelerate. For example, in October 2013, NetSuite, an ERP vendor, announced its plan to acquire

TribeHR, a cloud-based talent management solution (Nucleus Research *n164 – NetSuite brings ERP and HCM together*, October 2013).

During the time period covered by this Matrix, vendors have focused on improving usability, tightening integration, adding mobility at key touch points, and developing social capabilities.



Market trends are driving vendors to bring solutions to market that are less fragmented, more social in nature, and easier to use:

- The cloud is seen as the primary delivery vehicle by users and vendors. While on-premise solutions remain in use, the cloud is the primary delivery vehicle and most vendors are focusing their development efforts on the cloud.
- Users are increasingly looking for a single vendor solution that cuts across functional areas and eliminates the manual handoffs between recruiting, performance, time management, compensation, and more with a single employee system of record at the core.
- Social capabilities are being infused throughout touch points with some solutions poised to replace or become the standard employee intranet environment. Those that are successful in becoming the primary employee environment will deliver more value as Nucleus found that ROI is amplified as usage increases.
- Mobility has become table stakes. Most if not all vendors offer mobile options through the virtue of an adaptable interface or through purpose-built mobile applications. The tablet is increasingly a focus for delivering functionality meant for managers and HR staff.

Social capabilities and analytics are two areas that most differentiate leaders from others in this space. Nucleus expects that analytics and social capabilities will be a focus for the next six months as vendors continue to round out their capabilities across the employee lifecycle. Nucleus also expects that point solutions will increasingly be merged into broader portfolios and best-of-breed applications will dominate the market.

LEADERS

Leaders in this edition of the HCM Value Matrix include Ceridian, Halogen, Infor, Oracle, SAP SuccessFactors, Sumtotal Systems, and Ultimate.

CERIDIAN

Ceridian is best known for its depth of capabilities for payroll, benefits, time and attendance, and employee administration. Dayforce HCM, its cloud solution, offers support across the employee lifecycle through native capabilities and integration with major talent management technology providers. With a singular foundation based on a single employee record, a single rules engine, and no interfaces to manage, Dayforce HCM is a strong solution for those that need the kind of depth that Ceridian offers. For example, it recently introduced features purpose-built to help organizations comply with the Affordable Care Act.

Ceridian's user interface supports actions with data throughout. Dayforce Payroll embeds analytics in the same interface payroll administrators use to make decisions to provide context and enable users to understand the impact of their decisions in real time. In working with Ceridian customers over the past six months, Nucleus has found that the real-time embedded analytics can be very helpful for HR and scheduling managers because they can immediately see the impact of a schedule change, for example, on

overall payroll. In general, this level of visibility enables managers to be more proactive in the way they schedule and manage payroll: rather than analyzing why overtime budgets were exceeded, they can see current payroll and hours within the pay period and make changes before the final paycheck is cut. Nucleus also found that the employee benefits enrollment and self-service capabilities enable HR and benefits staff to reduce the possibility of errors because of capabilities like prefilled forms and auto-verification of employee information.

In 2014, Nucleus expects Ceridian to expand its native hire-to-retain capabilities considerably within the application to include recruiting (planned for the first quarter of 2014) and talent management. That will not only provide a foundation for attracting and growing the right talent, but will ensure that this is done with a rigor that maintains compliance.

Because Dayforce is a singular architecture, recruiting and talent management will complement and extend its deep core employee management capabilities and provide the ability to manage an increasingly sophisticated employee population throughout the employee lifecycle.

HALOGEN

Halogen Software offers an integrated suite that spans the employee lifecycle from talent acquisition through succession planning. It promises turnkey implementation in the cloud and integrates to HR systems for payroll and benefits through an optional utility (HRIS connect). There are several industry-specific configurations available. Customers typically deploy two or three of the seven available modules though may add additional ones as their needs mature.

Halogen's depth of functionality is focused on performance management and additional modules are developed organically to complement the flagship offering. Most recently, it penned a partnership to integrate the Myers-Briggs personality assessment into Halogen's employee profile. A Myers-Briggs personality assessment can help employees and managers understand how best to communicate with one another, though its effectiveness depends on whether individuals believe in and adhere to this guidance. Succession and compensation planning are aligned with talent management. While Halogen offers capabilities for talent acquisition, applicant tracking, and e-learning, these capabilities appear to be less mature. Halogen has deepened e-learning capabilities over the past several releases and Nucleus expects that the results of these efforts will bear fruit as customers expand their Halogen environment to take advantage of the new features.

Halogen provides a single interface to access all of the talent management tasks and data that Halogen controls and is focused on making the interface intuitive and tasks easier to execute for end users. Users adopting multiple modules within the suite can take advantage of the natural data synergies between performance, recruiting, and learning.

There are multiple data sources used to evaluate employee competency and performance within the environment including evaluations and 360-degree multi-rater feedback. If a gap is identified, managers can track whether interventions have been effective in closing the gap. Reporting features are delivered through a dedicated portal and provide multiple standard data views and reports keyed to KPIs. Other vendors in this space are working on more advanced analytics, Big Data concepts, and infusing analytics into the day to day workflows for users, which can amplify the ROI realized.

While other vendors are working on the integration between corporate financials, workforce management, and payroll with employee development, Halogen's strategy is to maintain a focus on growing its talent management capabilities. In September, it launched a 1:1 Exchange module, meant to streamline and capture ongoing performance conversations between managers and their employees and make those conversations accessible through the interface. While Halogen provides integration to most leading payroll and time tracking systems, integration is managed through an ETL process. It continues to gain market traction in the mid-market through net new customers and expand its foothold within its own customer base. With the market consolidation that has been occurring over the past two years, and the emergence of unified HCM suites that combine core HR functions of workforce administration with talent management, Halogen may be an acquisition target. As a standalone player, Halogen offers support across recruiting, learning and development, and succession planning and is a good fit for mid-size organizations looking for an integrated talent management solution. Halogen became a public company on the Toronto Stock Exchange (TSX: HGN) in May 2013.

INFOR

Infor has grown through many acquisitions into a robust hire-to-retain solution. When considering its holistic capabilities, Infor fully supports the employee lifecycle with a cloud-based solution that includes recruiting, onboarding, employee management, payroll, performance management, and off boarding. It also provides packaged solutions tuned to industry need for healthcare, public sector, financial services, retail and hospitality.

Its human capital management solutions are based on the many acquisitions Infor has made. For human capital management, notable acquisitions are:

- Workbrain (acquired 2007) provides time and attendance and absence management capabilities
- Enwisen (acquired 2011) provides the foundation for integration and the portal, along with an employee system of record, onboarding, and employee self-service
- Lawson (acquired 2011) provides core human resource planning along with a powerful performance management engine
- Certpoint (acquired 2013) provides learning management and learning content creation (Nucleus Research *n42 - Infor announces agreement to acquire CERTPOINT Systems*, March 2013).

Infor has consolidated these acquisitions into its Infor Human Capital Management platform and has advanced the solution through analytics, mobility, and the addition of social capabilities. Social capabilities are delivered through Ming.le, which was announced April 2013. Ming.le supports any process, and is currently an optionally licensed component. It functions similar to how Twitter does, enabling users to follow, track, and participate in conversations. There is a built-in analytics engine as well that can surface concepts and Infor is looking at adding social networking analytics as well. For users, social networking analytics can help human resources and managers better understand how influential a given individual is within the organization. This can be a great tool for identifying natural leaders and finding those that not only mark themselves as having a particular skill, but actually exhibit that skill through their social behavior.

Analytics are delivered through Infor's ION Business Intelligence platform, which is an analytical platform that supports multiple Infor solutions (including ERP, CRM, and HCM). ION provides a virtual warehouse for big data. The analytics within the platform aggregate, reconcile, and match the relevant data points to provide the right analysis to the business user at key points of interaction. This means that analytics are there to support business decisions as they happen. Infor is looking to extend its capabilities to incorporate predictive techniques and while this business intelligence platform can likely stand on its own, Infor is using it to support its business applications instead of a more general analytics use case.

Infor already provides mobile applications to support performance management (Lawson) and introduced additional mobile applications in October 2013 for Infor Knowledgebase, Infor Case Management, Infor Talent Manager, Infor Talent Recruiter and Infor Notifications.

Infor is focusing on building a common user experience to unite its suite of products, working toward a common visual interface based on Infor's internal design agency, Hook & Loop. Infor's mantra is grounded in simplifying the user experience and increasing adoption and, if successful, Infor can advance how enterprise software looks and works from a user perspective.

Infor continues to improve the integration between components, develop additional functionality within the components, and improve usability across the suite. Most recently, Infor completed the integration of Certpoint with its human capital management environment. Today customers often identify with an individual product within the suite such as Lawson or Certpoint rather than with Infor. Nucleus expects that as the integration points deepen and usability across the suite improves, customers will increasingly turn to Infor when looking for a holistic suite to manage the entire employee lifecycle.

ORACLE

Oracle provides multiple options for customers looking at a hire-to-retire approach to human capital management. Its PeopleSoft HCM and E-Business Suite HCM solutions provide advanced core HR while Oracle HCM Cloud provides cloud-based solutions based on Fusion HCM and Taleo. Taleo was acquired April 2012 to fill the talent management and recruiting gap and the Oracle HCM Cloud can be used to complement existing on-premise environments for core HR users or provide a comprehensive, cloud-based hire-to-retire environment.

Oracle HCM Cloud includes:

- Oracle Global HR Cloud for workforce administration, time management, payroll and benefits, compensation management, and succession planning
- Oracle Talent Management Cloud for sourcing and recruiting, performance and goal management, compensation, succession and talent review, and learning and development.

With its cloud solutions, Oracle's development efforts have been focused on improving usability, infusing analytics and social capabilities, and mobility. Oracle provides advanced analytics within the cloud environments that are easy to consume for the business user. Its analytical depth is considerable, and includes predictive capabilities with the ability to take action and analyze impact of action packaged together. Social capabilities are woven into the application and are standard components, which is a differentiator for Oracle. Oracle unveiled new features for its cloud solutions at Oracle OpenWorld 2013 (Nucleus Research *n150 - Oracle battles for HR supremacy*, October 2013). Oracle announced new features across its cloud packages, new mobile application options, and a cleaner, adaptable interface that promises to work across devices. Included in the announcement:

- Oracle extended its performance management capabilities and globalization for Oracle HCM Cloud.
- It announced plans to add more capabilities to workforce management, including scheduling and time management, to augment its depth of core HR capabilities.
- It also streamlined recruiting, added more social recruiting options, made it easier to consolidate candidate feedback, and strengthened onboarding capabilities.

When considering the tools for managing the employee lifecycle, Oracle has a depth of capabilities across all of the components that HR would need to identify talent gaps, recruit, onboard, manage, assess, train, and off-board employees. From a usability perspective, the new user interface (UI) approach makes the user experience consistent and intuitive regardless of which device is used. Oracle's cloud solutions are being adopted by its core user base to fill talent management gaps while new customers are increasingly looking to the cloud for their comprehensive hire to retire environment. For existing users, there are migration paths from PeopleSoft HCM and E-Business Suite HCM to Oracle HCM Cloud. However, there is still some overlap in features between the solutions offered which may make initial purchase decisions difficult for the end user.

SAP SUCCESSFACTORS

SuccessFactors, an SAP Company, provides a comprehensive, cloud-based HCM solution that supports the full employee lifecycle. While SAP continues to support its on-premise ERP HCM suite, future development efforts are focused on enhancing its cloud-based capabilities. In the cloud, SAP offers:

- Core HR (Employee Central)
- Payroll (Employee Central Payroll)
- Talent solutions that span capabilities for recruiting and onboarding, learning, performance management, compensation, and succession planning
- HR analytics and planning
- Social collaboration that is driven by SAP JAM

SuccessFactors has deep capabilities across all talent management functions from recruiting through succession planning. For recruiting, it offers sophisticated sourcing analytics, a Talent Community, and a competency-based selection model that is unique in the market. These capabilities are particularly effective for those organizations seeking to recruit hard-to-find talent. Recent developments deepen capabilities within recruiting and strengthen the total solution by integrating onboarding capabilities.

While Employee Central offers the capabilities for a centralized system of record, it relies on integration partners to provide capabilities like time and attendance, absence management, and benefit administration. With SAP behind the scenes, however, there is considerable depth to employee management and administration. Integration supports hybrid, side-by-side and full cloud implementations though some gaps in the cloud remain. SAP is continuing to tighten the integration to ensure that the cloud solution is feature rich and a viable alternative to its existing on-premise customers.

In May, 2013, SAP announced:

- "Social Referrals," added to recruiting, to allow employees to leverage their social professional network to recommend and track candidates for current openings, including the ability to determine the amount of referral bonus realized.
- Onboarding was launched as well to complement the suite.
- Globalization and localization to support over 50 countries.

SuccessFactors delivers standard and country-specific reports within its core HR and Talent Management suite. Throughout the suite, dashboards that support a given functional area are included. For advanced analytics and workforce planning, there is a dedicated environment delivered as its Workforce Analytics module. Within this dedicated module, users can take advantage of more than 2000 packaged metrics to look at data in multiple dimensions, with guidance on interpretation and usage built in. It includes the ability to apply filters and one of the more interesting features is the ability to interrogate data by using questions rather than working through fields and data points. This makes the ability

to find the right analysis easier for end users who may know what they are looking for, but unsure of how to get there. The module takes this further with workforce planning, which allows organizations to step through the process of strategic planning using best practices, with built-in analytics.

From a given report, a user can navigate to a functional area to address the issue. While the data views are robust, they remain a point-in-time analysis. The addition of HANA and the latest acquisition, KXEN, to this environment will help SAP push analytical boundaries further by making the analysis more real-time and adding the ability to predict outcomes confidently and understand what drives predicted outcomes (Nucleus Research *n149 – SAP and KXEN: implications for HR*, September 2013).

SAP has introduced capabilities that put analytics into context with Headlines. This capability was launched in February 2013 and makes analytics an integral part of the day-to-day view for managers. Rather than reviewing and interpreting reports and charts or waiting for an alert, a manager is provided with guidance based on what has been uncovered through analytics running behind the scenes. This is presented using natural language. For example, Headlines can tell managers that they have an attrition issue or a performance issue and provide some guidance on how to dig deeper and what to do about it.

SAP and SuccessFactors continue to push the envelope of usability. It further extended usability for mobile users in May 2013 by introducing a new app for the iPad. While each user interface is well conceived, there is at times a disconnect between the browser experience and the mobile experience. Nucleus expects that SAP will continue to advance both the functional capabilities and the user experience and remain a leader within this market.

SUMTOTAL SYSTEMS

SumTotal offers a complete range of modules for the employee lifecycle. It includes features for payroll and benefits, recruiting, compensation, learning, and succession planning, as well as workforce management. It also provides basic social collaboration capabilities (networking, groups, and personal content) through its integration with Microsoft SharePoint that support learning and on-boarding. Mobility is leveraged to deliver learning content. The depth of native SumTotal functionality is within learning.

SumTotal is looking to transition from being an e-learning specialist to an HR generalist. In April, SumTotal launched its elixHR platform. This is a unique approach to a single view of employees that remains an elusive target for most. SumTotal provides hooks to CRM, ERP, and other HR systems and brings the data together with the areas of the lifecycle SumTotal directly affects. While SumTotal may not be a system of record for all employee activities, it is able to serve as a portal for insight into those activities and link them to learning, performance, or the schedules it maintains. In addition, it can apply data about

employees to workflows that it controls, such as recommending learning content based on employee characteristics automatically.

SumTotal makes analytics part of the daily view for managers and employees, although the views seem to be fairly static. Dashboards and reports are based on pre-built or ad-hoc KPIs and appear within context. These dashboards and portals rely on Microsoft SharePoint, introducing the potential for the high customization costs typical of SharePoint projects.

SumTotal provides multiple configurations based on enterprise size and industry. Users can choose an on-premise installation, a hosted solution, or a cloud-based deployment. What is interesting is that SumTotal does not seem to pitch a hybrid model or compromise functionality based on the deployment model.

To make the integration easier in the cloud, SumTotal penned a partnership with SnapLogic in September. SnapLogic provides multiple pre-built integration components including ones for WorkDay, Salesforce.com, and SAP. Having access to these pre-built components will minimize the development burden associated with integration and make SumTotal more attractive to organizations with a heterogeneous environment. This also means that SumTotal customers don't need to make the choice between "rip and replace" and "manually manage gaps" common to those considering a best-in-class or best-of-breed approach. SumTotal can not only deliver holistic solutions, it can also be a bridge that pulls together a holistic environment across existing solutions.

ULTIMATE SOFTWARE

Ultimate delivered a pure, cloud-based solution that manages all stages of the employee lifecycle. Ultimate's UltiPro HCM solution includes recruiting, onboarding, performance management, payroll and benefits, compensation management, succession planning, and time entry and time management. Although it lacks a native learning management environment, it provides out-of-the-box integration with Certpoint (acquired by Infor in April 2013 and also integrated with Infor's human capital management solution). Because the solution is built as an integrated suite from the ground up, improvements in one functional area improves the functionality of others. For example, Ultimate recently introduced the UltiPro Retention Predictor, which uses sophisticated statistical methodology to predict an employee's flight risk and the potential impact. This predictor is woven into the employee view for the manager as they assess performance, review goals, or determine their need for additional headcount.

Ultimate consolidates talent management with traditional core HR functions in a way that streamlines the user experience for employees, managers, recruiters, and other HR professionals. It is a true hire-to-retire solution with features that support compliance during onboarding and throughout the employment period as well as features that

support jumpstarting the employee development process at the earliest touch point possible.

With integration of Yammer, Ultimate is taking advantage of social capabilities to capture ongoing performance feedback and praise submitted through the social network. By taking advantage of a strong social provider, Ultimate benefits from the development efforts of Microsoft around Yammer, such as the recently announced tightening of integration between Yammer and e-mail that Microsoft unveiled.

Ultimate's usability is maximized through the use of an adaptive user interface that works across devices. Employee, managers, and HR professionals can interact with all features on a browser, a tablet, or a mobile phone. This provides mobile flexibility and eliminates the need to update device-specific applications or the need to maintain multiple access points into the application. A single URL and a single log-on is all that a user needs whether they are in the office, at home, or on the go.

Usability is a focus not just for users but also for those that define how HR functions. Ultimate introduced an intuitive user interface for creating rules that govern approval processes, routing of forms, and notifications (to name a few). Rules are drawn as a decision tree, making the path easy to create, understand, and explain. Because Ultimate is purely cloud-based, introducing this new way to create rules did not break any existing systems, did not require migrations, and customers could take advantage of the new feature immediately at roll-out.

Ultimate is extending the value of its application by revamping its recruiting solution. It is doing so by focusing on the candidate experience first and foremost while retaining the focus on efficiency and effectiveness for the recruiter. These new features are currently being tested with GA planned for April, 2014:

- Job descriptions include behavioral, motivational, and other indicators that go beyond the skill and certifications and address a more holistic view into candidate fit.
- Candidates can find jobs suited for them easier by identifying desired title, goals, and location parameters rather than a keyword search, which is more common.
- Candidates have a richer profile that includes motivational and behavioral indicators and their social presence. This richer view provides better matches for the candidate, and a richer search view for recruiters.

Ultimate makes use of analytics strategically within its application, although the deeper analytical views are encapsulated within a dedicated dashboard environment. It uses IBM Cognos as its reporting platform and with the transition to the newer IBM Cognos version planned in early 2014, analytical dashboards will be supported on mobile devices. Bringing data viewing closer to end users will extend the value of the analytics that are possible given the integrated and complete nature of Ultimate.

EXPERTS

Experts in this edition of the HCM Value Matrix include ADP, IBM Kenexa, Peoplefluent, and SilkRoad.

ADP

ADP provides software, services, and outsourcing across multiple stages of the employee lifecycle. Its core competency and market reputation is that of payroll provider, although it has grown its capabilities to encompass a broader hire-to-retire spectrum of capabilities.

ADP offers packaged solutions for small, medium, and large organizations:

- RUN for small business (50 employees or less) for payroll, tax filing, and basic employee management
- Workforce Now for the mid-market (50 to 1000 employees)
- Vantage HCM for large organizations (1000 employees or more)
- GlobalView for large multinationals with SAP as its back-end environment.

ADP has focused on mobility, analytics, and its document cloud and has recently introduced its own recruiting capabilities to the market. In recruiting, ADP provides features for screening and selection with integrated background checks, drug testing, and I-9 Compliance Management. It provides mobility options through dedicated mobile applications and analytics are encapsulated in an application, rather than being woven in throughout the interface. Currently, ADP lacks social capabilities within its product suite. As both a technology and outsourcing provider, however, ADP can take on any of the tasks within the employee management spectrum, which is a differentiator within this space and attractive to those with limited HR resources. With some talent management features in early stages, such as its learning solution, ADP provides integration points to vendors such as Cornerstone on Demand and for those customers, the functional depth of the total solution would likely be consistent with what market leaders such as Oracle and SAP are providing.

While ADP is moving toward becoming a fully featured hire-to-retire solution, it faces barriers to adoption based on reputation and current sales model, which tends to focus on the more traditional ADP solutions. ADP provides a wealth of capabilities that are not always apparent to new customers seeking a holistic solution for human capital management but it is laying the ground work from both a technology and a focus perspective to better compete as such.

IBM KENEXA

IBM closed the deal on Kenexa in December of 2012 and, at this time, Kenexa remains its own product within the broader IBM family. Kenexa provides strong functionality across recruiting and onboarding, performance management, compensation and learning, and development. Kenexa's platform is integrated which means users can seamlessly transition

between recruiting, onboarding, and performance management, and data is kept intact. While mobility for candidates is supported, Kenexa lacks a mobile option for the recruiter and the HR professional. Most tasks need to be executed through a browser. Analytics are currently encapsulated in their own dashboard and are fairly static views into results.

While Kenexa can still be purchased as a standalone application, it is being folded into IBM's Smarter Workforce solution, which is a combination of technology and services. With services, users will be able to leverage the considerable amount of data that Kenexa maintains, particularly employee survey data, by taking advantage of IBM's advanced analytics. Within Kenexa, social capabilities are reserved for recruiting. For example, employers are able to execute branded social recruiting campaigns to identify candidates. Social capabilities will extend to the employee interface as well through integration with IBM's social business capabilities. IBM is looking to make the overall experience for employees, managers, and HR itself a more social one. For example, using IBM social capabilities, employees will be socially onboarded with an environment that not only provides the forms they need, but one where they can join groups, find peers and mentors, and be more fully integrated into the organization.

As a standalone solution, Kenexa provides rich capabilities for talent management. Once the integration points are worked out and IBM applies its considerable analytical expertise to the data that lies beneath Kenexa, IBM is likely to have a more functionally robust hire-to-retain solution.

PEOPLEFLUENT

PeopleFluent has been fused together through multiple mergers and acquisitions throughout the past two years. It combines Peopleclick (recruitment and talent management), Authoria (recruitment and talent management), Acquire Solutions (for workforce planning and analytics), Strategia (for learning management), Criterion (for compliance), and Socialtext (for social enterprise functionality). While there is a common user interface and a single log-on, each component maintains its own interface as well, leading to a user experience that remains a bit fragmented.

PeopleFluent includes powerful analytical capabilities with hierarchy-based workforce performance metrics, detailed employee movement analysis, and predictive analytics. These capabilities make data come alive for the end user through interactive, highly intuitive views that leverage visualization that is a differentiator for PeopleFluent. For example, the Talent Pipeline features a visual representation of employee movement vertically and horizontally with attrition figures built in.

PeopleFluent also takes the contingent workforce into account with its Vendor Management System. Because the solution is integrated, data flows easily between the components. This means that contractors are visible to a manager as they are planning a succession strategy, which provides a means of sourcing candidates outside of immediate

control, and is of value for hard-to-fill positions. PeopleFluent is particularly useful to those organizations that rely on a massive workforce with recruitment capabilities that support continuous recruitment. PeopleFluent supports a salaried, hourly, and contingent mix across multiple functional components.

PeopleFluent provides some employee management and payroll capabilities, but they are not as deep as those of others in this space. Customers adopting PeopleFluent would likely need a complementary core HR system to realize the benefits of a fully automated human resource management environment. In October 2013, PeopleFluent announced two major development initiatives:

- Mirror, a socially-infused portal that seeks to bring together functional components into purpose-built solutions. The first such solution announced is its Leadership Development Mirror which is focused on helping organizations bring together leaders and high-performing employees through a highly customizable collaborative learning environment. For example, employees can interact with mentors and identify and execute leadership-focused learning paths with high-definition video capabilities embedded into the environment. Additional solutions, such as the PeopleFluent Recruiting Mirror, are already in the works. With a standardized social interface to cut across the many functional components that PeopleFluent contains, Nucleus expects that usage will increase across the employee population and customers will realize a higher return on their investment as a result.
- PeopleFluent Integration Cloud is a data integration environment for PeopleFluent which is able to consolidate data from PeopleFluent and other HR systems. It also includes adapters that bring in data from sources such as background checks, job boards, assessments and location mapping providers. By having an environment that brings these disparate data sources together, PeopleFluent will be able to extend the value of the analytics it makes available to its end users.

SILKROAD

SilkRoad offers a product suite that spans the employee lifecycle primarily for the mid-market. Its Life Suite includes OpenHire for recruiting, RedCarpet for on-boarding, WingSpan for performance management, GreenLight for learning management, Point for social collaboration, Eprise for content management and HeartBeat for human resource management (HRMS). For those with existing ERP/HRIS systems, it provides an additional component, SilkRoad Connect, to broker data transfers. Over the past six months, SilkRoad has made incremental improvements to each of its solutions. HeartBeat received the most attention with better benefit administration and enrollment capabilities.

Over the past six months, SilkRoad:

- Established partnerships with OpenSesame and MedCom for learning content and with KnowledgeAdvisors to provide analytics for GreenLight.

- Created integrations with multiple survey providers for onboarding and off-boarding. It is partnering with FirstDays for new hire surveys and WebExit and Nobscot for exit surveys.
- Established a partnership with NETtime Solutions to support employee self-reporting of time and attendance.
- Created a version of its suite (LifeSuite SuiteApp) that works within NetSuite's cloud environment for applications, including NetSuite ERP. NetSuite is positioned as a facilitator in Nucleus Research ERP Matrix (Nucleus Research *n96 – Technology Value Matrix First Half 2013: ERP*, June 2013) reflecting its focus on usability.
- Established a partnership with Visier for workforce analytics (in October 2013).

While SilkRoad offers a robust complement of components for every stage of the employee lifecycle, the suite lacks native time and attendance capabilities, and its HeartBeat is relatively new and still maturing as a core HR solution. Some partnerships, like those for surveys, provide overlapping capabilities. There is a talent portal interface that serves as a gateway to Life Suite, but each underlying component also has its own unique interface and some of the transitions between tasks seem awkward. SilkRoad is continuing to work on a cleaner, more cohesive UI.

SilkRoad provides reports and dashboards but there seems to be a lack of focus on cross-lifecycle analytics and the overall analytical approach lacks the depth of other vendors in this space. It has been focusing its efforts on bringing its interface together with most recent development efforts focused on Point, its social collaboration component.

FACILITATORS

Facilitators in this edition of the HCM Value Matrix include Cornerstone OnDemand, Kronos, Saba, and Workday.

CORNERSTONE ONDEMAND

Cornerstone OnDemand provides an integrated software-as-a-service platform for talent management, including recruiting, learning management, performance management, and succession planning, and includes social capabilities to facilitate employee interactions. Nucleus's prior assessment of Cornerstone found that its integrated approach and global cloud delivery delivered rapid time to value and end-user productivity (Nucleus Research *m90 – Cornerstone on Demand*, August 2012).

While Cornerstone supports the hire-to-retire lifecycle, its deepest functional capabilities are in learning and performance management. The majority of Cornerstone customers take advantage of one or both of these modules with succession planning adopted by fewer than one half and social capabilities adopted by a quarter of the customer base. It primarily serves the enterprise market, with a typical deal of more than 8,000 seats. A rare acquisition in 2012, Sonar6, is sold to organizations of 500 employees or less.

From a usability perspective, Cornerstone provides a basic Web interface that can be customized and supports straightforward workflows such as:

- HR can deploy announcements, create learning content and paths, conduct performance reviews, and build out competency lists
- Managers can conduct reviews and model team members and team structure
- Employees can manage their own development and complete assigned and recommended learning in the office or on the go.

Social capabilities and analytics are contained in their own modules, separated from those areas of the interface that would likely be more frequently used. Reports take advantage of Cornerstone's singular data model with straightforward visualization into the data that Cornerstone controls.

Cornerstone serves as a go-to partner for Workday and ADP and benefits from the bigger vendors' desire to own the HR environment and current lack of strong native learning capabilities. Of the two, it has a stronger relationship with ADP, where it is a preferred vendor for enterprise customers seeking learning and talent management capabilities. Unlike Workday, ADP resells the entire Cornerstone OnDemand suite. If either vendor develops or purchases their own learning or talent management capabilities, as is increasingly likely within this market environment, Cornerstone may lose some market share. As a standalone provider, it offers integrated capabilities across the employee lifecycle with deeper capabilities in learning than others.

New developments in extending social capabilities, a fresher UI and the Universal Profile will help attract new customers looking for independent alternatives to Oracle's recruiting and talent management (Taleo) and SAP SuccessFactors that are modern and fresh and extend usability for existing customers with a more seamless, modern bridge between functional capabilities for end users.

KRONOS

Kronos has deep time management and scheduling capabilities and is often leveraged to complement the lack of time management capabilities of others in this space. While it is mostly perceived, and positions itself, as a pure workforce management solution, it does provide an integrated hiring solution as well as its cloud-based Workforce Ready platform for hire-to-retire in the small to mid-market. Its flagship product, Workforce Central, provides an intuitive, rich interface with mobile access to key features that makes complex administrative tasks easy for end users. It also provides workforce analytics and embeds analytics throughout the interfaces to guide decisions. Analytics are also delivered to the tablet, making them more accessible. For Workforce Central, Kronos provides packaged analytics for industries and has built-in industry-specific capabilities that are tuned to the nuances of retail and hospitality, healthcare, manufacturing, services and distribution, and public sector. Beyond industry, global nuances are also taken into account. While

Workforce Central is a powerful platform for time and attendance, it does not go far enough in capabilities to be a holistic hire-to-retire solution.

Workforce Ready, however, is a holistic solution that is targeted at the small to mid-size organization. It includes workforce management, payroll, benefits, training administration, and performance and compensation management. It also provides self-service capabilities for employee time management and manager approvals. Like Workforce Central, analytics are accessible and easy to use, but the out-of-the-box reports are mostly focused on time and attendance.

Kronos continues to deliver value to customers looking to manage time for their workforce, with additional capabilities such as its hiring capabilities that are tuned to both salaried and hourly employee populations. For small and midsize businesses that need strong time management capabilities, along with basic talent management, Workforce Ready is a good fit. Kronos is seeing the most growth in its workforce planning and analytics, though overall growth is not as aggressive as with others within the HR space.

SABA

While Saba is known primarily as a learning and learning management system, its Saba People Cloud solution encompasses multiple capabilities that support a more holistic hire-to-retire workflow. Saba provides:

- Learning@Work, a cloud-based, robust environment for learning that is the heart of Saba and based on its long history in this space.
- Performance@Work, a flexible performance management environment that supports reviews and recognition.
- Planning@Work, which includes highly intuitive analytics, built into organizational views that can predict the effect of attrition, employee movement, and more on the organization. It also includes additional capabilities to manage employee actions such as off boarding.
- Collaboration@Work provides social capabilities such as collaborative discussion boards, social networking, content management, real-time collaboration, and more through the browser, tablet, or mobile device.
- Succession@Work brings multiple features together to help an organization understand people risks and identify talent that could fill holes that attrition leaves behind. Attrition risk and impact is brought to life through analytical views that are grounded to individual employees and talent recommendations through social networks can be incorporated to help a manager identify the next best candidate.

Saba is one of the few vendors using machine learning within its environment. In June 2013, it announced that it had developed algorithms that look at user preferences and career aspirations to guide an employee through a personalized development path. This approach means the environment is able to learn from each choice and fine-tune its recommendations without needing human intervention or tuning. This is a capability that

makes sophisticated analytical techniques user friendly as it hides the complexity but puts the result into context.

Saba currently provides both its legacy on-premise learning environment as well as its cloud-based solution. Its development efforts are focused on the cloud and its more feature-rich, holistic cloud environment is increasingly gaining adoption. Saba is also seeing movement to the cloud among its on-premise base. While Saba's product development efforts are seeking to capitalize on the movement towards richer hire-to-retire environments, it is uncertain whether customers see Saba beyond its learning management roots yet. With its strong learning management capabilities, Saba may be an acquisition target for larger vendors seeking to expand their own hire-to-retire capabilities.

WORKDAY

Workday provides a unified suite of cloud applications for HCM and Finance. From a functional perspective, it has deep functionality for onboarding, employee payroll and benefits administration, performance management, and compensation. Its bidirectional partnership with vendors such as Cornerstone OnDemand and Kronos fills gaps such as learning (Cornerstone) and time tracking (Kronos). With Cornerstone, Workday customers can use the data managed by Workday to identify learning opportunities and execute development strategies in Cornerstone. At the same time, the data captured by Cornerstone is available in real time within Workday. Workday provides some recruiting capabilities, but they are not deep enough to be considered competitive at this time.

In September 2013, Workday deepened its integration with Salesforce.com (Nucleus Research *n148 – Salesforce.com and Workday Announce Deeper Partnership*, September 2013). This engineering partnership extends the value of Workday for those with Salesforce.com:

- Force.com users will be able to build applications using Workday application data.
- Chatter will be integrated with Workday so users can receive updates directly from Workday.
- Workday HCM users will be able to use data from Salesforce to better understand their workforce.

Workday makes those features it has developed easy to use, mobile ready, and highly intuitive. While it provides a robust environment for analytics, it is separated from the day-to-day interface that employees, managers, and HR professionals use. Workday introduced a cloud-based environment for Big Data analytics where customers can consolidate data sources and then bring in additional metrics into their HCM environment. Keeping analytics in a separate module keeps them less accessible during the decision-making process for the users. Templates for compensation, headcount, retention risk, high performers, and payroll are provided, but those looking beyond what the templates cover would likely need to engage consultants and specialists to make this truly effective.

CORE PROVIDERS

Core Providers in this edition of the HCM Value Matrix include HRSoft, Meta4, Nuview Systems, Sage, and Vana Workforce.

HRSOFT

HRSoft provides multiple solutions for managing the hire-to-retain lifecycle. It includes recruiting, talent management, and compensation management. Its multiple capabilities are synthesized through Talent Center and HRSoft typically is bought to complement a core HR environment. It does provide partial support to some payroll and benefit workflows as well. Specifically, it includes the ability to manage and automate stock incentive plans as well as compensation statements. HRSoft also provides Communicator, which supports employee communication and content creation. Communicator can be used to make HRSoft the central hub of interaction with employees for policies, benefit plans, wellness programs, and more. These capabilities extend its value beyond being a point talent management solution.

One of the unique features HRSoft provides are STAYViews. This solution is targeted at those looking to retain their top talent and is designed to support managers conducting structured interviews and putting in place retention plans for their employees. The software tracks the engagements and execution of the action plan and provides managers alerts on critical issues. It also includes purpose-built analytical views into retention risk, such as the impact on financial forecasts from attrition.

HRSoft provides industry-specific solutions for healthcare, financial services, energy, technology, and industrial organizations. HRSoft continues to evolve its depth of offering to ensure it is meeting industry objectives. For example, in June 2013 it created a partnership with PreCheck, which specializes in background checks for healthcare workers.

HRSoft is delivered through the cloud and the environment is intuitive and easy to use, though it lacks native social and mobile capabilities. There are reports and analytics throughout that support functional components, though there is not a robust and easily customizable analytical environment within the suite. Unlike leaders in this space, it does not seem to include the ability to interact with the system through mobile devices. HRSoft currently plays a supporting role within the total human capital management environment organizations adopt.

META4

Meta4 is based in Spain and, although it lacks the strong visibility of others in the market, particularly in the United States, it has a robust hire-to-retain solution that has been capturing market share in Spanish-speaking regions and is increasing its global footprint in Europe and the United States. Meta4's PeopleNet provides both an on-premise and a

cloud-based environment for holistically managing the employee hire to retire lifecycle with packaged solutions:

- Core HR Foundation: Provides a system of record, employee and organizational management, self-service, recruiting and onboarding, and document management.
- Compensation and Benefits: Adds payroll, benefits, and compensation management to the core capabilities.
- Talent Management: Adds recruiting, applicant tracking, performance management, learning, and development and includes career and succession planning.

The above can be delivered as individual components or as part of a solution suite. The full solution also includes leave management and a candidate portal. Meta4 has a unique approach to analytics. Along with a wealth of dashboards and reports, it provides predictive insights as users interact with the system. These capabilities are seen in the simulation capabilities that Meta4 includes. For example, a user can simulate a potential payroll with all the details on earnings, deductions, and contributions. Meta4 offers users the ability to visualize data in ways that are unique in the market through Active Dashboards. The Active Dashboard guides users through analysis with predictive suggestions based on user activity. This is a powerful capability that essentially hides the sophistication of the analysis underneath, and makes it accessible to the user.

Meta4 can partially support mobility, though the user interface isn't optimized for mobile users. It also lacks the social capabilities that are increasingly important within this space. Meta4 is working on strengthening its cloud solution and minimizing the complexity that is currently inherent to its deployment. Nucleus expects that if Meta4 is able to address the social gap and standardize deployment, it will become an increasingly important vendor within this market and deliver more value to its customers.

In July 2013, Meta4 announced a partnership with NetSuite and launched a version of its Talent Management and Core HR solutions for the NetSuite Cloud Computing Platform. With the recent acquisition of TribeHR by NetSuite (Nucleus Research *n164 – NetSuite brings ERP and HCM together*, October 2013), it is uncertain whether NetSuite customers would turn to Meta4 for their HR needs and whether Meta4 will be able to differentiate itself enough to capture mind share in major markets.

NUVIEW SYSTEMS

NuView provides a solution that spans most phases of the employee lifecycle and offers a flexible deployment model that covers on-premise or cloud implementation or implementation through a service bureau model. The depth of NuView's functionality is in its core administrative programs that provide payroll management, benefits administration, timestamp entry, employee self-service, basic recruiting, performance management, succession, and compensation management.

While social recruiting is supported, social capabilities are not integrated within the environment. Mobility is supported for some basic workflows such as training class enrollment, status changes, and time-off requests. Most of the tasks and all of the reporting is provided within the primary, web-based interface.

NuView provides basic analytics with the ability to import and export data to more robust reporting environments. Given the development efforts of others within this space, NuView will need to accelerate its development efforts to be more competitive as a full hire to retire solution. Its current solutions offerings remain a good fit for those looking for solid core HR capabilities with basic talent management included.

SAGE

Sage is a Canadian provider of ERP, CRM, and HR solutions for small to mid-size businesses with focused solutions for construction and real estate. For human capital management, it provides a full hire-to-retire environment that encompasses benefit and attendance management, recruiting, training and development, alerts, electronic carrier connect service, Web time entry, and employee and manager self-service features. Sage is a consolidation of multiple point solutions that have been acquired throughout its history. It undertook a major rebranding effort in 2011 to ensure its product names reflected the capability and focus the product. As part of the renaming, Sage Abra became Sage HRMS.

With its roots in accounting and finance, it benefits from the same market drivers that are fueling the growth of Workday, SAP and Oracle in this space. Its user interface borrows heavily from Microsoft, making it familiar and easy to adopt for users in its core markets. Social capabilities and mobility are not developed with the suite and its recent announcements seem more focused on its CRM capabilities for small business. As more robust vendors move down market and potentially compete for a stake in small business, it is uncertain how providers such as Sage will be able to retain their customers as a standalone solution in the long term given that the cloud reduces switching costs and minimizes switching barriers.

VANA WORKFORCE

Vana Workforce provides a hire-to-retire solution built for small and mid-size businesses on Salesforce.com's Force.com platform. It provides an integrated set of capabilities for core HR, a system of record, talent management, and recruiting. Learning and development as well as succession planning are integrated capabilities. The user interface is intuitive, mobile, and easy to customize. Vana benefits from the inherent flexibility of the Force.com platform. When looking at initial Force.com application deployments, Nucleus found that development was 4.9 times faster compared to other environments (Nucleus Research j29 – *Force.com drives faster deployment*, May 2009).

Vana announced its latest release in May 2013 which:

- Improved recruiting and onboarding with new features such as a visual candidate map that shows where candidates reside, the ability to search for candidates based on distance, better email resume parsing, and the integration of passive talent search capabilities.
- Allows users to customize performance plans by including unlimited performance sections by type, aligning performance objectives to goals, and allowing users to make future goals part of a current performance review.
- Added to its time management capabilities by enabling designated workers to enter time worked for team members or other workers from a single environment based on configurable timesheet rules which now include a new project rate costing feature. This will help Vana better address multiple employee types within its solution.
- Added more reporting flexibility as users can perform mass changes on reports that can occur during reorganizations or other events that affect multiple employees as well as the ability for managers to drill into the entire management hierarchy.

With a focus on small and mid-size business needs, Vana forgoes complexity to support quick and easy implementation. For those already using Salesforce.com, Vana provides a solid hire-to-retain solution and is improving its product to support more complex management structures and the increasing pressure to find high-quality talent. However, as Salesforce.com and Workday extend their partnership and Salesforce Work.com gains adoption, Salesforce.com customers likely have additional, potentially more robust options to consider for their human resource needs.