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ANNUAL HR SYSTEMS SURVEY
WHITE PAPER

25TH EDITION

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INTRODUCTION AND KEY THEMES

SECTION 1

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INTRODUCTION AND KEY THEMES

ABOUT US

Sapient Insights Group is a women-owned, research and advisory firm with a strong sense of business ethics and a passion for adding value to clients, partners and the HR and Finance communities we work within.

At this stage in our collective careers, we don't make stuff up, we're not good at selling trendy, superficial solutions, and we have the confidence to challenge the industry to focus on what drives results versus simply burning hours on popular business activities.

Everything we do is rooted in decades of experience, primary research or proven practices.

We specialize in serving these communities:

- Informing HR, Finance, IT, and Sales/Marketing functions as they tackle technology transformation, modernize business practices, and invest in the change management and people development required for success.

- Information technology vendors and investors using primary data, market landscapes, and analyst insights to guide product roadmaps, sales strategies, market pricing, and vendor partnerships.

- Supporting consultants with targeted data to shape their advice to customers and inform their consulting practices.

RESEARCH CONTRIBUTORS
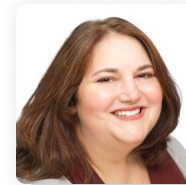
Stacey Harris
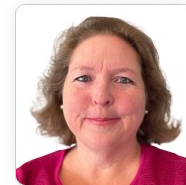**Chief Research Officer, Managing Partner**
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LEGEND

Organization Sizes:

SMB
<500 Employees

Mid-Market
500-4,999 Employees

Enterprise
>5,000 Employees

Generational Compositions:

Greatest Generation
1930-1945

Baby Boomers
1946-1964

Gen X
1965-1980

Millennial
1981-2000

Gen Z
2001-2010

Contacts:

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The HR Systems BluePrint:

Data Governance

Strategy

Culture

Voice of the Customer:

Core HR Management Systems

Payroll Systems

Benefits and Wellness

HR Service Delivery Systems

Time Management Systems

Talent Management Systems

HR Analytics & Planning Systems

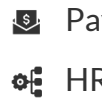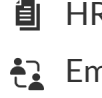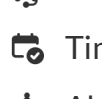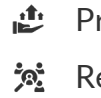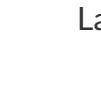Information contained in this survey analysis (report) is compiled and analyzed by Sapient Insights Group as part of our commitment to provide thought leadership on human resources technologies and trends, and the impact their adoption has on business outcomes.

This report cannot be publicly posted in its entirety without explicit written permission from Sapient Insights Group. We do, however, encourage customers, media, partners, analysts, and other readers to quote from and share liberally the information found herein with appropriate credit provided to Sapient Insights Group. Approval to share visuals or sections from the research can be licensed from Sapient Insights Group.

Please credit all quotes and references from this publication as **Sapient Insights Group 2022–2023 HR Systems Survey White Paper, 25th Annual Edition** on the first reference. All subsequent references should read **Sapient Insights Group White Paper, 25th Edition**.

Applications we track in 6 categories:

- Payroll
- HRMS
- Benefits
- Health and Safety
- Wellness
- Employee and Manager HR Self-Service
- HR Portals and Communications
- HR Content and Document Management
- Employee Engagement/Surveys
- Employee Help Desk/Case Management
- Time and Attendance
- Absence Management
- Leave Management
- Labor Scheduling
- Labor Budgeting

- Productivity /Task Management (assessing)
- Recruiting and Acquisition
- Onboarding and Mobility
- Performance Management
- Learning and Development
- Compensation and Rewards
- Skills Management
- Career Planning and Succession
- Embedded HR Tech Analytics Applications
- Generic Analytics, Vis, and Stats Tools
- Enterprise Business Intelligence Platforms
- HR Intelligence /Analytics Platforms
- Workforce and Org Planning Applications
- Data Mapping and Integration Tools
- Data Storage Applications: Warehouses and Lakes

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INTRODUCTION

> **The Sapient Insights 2022–2023 Annual HR Systems Survey White Paper, 25th Edition, is the latest installment in our ongoing effort to provide data and information directly from the practitioner's perspective, the Voice of the Customer.**

Since 1997, this invaluable resource has provided insight and guidance to practitioners around the world. Sapient Insight's renowned survey is the industry's most extensive global research effort of the HR Systems market, delivering views of current and future technology spending, adoption, and achieved outcomes. The cumulative 25-year research effort represents more than 20,000 companies and 300 million employees, in more than 80 countries.

This year's report covers the current and future adoption plans for 54 specific HR-related applications, Voice of the Customer feedback on specific vendor solutions, and value achieved for the categories of HR applications listed below.

- Core HR
- Service Delivery
- Time Management
- Talent Management
- Analytics and Planning
- Emerging Technology

Additionally, we cover key HR operational topics critical to the success and outcomes organizations hope to achieve with HR System investments, including:

- Systems governance, planning, and strategies
- Selections, implementations, and maintenance
- Service Delivery Models and system enablement
- Expenditures, resourcing, and organizational structures
- Adaptive Change Management and system adoption
- Vendor negotiations and relationships

The Survey was conducted from May 2nd through July 15th, 2022.

2515	Unique Organizations
65	Countries
27M	Employees and contingent workers represented

For more details on our full research methodology and demographics on participating organizations, please see the Research Methodology and Demographics section of this paper.

This report contains 174 pages and 127 Figures containing charts and graphics on the latest industry data and analytical insights for consumers, HR and business leaders, end-users, and solution providers.

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2022-2023 KEY THEMES & FINDINGS

SPENDING ↓

- **54%** Companies Over 500 employees increasing HR technology spending by an average of **21%**
- **50%** of **Payroll, Time, & Analytics** application owners are assessing replacements in the next 12-24 months

THE EXPERIENCE MARKET ↓

- **HR Service Delivery & Workforce Experience** are two sides of the same coin – and buyers are confused by the experience market
- **60%** of HR help desk buyers, also use the tool as their primary **HR Portal/Communications** application

55 BY 25, STRATEGIC HR ↓

- Strategic HR functions see an **11%** increase in all outcomes over compliance HR functions
- **22%** of compliance HR functions have no regular HR reporting for executives
- For **5 Years**, just **46%** of HR functions have been viewed as adding business value – what's holding us back?
- Courageous leadership in our community is critical to reaching **55%** of HR functions being viewed as strategic functions by **2025** - everyone has a role - vendors, consultants, supporting functions, and leaders

VOICE OF THE CUSTOMER ↓

- The year of grace is gone, **7%** drop in overall **Vendor Satisfaction & User Experience** scores
- **40%** of buyers are looking for better reporting functionality, an increase of **30%** from last year
- **Learning, Compensation, & Analytics applications** saw the deepest declines in Vendor Satisfaction ratings, by almost **15%**

FUTURE OF HRIS FUNCTIONS ↓

- **33%** drop in HRIS professionals with 10 years of experience
- The HRIS role is shifting and becoming more strategic, how do we manage the change?
- **25%** of HRIS leaders have dual reporting structure

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THE BUSINESS OF HR IN 2022

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THE BUSINESS OF HR IN 2022

Fundamentally, we all understood there was no "normal" to return to, but that didn't stop our minds and hearts from hoping for a return to something close to "normal" after extreme upheaval and change in 2020 and 2021. Now, heading into 2023 the hard reality is that there is no going back. Should we stop talking about how the pandemic changed our lives and get on with the business of living our lives? As hard as it is to confront, yes! The impact of monumental change is no longer imminent, it's here to stay. And, for those of us in the human resource and HR Tech space, the **Business of HR** is forever changed.

We all felt the pandemic had an impact on our workforce makeup but didn't know if it was an isolated data point, or something bigger. **This year, we celebrated the 25th anniversary of our Annual HR Systems Survey**, giving us a unique perspective. Before the pandemic (2019), the **Greatest Generation** made up just under 5% of the workforce. The vast majority of workers were born between 1946 and 2000 with the largest group

being Millennials. During 2020 and the pandemic, our data showed that **37% of workers over the age of 75 dropped out of the workforce, and 12% were Generation X**. Years of institutional knowledge and skills were lost in a single year, but it wasn't over yet. Boomers and Xers never regained momentum following the pandemic, and their numbers continued to decline over the last three years, as shown in **Figure 1** - lending credibility to the **Great Resignation**. And while Millennials picked up the slack in 2020, even their numbers have fallen over the last two years.

Gen Zs in the workforce more than tripled since 2020, an expected transition as they came of working age. Yet, **the biggest surprise was the Greatest Generation - making up 10.1% of the workforce** in our participant companies in 2022. Economic conditions, recruiting challenges, and a desire to reconnect sent the Greatest Generation back to work. On our watch, the pot boiled over, and the workforce will never be the same.

FIGURE 1: % OF WORKFORCE MAKEUP BY GENERATION BASED ON RESPONSES

	Greatest Generation 1930-1945	Baby Boomers 1946-1964	Gen X 1965-1980	Millennial 1981-2000	Gen Z 2001-2010
2022	10.1%	18.6%	29.7%	33.5%	8.1%
2021	4.1%	20.8%	33.8%	35.7%	5.6%
2020	3%	21.6%	34.0%	38.8%	2.6%
2019	4.9%	23.3%	35.0%	34.2%	2.6%

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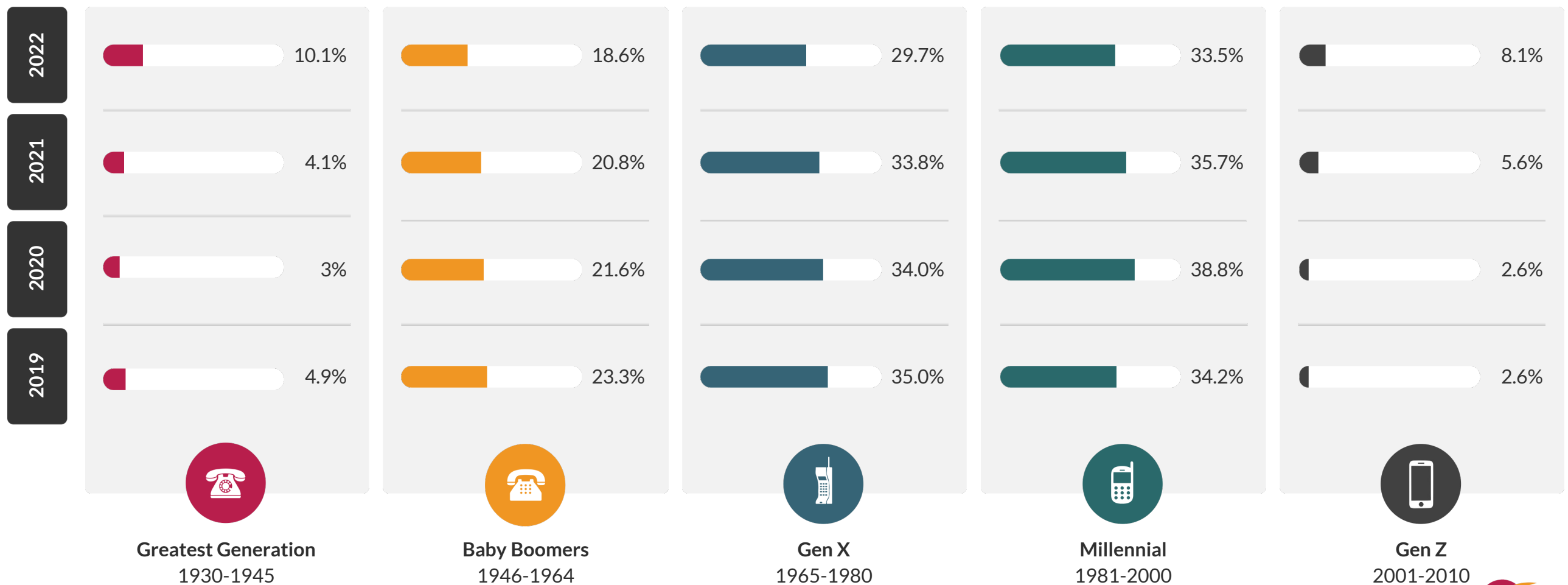
GLOBAL WORKFORCE

As critical talent pools dwindled, Recruiting became increasingly difficult, putting candidates in a position of greater power. And while we may have a slightly easier time retaining talent as we roll into 2023 with an impending recession, it will likely not offset the difficulty in finding talent to fill key positions. Not surprisingly, this year organizations in every region and size category, from less than 500 employees to over 5,000, told us they planned to increase HR technology spending on Recruiting Systems.

Keeping talent has become just as critical as finding new talent – driving the desire for organizations to continue to improve the employee experience. Responding quickly to the pandemic crisis, most non-essential organizations made the quick decision to allow employees to work from anywhere. This triggered a whole new set of challenges for HR, payroll, benefits, and recruiting working across state lines and even across continents.

Prior to 2020, just 6% of organizations had a substantial number of their workforce working fully remotely or in hybrid environments. Our data shows that today, in aggregate, when combining fully remote and hybrid workers they now comprise almost 40% of the workforce, and if you include employees in the field that have always been remote you have more than 50% of your workforce working outside a traditional office on a regular or full-time basis (**see Figure 2**). When we break this down by the size of an organization, Enterprise organizations have much higher percentages of remote workforces as a % of their total workforce, and multi-national organizations have the highest % of fully remote workers.

With the shift to work-from-home and hybrid working environments, technology has become ever more important to employee experience outcomes. Organizations are rushing to see what their current solutions can do and what complementary or new solutions they may need to meet new requirements. And as you will see in the following pages, customer expectations have changed dramatically.

FIGURE 2: WHERE EMPLOYEES WORK IN OUR ORGANIZATIONS BY SIZE

Aggregate

Fully office/work location: 47.0%	Fully remote: 20.0%
	Hybrid (remote and office): 19.0%
	Fully in the field: 14.0%

Enterprise Orgs (>5000)

Fully office/work location: 40%	Fully remote: 23%	Hybrid (remote and office): 21%
	Fully in the field: 16%	

Mid-Market Orgs (500-5000)

Fully office/work location: 49%	Hybrid (remote and office): 19%
	Fully remote: 18%
	Fully in the field: 14%

SMB Orgs (<500)

Fully office/work location: 49%	Fully remote: 20%
	Hybrid (remote and office): 19%
	Fully in the field: 12%

■ Fully office/work location   ■ Fully in the field   ■ Hybrid (remote and office)   ■ Fully remote

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CUSTOMER EXPECTATIONS

The year of grace is truly over, and organizations are dealing with a new set of challenges with high expectations from vendors to help them respond. Forty percent of buyers are asking for better reporting functionality, a significant increase over prior years. And, while Vendor Satisfaction and User Experience got a bump during the pandemic years, there was a "telling" overall drop in both areas this year.

✓ **6% decline** in overall User Experience Ratings

✓ **7% decline** in overall Vendor Satisfaction Ratings
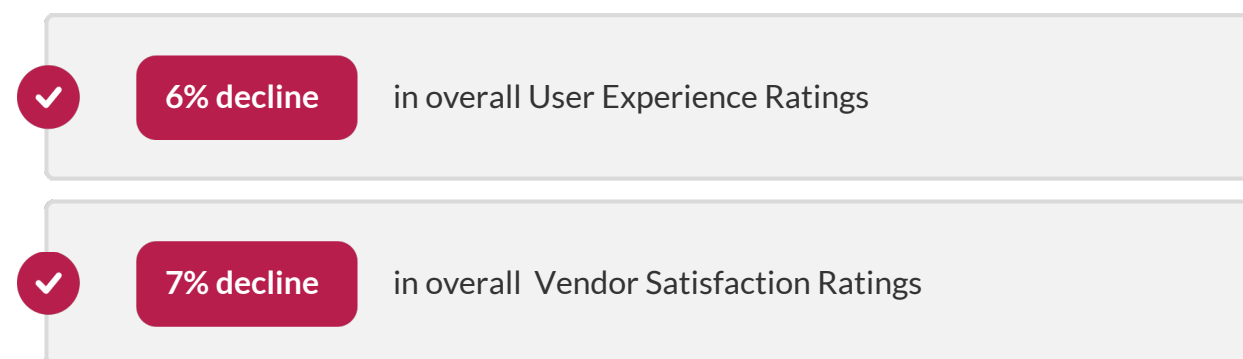
What is driving the drop in Vendor Satisfaction and User Experience scores? After analyzing 5,000 + comments shared by our survey participants we've identified 4 key issues driving falling ratings, across the entire HR Technology stack:

1. Cost versus outcomes	Paying less isn't the request. Organizations are frustrated over being nickeled-and-dimed for every feature. Additionally, HR Tech buyers are looking for help achieving more outcomes.
2. Declining customer service	Most vendors leapt into action and supported customers fully in 2020, only to pull back in 2021 on overall customer care. Other vendors were busier than expected and unable to scale in a tight talent market. All of this was felt by customers
3. Functionality gaps, Lack of innovation	HR functions specifically aren't looking for more features, but rather specific functionality that will take work off their plates. More automation, warnings, verification tools, flexible reporting, and linked data sets.
4. Complexity, Lack of training	Organizations struggle to keep up with the changes in today's HR technology environments and need more accessible training and guidance on how to get the most from these solutions.

These factors are exacerbated by the fact that the HR and HR Technology community looking for support from their vendors is feeling overwhelmed and burned out after three years of being in the center of the cyclone. We saw a 33% drop in survey respondents with over 10 years of experience in the HR Technology field, mirroring what other industries are facing with a loss of both knowledge and expertise that is difficult to replace in critical roles.,

The number of HR professionals with at least 10 years of experience has fallen by one-third, telling us institutional knowledge is being lost.

USER EXPERIENCES

Both Vendor Satisfaction and User Experience scores were down across the board, however, User Experience fell dramatically in a few areas, specifically Learning, Analytics and Compensation as you can see in **Figure 3** on the next page.

There was one exception to this rule and that was Payroll solutions, where both Vendor Satisfaction and User Experience were up slightly from last year. This might be surprising since Payroll applications received our second-highest percentage of organizations looking to make a change in the next 12 to 24 months

In general, over the last 25 years, our data has shown that poor Vendor Satisfaction and User Experience doesn't always lead to replacement plans for a category, especially if there is nothing better to move to at that time. What we do find is that it leads to lower adoption levels, as buyers find workarounds for their issues. Replacement plans depend more on the availability of newer solutions, how long the applications have been in place, and regulatory changes. The Payroll category has all three of these factors driving change. Organizations are looking to replace older on-premise or limited payroll solutions that could not support their changing needs over the last three years. The major vendors all have newer Cloud Payroll solutions they are pushing in the market finally. Employees are demanding more consumer-like experiences, especially in Payroll where they want more mobile and OnDemand pay options.

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FIGURE 3: USER EXPERIENCE AND VENDOR SATISFACTION (SCALE 1-5, WITH 5 BEING THE HIGHEST)

2021

	Payroll	Learning	Performance	Recruiting	Analytics	HRSD	Benefits	Onboarding	Compensation Mgmt	HRMS	Time Suite
Average User Experience	3.62	3.74	3.84	3.80	3.81	3.65	3.42	3.55	3.79	3.47	3.50
Average Vendor Satisfaction	3.68	3.65	3.79	3.86	3.81	3.77	3.55	3.69	3.83	3.71	3.61

2022

	Payroll	Learning	Performance	Recruiting	Analytics	HRSD	Benefits	Onboarding	Compensation Mgmt	HRMS	Time Suite
Average User Experience	3.83	3.31	3.64	3.46	3.22	3.54	3.45	3.46	3.27	3.35	3.26
Average Vendor Satisfaction	3.81	3.65	3.62	3.53	3.48	3.52	3.4	3.53	3.33	3.33	3.35

■ Average User Experience   ■ Average Vendor Satisfaction

Vendor Satisfaction was down across the board while User Experience scores dropped dramatically for Learning, Analytics, and Compensation applications

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OVERALL SPENDING PLANS

Lower User Experience and Vendor Satisfaction ratings aren't impacting HR Technology spending plans for 2023. Every year we ask organizations if spending will increase, decrease, or stay the same for the next year. Even with everything that happened in 2020, spending plans have been relatively consistent over the last two years and are still higher than pre-pandemic spending plans **(see Figure 4)**. That said, we anticipate as the economy slows heading into 2023, that investments will shift from engagement-focused applications to solutions that will automate more work, replace risky on-premise solutions, and address any system that limited their ability to fill critical roles they needed in 2021.

Some organizations are already feeling the pinch, anticipating a decrease in HR Technology spending for 2022. The number of organizations planning to decrease spending increased from 5% in 2021 to 8% in 2022, primarily for organizations over 5000 employees and smaller than 500 employers. We recommend cautious optimism in HR Tech spending next year, with a focus on very specific solutions. The top three HR Technology categories survey respondents plan to increase spending for 2023 include Recruiting, HR Analytics, and Learning with Recruiting topping the list in all regions and size categories (for more spending details see the HR Systems Strategy section of this paper).

FIGURE 4: 5 YEAR TREND ON HR TECH SPENDING
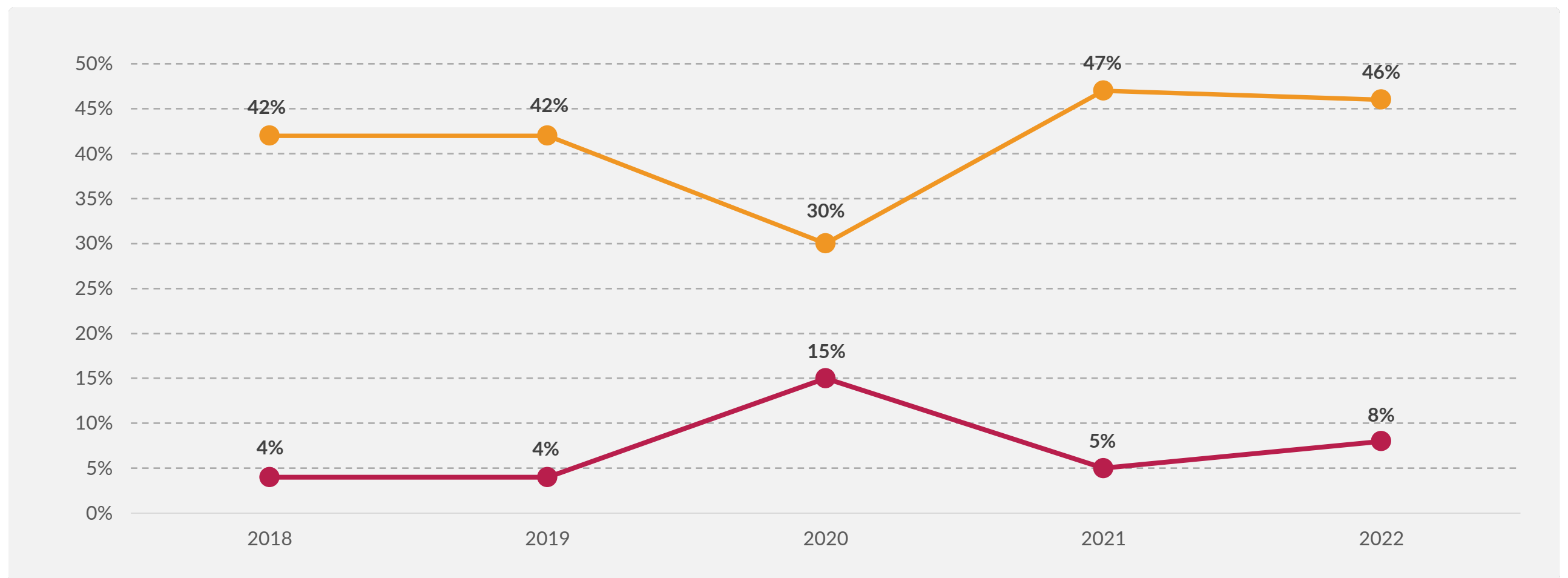
Source: 2019-2022 HR Systems Survey

■ Decrease   ■ Increase

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OUTCOME FOCUSED HR

The Business of HR is about achieving outcomes. And "how" we achieve those outcomes continues to make the biggest difference. Outcomes are definable, measurable expectations of "what" the customer, employee, and stakeholders will achieve from the work the organization performs. As you will see in **Figure 5**, Outcome-Focused HR Functions are seen as strategic and adaptable allowing them to focus on enabling the organization to achieve its goals. Organizations that evolve beyond a focus on compliance and experiences, make outcomes part of the language of HR and achieve the greatest success by pushing multiple HR levers to obtain outcomes.

We saw this in action in 2021 and 2022, as organizations that had in place internal mobility programs, skills management solutions, and transformational time management processes were twice as likely to have higher post-pandemic profits and increased customer demand. They were also 20% more likely to see lower voluntary turnover rates. HR leaders who proactively prepared for a market with limited talent and the need for more internal promotions were ready when the rest of the industry was scrambling to fill key positions and losing employees as fast as they could fill them. Meanwhile, business leaders were desperate to address growing demand and looked to HR for the answers.

FIGURE 5: OUTCOME FOCUSED HR, A NEW HR LEADERSHIP MODEL

In an Outcome Focused HR environment, financial metrics are tightly connected to critical employee outcomes such as employee health and safety, engagement, diversity, and workforce experience, as well as additional long-term business outcomes like market share, brand, and innovation. Each year our research assesses an organization's ability to achieve 14 specific Talent, HR, and Business outcomes[1], along with independently gathered financial metrics to assess the impact of HR and HR Technology practices on these measurements. On average we find that the ability to achieve Talent Outcomes lags slightly behind the ability to achieve HR and Business outcomes, but all three outcome areas follow similar trajectories of decreasing and increasing over the last several years.

From 2019 to 2020, we saw the largest increase in HR, Business, and Talent outcomes achieved from one year to the next since 2015, and then we faced the deepest drop in outcomes that we've seen in 10 years. Our businesses and HR functions did what many said couldn't be done, and within one year of tackling a major pandemic, we not only bounced back but, in some cases, we even did better than 2019 in our outcomes. As we noted earlier the HR and HR Technology community is at a level of burnout we haven't seen since 2010 after the last major recession when HR functions were asked to pivot quickly and rebuild entire talent programs. If you haven't done so lately, be sure to give yourself and your teams a big pat on the back – honestly, mountains were moved, and it should be acknowledged, and time is needed to reenergize our community.

FIGURE 6: 5 YEAR LOOK AT ACHIEVING TALENT, HR, AND BUSINESS OUTCOMES (SCALE OF 1 – 5)
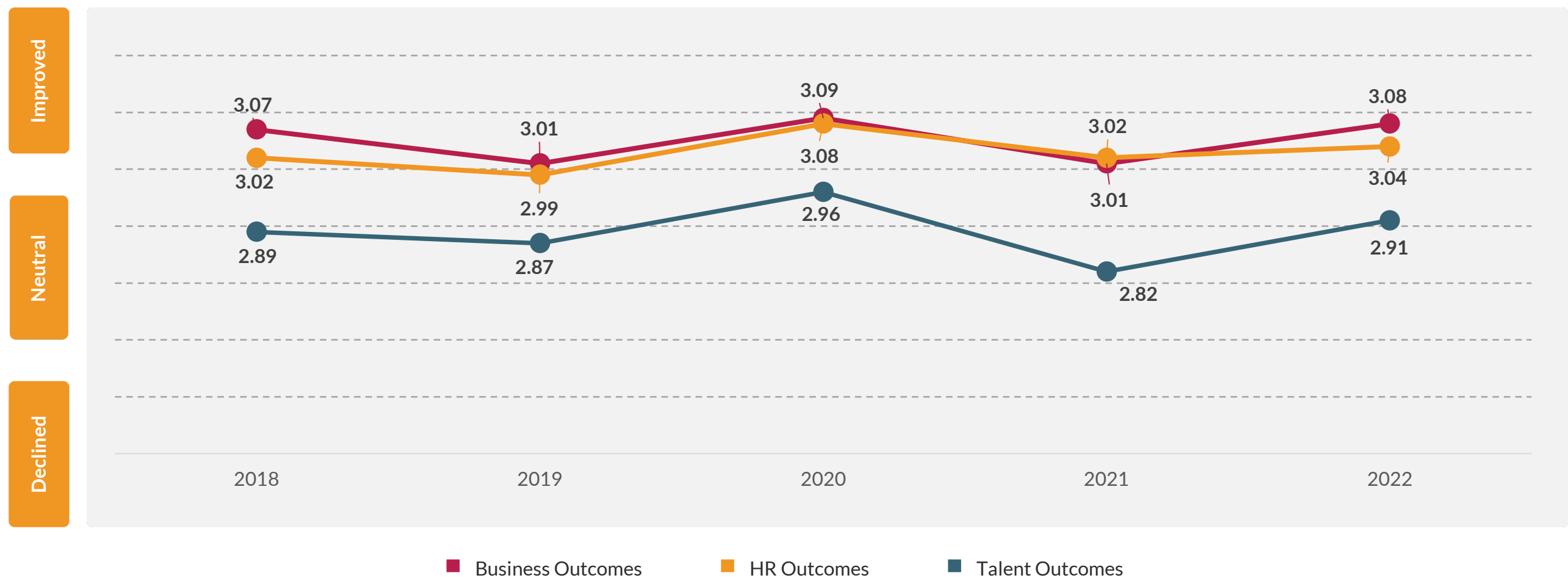
1. Specific Talent, HR, and Business Outcomes are defined in the Demographics section of this paper.

STRATEGIC HR

This year, we also took a critical look at the question of whether HR is viewed as contributing strategic value in the organization. We've been asking this question for at least 10 years. Much to our chagrin, the percentage of HR organizations viewed as a strategic function has plateaued at **46%** since 2017 **(see Figure 7)**. Meanwhile, counterparts in other staff functions, Finance and Supply Chain, are seen as contributing strategic value by their organizations at a rate of **67%** and **60%** respectively. **This is an important factor as it plays a critical role in how HR initiatives are received by the business and the value executives place on HR recommendations.**

46% HR

67% Finance

60% Supply Chain

55 BY 25
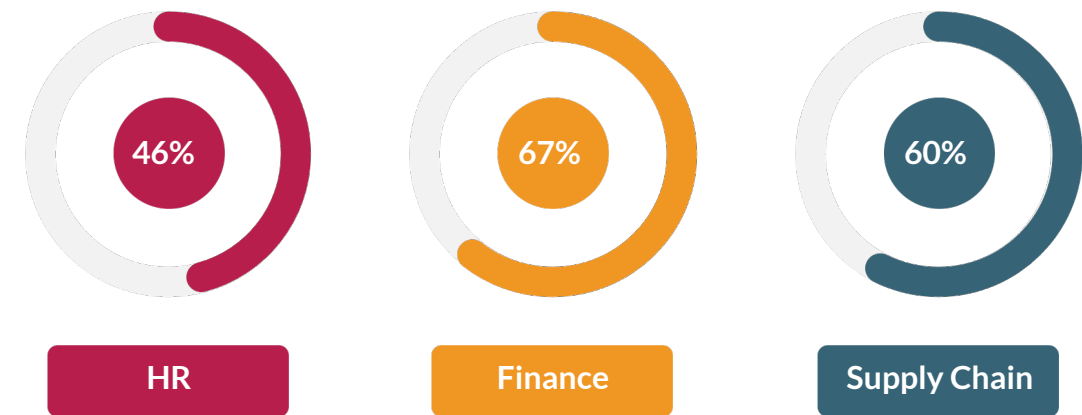
55 By 25 Challenge:
Let's reach 55% of HR functions viewed as **strategic partners by 2025**.

FIGURE 7: VIEWED AS CONTRIBUTING STRATEGIC VALUE

2014 38% | 2015 41% | 2016 43% | 2017 44% | 2018 45% | 2019 46% | 2020 45% | 2021 46% | 2022 46%

This isn't just a challenge to HR leaders; this is a challenge to the entire industry – including vendors, implementors, and consulting firms supporting this market.

Join us at LinkedIn, to become part of the challenge!

To better understand this question, we looked at those organizations that were perceived as contributing strategic value to learn what they are doing differently. As you can see in **Figure 8**, we found several highly positive and negative correlated factors that were major differentiators for a Strategic HR function. We'll focus on the positives here.

On the surface, these factors may not appear to be of high strategic value independently. They do not include words like employee experience or HR strategy, as you might expect. The power and impact of these actions become apparent when we go deeper. When we engage in activities like workforce planning to solve the problem of having a ready and skilled workforce while ensuring our organization meets or exceeds goals (generating profit), our operations partners take notice and we become more than just the compliance roadblock.

The high correlation between being a strategic HR function and having a time management system that meets business needs is notable and great news for HR since most organizations, large and small, utilize time management systems. In contrast, where these solutions do not integrate well with payroll, or where manual changes make up the bulk of time spent, these solutions can be real detractors for business productivity.

Similarly, from a process perspective, absence and leave management are activities that impact employees and managers in profound ways. For the employee, absence and leave can be emotionally charged events and a complex process. For managers, absence and leave is not something they see as core to their responsibilities. Managers are likely focused on getting the job done and having employees away from the office unexpectedly does not support that effort.

Time management and other processes that impact manager and employee productivity like Skills Management should be a top HR focus. Reducing the emotion in these high-stress activities and ensuring software solutions work better and smarter may be one of the keys to being seen as a partner rather than someone adding to a manager's workload.

The area with the highest correlation and potential to impact HR as a strategic function is **Adaptive Change Management. Businesses are experiencing change at constantly increasing speeds. Success in change depends heavily on how readily people in an organization respond and adopt change**. HR is uniquely positioned to lead such change efforts. With all the data available in the HRIS, survey tools, and payroll systems, HR can quickly assess the stakeholders for any change effort. This is where HR can lean in, make an impact, and be a critical partner in the initiatives that drive organizational success.

FIGURE 8: WHAT MAKES A STRATEGIC HR FUNCTION

TOP FIVE NEGATIVE CORRELATIONS

- ✖ FOR SMBs, a lack of External HR Support
- ✖ FOR SMB HR, Spending no more than **15%** of the time on Payroll
- ✖ Reactive HR Data Management Processes
- ✖ Lack of Mobile HR
- ✖ A reactive approach to Health and Wellness for Employees

SUCCESS

TOP FIVE POSITIVE CORRELATIONS

- ✔ Adaptive Change Management Processes
- ✔ Workforce Planning that Includes Business Data & Position Management
- ✔ Time Management System that Always Meets Business Needs
- ✔ Transformational Process:
  - ○ Absence Management
  - ○ Leave Management
  - ○ Skills Management

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Does it matter to an organization if it views its HR function as Strategic? After all, it's a major investment in resources, technology, and time to build a strategic HR function. The short answer is YES, YES, YES! When we look at the Talent, HR, and Business outcomes we discussed earlier, Strategic HR functions consistently achieved higher outcomes.

Even more compelling, being a middle-of-the-road HR function only achieves **two-percent overall increases versus an 11%** increase in outcomes for organizations where HR is viewed as a strategic business partner. **Consider what an 11% increase could mean to your bottom line.**

FIGURE 9: OUTCOME FOCUSED HR RESULTS IMPACTS STRATEGIC VALUE

	DECLINED	NEUTRAL	IMPROVED
	0 1	2 3	4 5

TALENT OUTCOMES
- Ability to attract top talent
- Ability to develop a highly qualified workforce ★
- Availability of workforce data for decision making ★
- Talent mobility; internal talent movement
- Retention of top talent

HR OUTCOMES
- Employee engagement
- Employee and manager productivity ★
- HR alignment with business strategy ★
- HR cost efficiency

BUSINESS OUTCOMES
- Competitive advantage
- Customer (constituent) satisfaction ★
- Innovation ★
- Market share
- Organizational profitability

STRATEGIC HR FUNCTION

11%

Increase in Talent, HR and Business Outcomes

ALMOST STRATEGIC HR

2%

Increase in Talent, HR and Business Outcomes

COMPLIANCE FUNCTION

-5%

Decrease in Talent, HR, and Business Outcomes

★ **Top Correlation** ● Compliance HR ● Middle HR ● Strategic HR

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HR SYSTEMS STRATEGY & REPORTING

It isn't enough to just buy and implement HR Technology. Each year we also ask organizations how they are using their HR technology in five major categories. Between **2020 and 2021 we saw a 10% increase** in the number of organizations using HR technology to Inform Business Strategy and Influence Workforce Business Decisions - two key categories that increase HR credibility. However, interestingly from 2021 to 2022, we regressed in both areas with the largest decrease within the Influence Workforce Business Decisions category.

The uptick in the strategic use of HR Technology from 2020 to 2021 was due in part to the constant workforce cost assessments, especially for small businesses where survival was often based on the ability to fund Payroll from week to week. As the pandemic wore on and executive data requests declined, we saw a slight shift back to HR Technology being viewed primarily for automation – versus a strategic business tool. Mirroring this backward step in system use, we also saw a slight decline in the percentage of organizations with a company-wide strategy for governing employee data – dropping from 46% in 2021 to just 40% in 2022.

FIGURE 10: HOW OUR HR SYSTEMS ENVIRONMENT IS BEING USED

HR TECHNOLOGY USE

	2020	2021	2022
Informs Business Strategy	39%	46%	42%
Influences Workforce Business Decisions	58%	61%	52%
Monitor & Report Compliance	72%	77%	64%
Replaces Paper-Based Processes	81%	84%	73%
EE & Managers Input/ Access Information	86%	87%	68%

10% Increase

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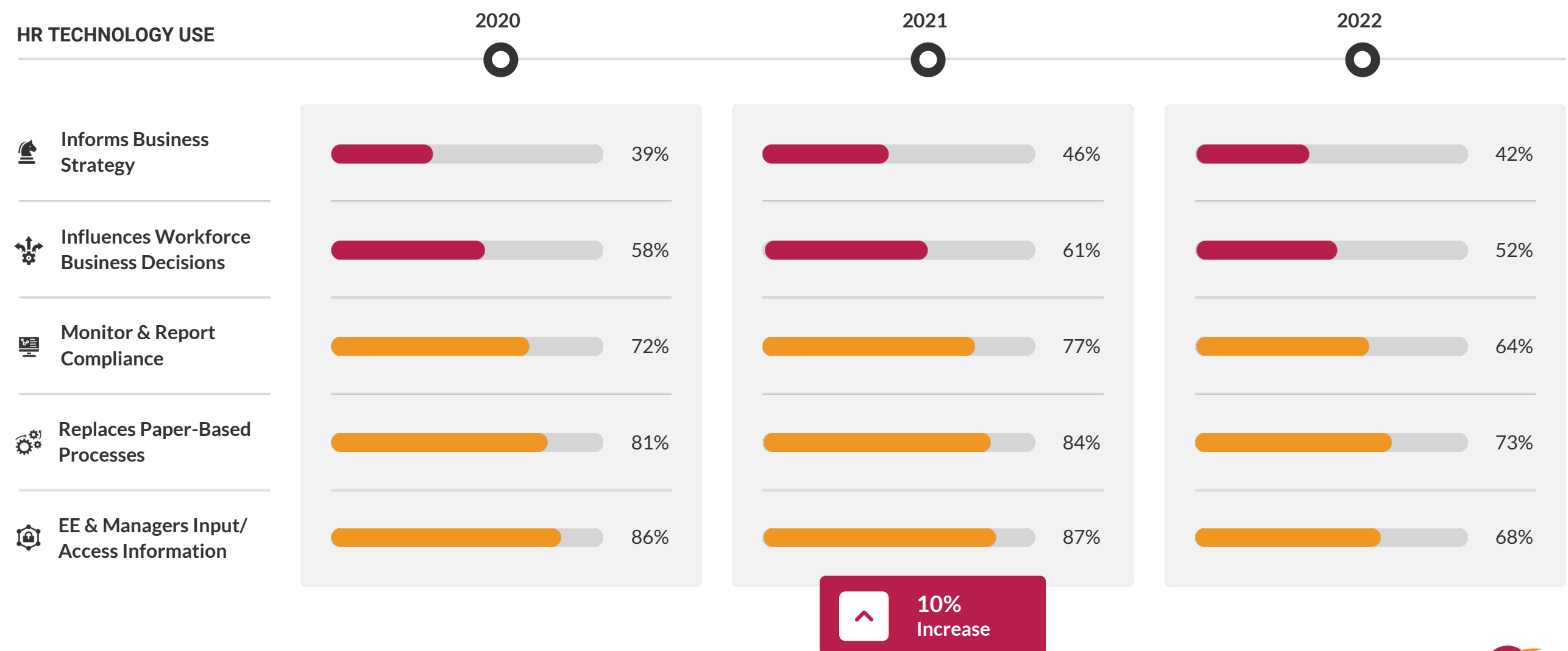
STRATEGIC HR & REPORTING

How the HR function and its supporting technology are viewed, often depends a great deal on how often we place data and metrics from those systems in front of our executive leaders and board members. **Sixty percent of all organizations, no matter their strategic levels, report to executives weekly on employee turnover, recruiting metrics, and compensation data.**

When we shift beyond these three common data sets, as seen in **Figure 11,** regular reporting in Compliance focused HR functions are mostly limited to cost and compliance metrics. In contrast Strategic HR Functions, not only cover those basic reporting needs – but are also much more likely to report weekly on forward-looking measures that connect to employee experiences like engagement, learning, career planning, and wellness.

60% report on Employee Turnover, Recruiting, and Compensation Weekly

25% of Organizations viewed as having No Credibility, also have no regular HR metrics included in business reports

0% of Organizations selected Diversity, Equity, and Inclusion metrics as being included in their regular business reports

FIGURE 11: HR METRICS REPORTED WEEKLY OR MONTHLY TO EXECUTIVE LEVEL LEADERSHIP, BY VIEW OF HR FUNCTION

Metric	Strategic HR Function	Compliance Focused HR
Employee Demographics	58%	40%
Total Workforce Cost	44%	41%
Engagement	42%	23%
Learning	42%	28%
Compliance/Safety	42%	46%
Career Planning	37%	18%
Wellness/Health	33%	22%
Skills	28%	14%
Productivity	27%	19%
Mobility	25%	20%
Leadership Trust	24%	16%

■ Strategic HR Function

■ Compliance Focused HR

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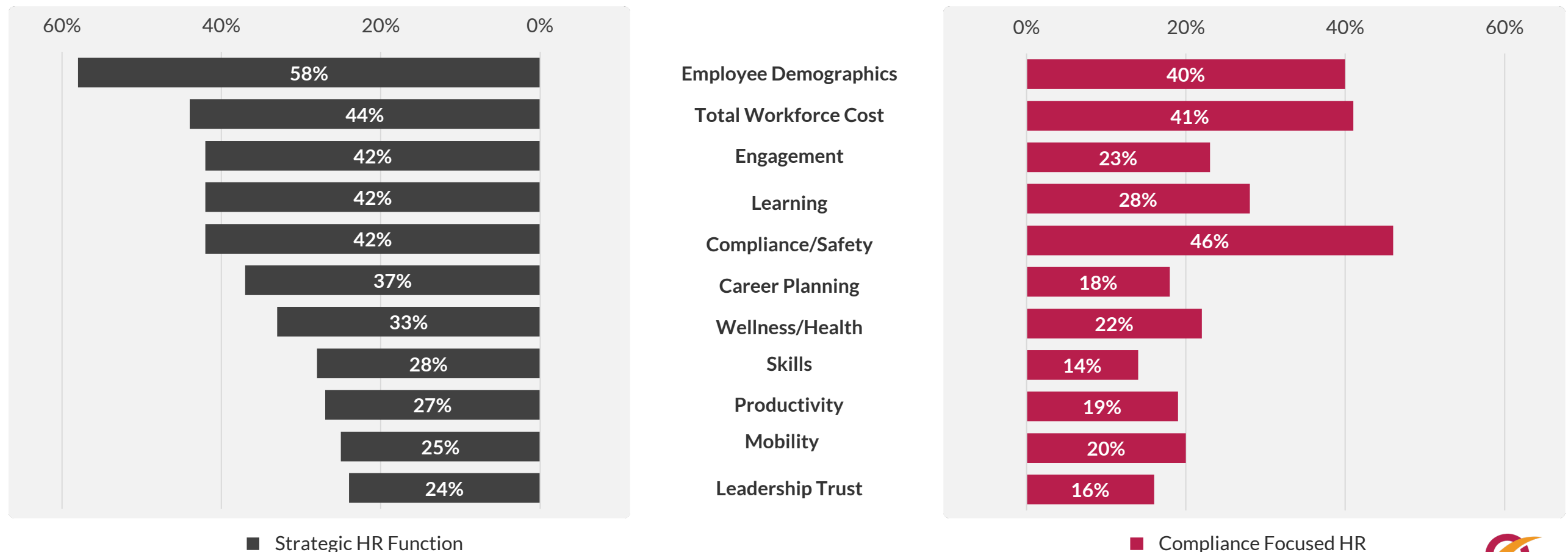
FINAL THOUGHTS

Let's be honest, everyone is a bit tired and probably battling burnout, either from home or work challenges. While employee engagement had been on the rise and received a bump during the pandemic, engagement is now sliding backward rapidly. According to Gallup's 2022 poll over 50% of the U.S. workforce is disengaged- people who do the minimum required and are psychologically detached from their job[1]. If we want to perpetuate the stereotypes, we'd say they are "Quiet Quitting" but let's dig a little deeper into the Gallup study. They found that engagement levels are tightly related to clear expectations, opportunities to learn and grow, feeling cared about, and a connection to the organization's mission or purpose.

These requests don't seem unreasonable – and yet **over 50% of the U.S. workforce and even greater numbers globally, feel they are unmet** at some level[2]. Could it be that our global workforce has fundamentally changed, but our organizations have not?

It might sound glib, but I truly believe we hold tomorrow in the palm of our hands, and HR has the greatest opportunity to shape and mold a tomorrow that looks very different from today's work environment. And let me throw another controversial concept at you, these changes won't come about because we invested in a cool new engagement platform, talent marketplaces, or AI-driven hiring tool. These changes require the hard work of getting to know both our business and workforce – and reworking how we think about paying our employees, providing services, and assessing productivity in a way that is positive for everyone. HR Technology is an enabler, ready to make an impact when we are clear on what we need it to accomplish.

When we look forward to tomorrows big HR challenges and opportunities there's no perfect way to prepare for the decisions we'll need to make, but our research and 25 years of industry experience has shown us that leveraging contextualized data and community insights makes decision making easier. The biggest challenges we see facing tomorrows HR functions include:

- Labor Shortages within a recession
- Working as Global Citizens
- Operationalizing Diversity, Equity, Inclusion, and Belonging
- Valuing multimodal work environments
- Building Adaptive Change Management capabilities

WHY THEY PARTICIPATED:

We like to confirm we are on the same general path as other companies of our size and ensure we are thinking ahead to where we should be going.

Financial Services, 32000+ EE

1. "U.S. Employee Engagement Slump Continues," Gallup, April 25, 2022, https://www.gallup.com/workplace/391922/employee-engagement-slump-continues.aspx#:~:text= Line%20chart%20displaying%20the%20employee,points%20from%20the%202021%20average

2. "Is Quiet Quitting Real," Gallup, September 6, 2022, https://www.gallup.com/workplace/398306/quiet-quitting-real.aspx

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THE HR SYSTEMS ADOPTION BLUEPRINT

SECTION 3

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THE HR SYSTEMS ADOPTION BLUEPRINT

The Annual HR Systems Survey assesses the adoption and trends of six primary HR System categories and 54 individual application areas detailed in the HR Systems Adoption Blueprint.

Developing a clear blueprint of your HR Systems environment provides a common basis for acquiring and optimizing your HR applications.

The following pages provide an overview of **Sapient Insights HR Systems Adoption Blueprint** in 3 levels:
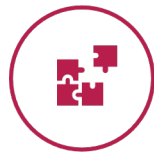
Strategy and Culture

HR Applications

Enterprise Standards and Work Applications

For a more detailed description of the blueprint elements and templates for designing your own organizational HR System Blueprint contact us about joining **Sapient Insight Groups Research Center Community at SapientInsights.com.**

Investment in any HR application can be costly and should only be undertaken with a clear understanding of how to maximize adoption to achieve the stated business outcomes.

Misalignment in any number of areas such as strategy, culture, features, or user expectations - can lead to:

- Low adoption
- Lack of critical data
- No return on value or investment
- Missed outcomes

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THE HR SYSTEMS ADOPTION BLUEPRINT
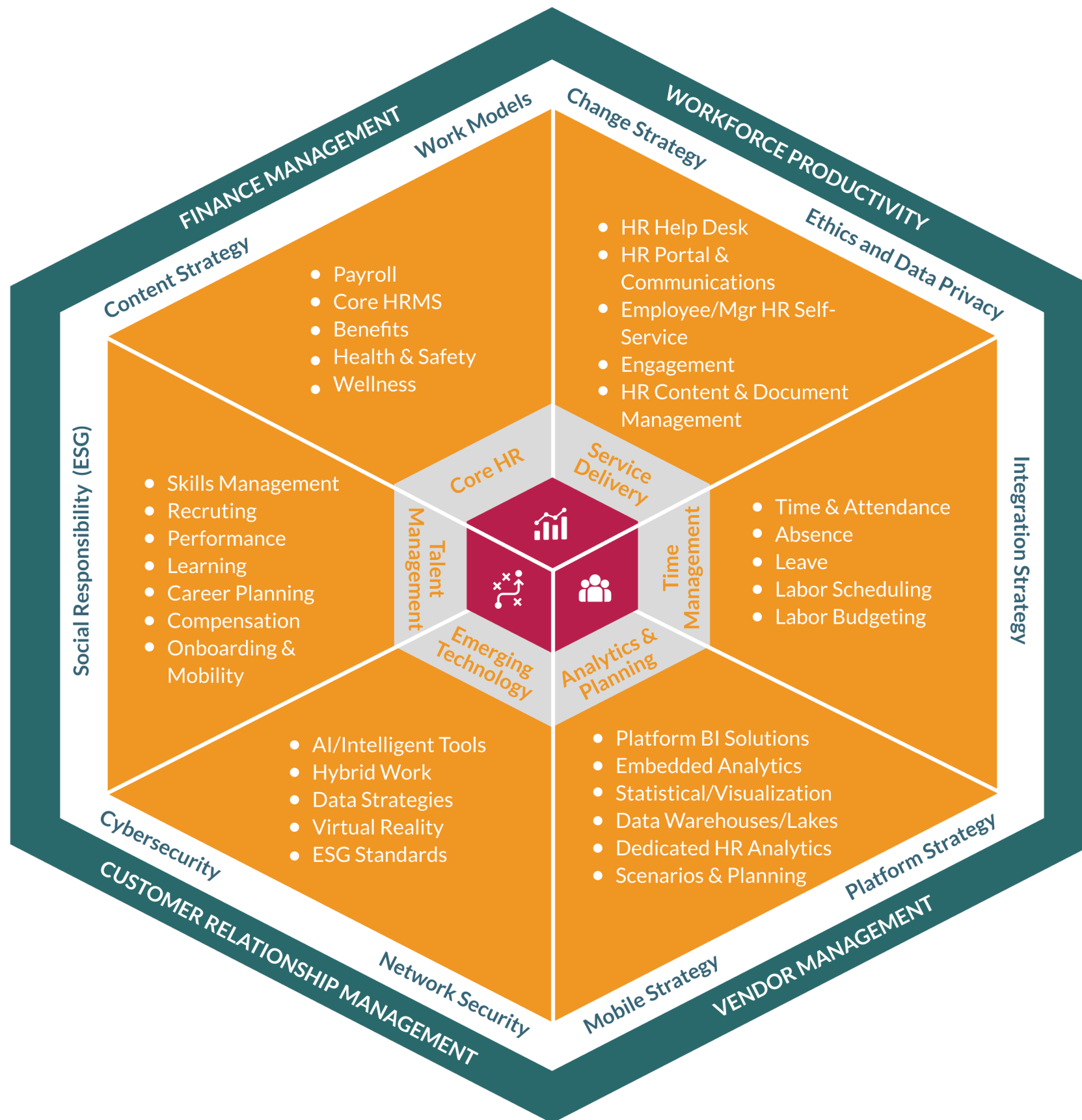
FIGURE 12: SAPIENT INSIGHTS HR SYSTEMS ADOPTION BLUEPRINT

LEGEND

- Strategy
- Culture
- Data Governance

- Guiding Principles
- HR System Applications
- Enterprise Standards and Work Applications

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LEVEL ONE. STRATEGY, CULTURE, DATA GOVERNANCE

FIGURE 13: THREE FOUNDATIONAL ELEMENTS ARE AT THE CENTER OF A BLUEPRINT

Strategy

Culture

Data Governance

Organizations that consider the long-term impact of systems on their mission, goals, and workforce are more likely to select applications that grow with them and respond to what makes their organization unique.

Organizations with an HR Systems strategy tied to their business strategy are **2X** times more likely to inform their business strategy with data from their HR System environments.

HR Technology should help you achieve the most value from your workforce data while ensuring adherence to ethical and legal standards.

Strategy

HR applications impact all aspects of an organization's operations, are likely to be used by nearly every employee, and possibly extend to vendors and contractors. Taking the time to define the outcomes you expect from your HR Systems implementation, in terms of your enterprise strategy, always pays off.

Culture

Organizations often focus solely on specific functionality desired from HR technology and supporting processes but may overlook how that functionality will work within their unique culture. Technology is of little value if not used — it must fit within the context of how an organization operates and how decisions are made to optimize your investment.

Data Governance

Everyone talks about data. But few organizations invest the time needed early on in system selections to assess their data capture, extraction, and governance needs. Every application – internally or externally that your employees or customers interact with – becomes a possible data repository for your organization. Data governance is a major factor in the design of an HR Systems environment, as it defines how you capture, access, use, protect, and eventually purge necessary data.

28 | | 2022-2023 HR Systems Survey

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LEVEL TWO. **HR APPLICATIONS: TECHNOLOGY AT WORK**

Moving outward from the foundational basics of our HR Systems Adoption Blueprint, we have our next level – HR applications – grouped into six categories within our hexagram. **These six primary categories of enterprise HR systems applications include:**

01	**Core HR Management**	
02	**HR Service Delivery**	
03	**Time Management**	
04	**Talent Management**	
05	**Analytics and Planning**	
06	**Emerging Technology**	

Each of the six primary HR systems categories includes numerous HR applications designed to address the various strategic, cultural, and procedural requirements requested by buyers. These categories and the subsequent applications are always in motion, and we often make additions and updates to the survey each year.

FIGURE 14: BLUEPRINT HR APPLICATIONS

● Foundation   ● HR System Applications

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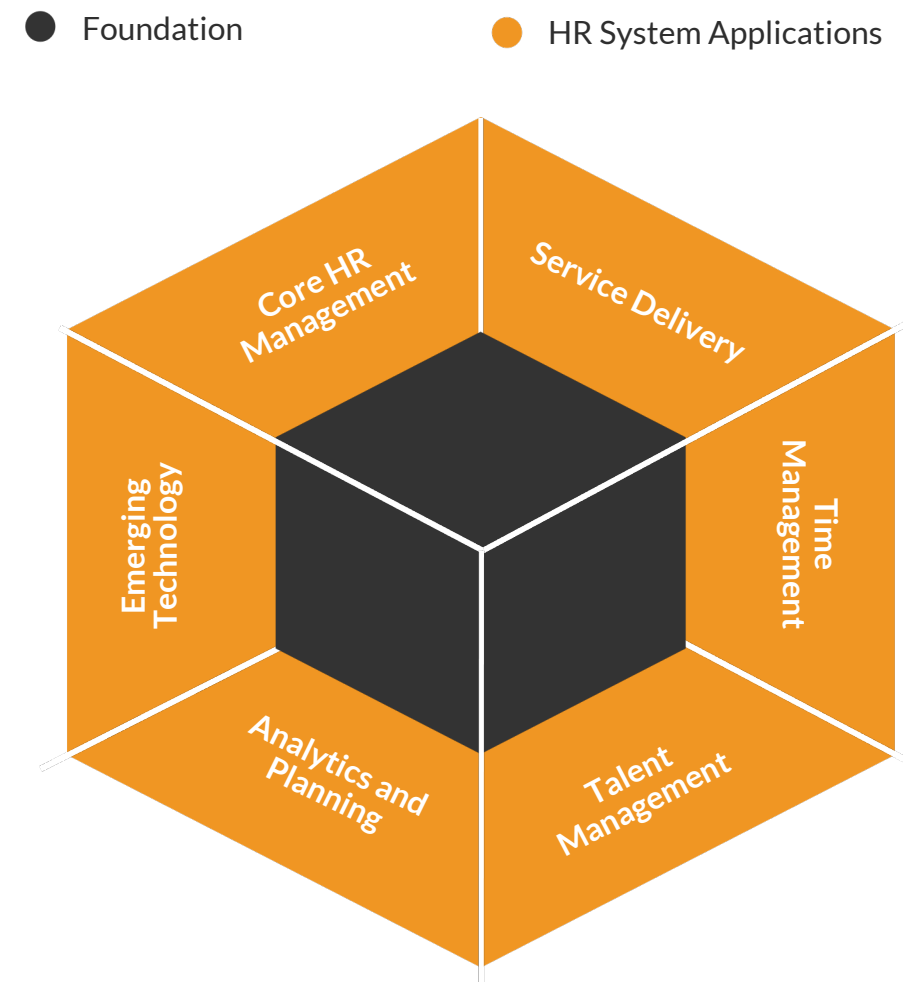
01 **CORE HR MANAGEMENT APPLICATIONS: GETTING THE BASICS RIGHT**

Core HR applications are at the heart of an organization's HR System environment and represent on average at least 50% of the overall HR technology spend per employee each year. Over 80% of organizations with 100 or more employees have purchased at least one of these applications to help manage their workforce needs

Applications we track in this category include:

Payroll		87% Adoption
HRMS		80% Adoption
Benefits		68% Adoption
Health and Safety		45% Adoption
Wellness		30% Adoption
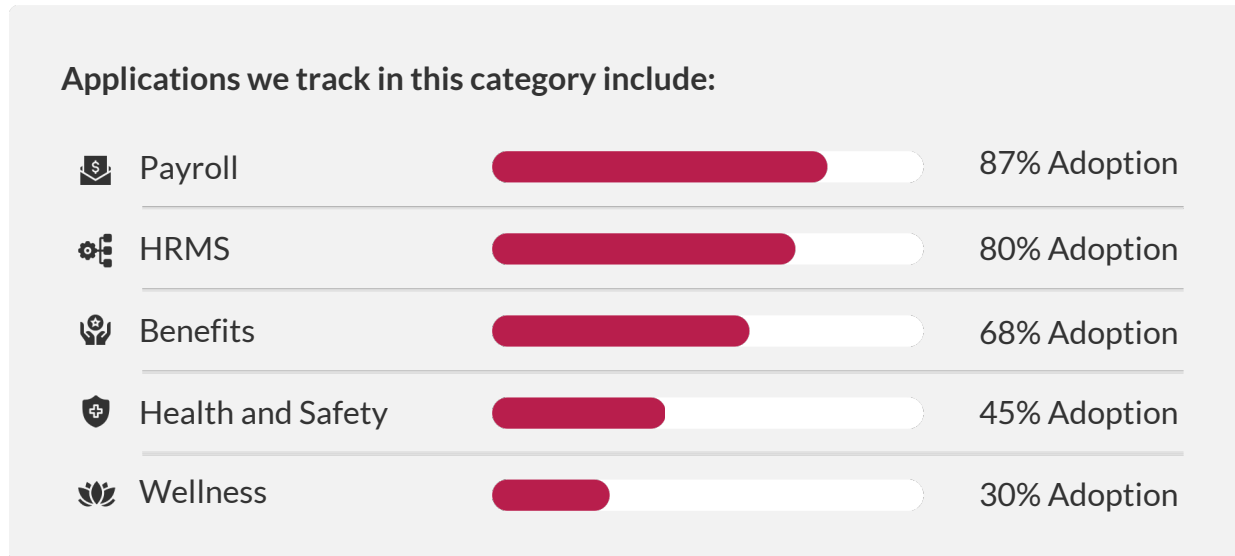
Originally viewed as back-office tools for HR administration, today's CORE HR Management systems play a critical role in achieving all areas of HR outcomes. Payroll applications not only automate workforce payments and manage tax calculations, but they also provide valuable planning data and a vital tool for engaging directly with employees. The Human Resource Management System (HRMS) continues to store all the relevant HR information necessary for compliance reporting, but it also manages constantly changing reporting structures, data security standards, and data privacy requirements in a rapidly evolving data-driven business environment.

Adoption of benefits, health and safety, and wellness applications vary widely with the size, industry, and regional location of the workforce. The growing conversation concerning Health and Wellness may have culminated during the COVID-19 crisis, but we've been aware of the connection between productivity and the health of our workforce for years.

02 **HR SERVICE DELIVERY APPLICATIONS: CREATING AN ENGAGING WORKFORCE EXPERIENCE**

HR Service Delivery applications grew as a category out of the need to deliver a wide range of new HR services to multiple stakeholders in an efficient, effective, and engaging manner. These applications manage the HR experience, communication, content, and data sharing that is part of an HR organization's service delivery model.

Applications we track in this category include:

Employee Self-Service		74% Adoption
Manager Self-Service		65% Adoption
HR Portals and Communications		54% Adoption
HR Content and Document Management		53% Adoption
Employee Engagement/ Surveys		49% Adoption
Employee Help Desk/ Case Management		42% Adoption
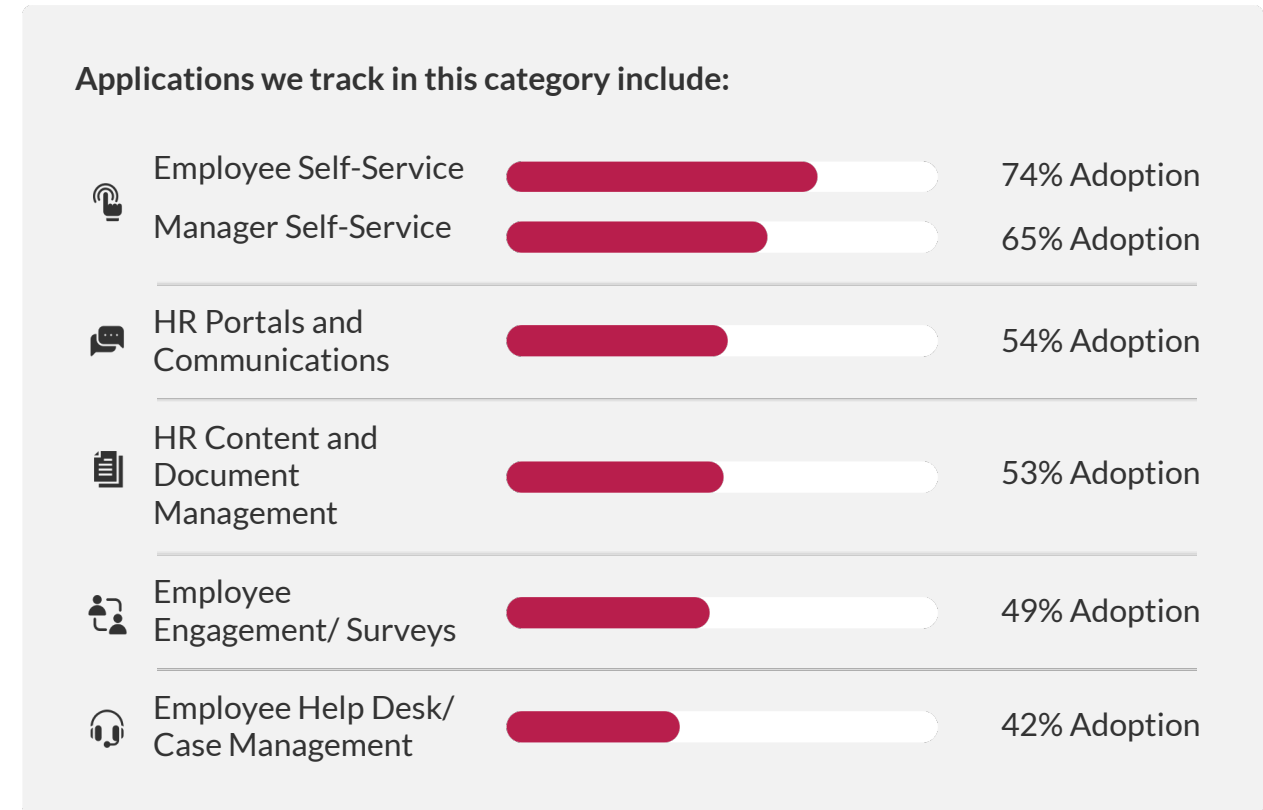
The average employee will work between 60 and 100,000 hours in a lifetime, depending on the industry, region, and personal circumstances; only sleep takes more time in our lives. As labor markets continue to tighten and a growing number of roles require hard-to-find skillsets, many organizations are investing heavily in an improved employee experience. This category of applications is at the center of that employee experience transformation, with a focus on personalization to engage at-risk workforces and ensure they feel both seen and heard.

https://www.cdc.gov/workplacehealthpromotion/model/control-costs/benefits/productivity.html

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03 **TIME MANAGEMENT APPLICATIONS:**
KNOWING WHERE AND WHEN THE WORK GETS DONE

Time Management applications help an organization manage when and where work is accomplished and have the unique requirement of spanning past, present, and future workforce data sets. Sometimes called workforce management or labor management systems, these highly complex solutions track the hours worked, location, schedules, time off, and sometimes the actual tasks completed.

Applications we track in this category include:

Time and Attendance		71% Adoption
Absence Management		57% Adoption
Leave Management		56% Adoption
Labor Scheduling		37% Adoption
Labor Budgeting		29% Adoption
Productivity / Task Management (assessing)		
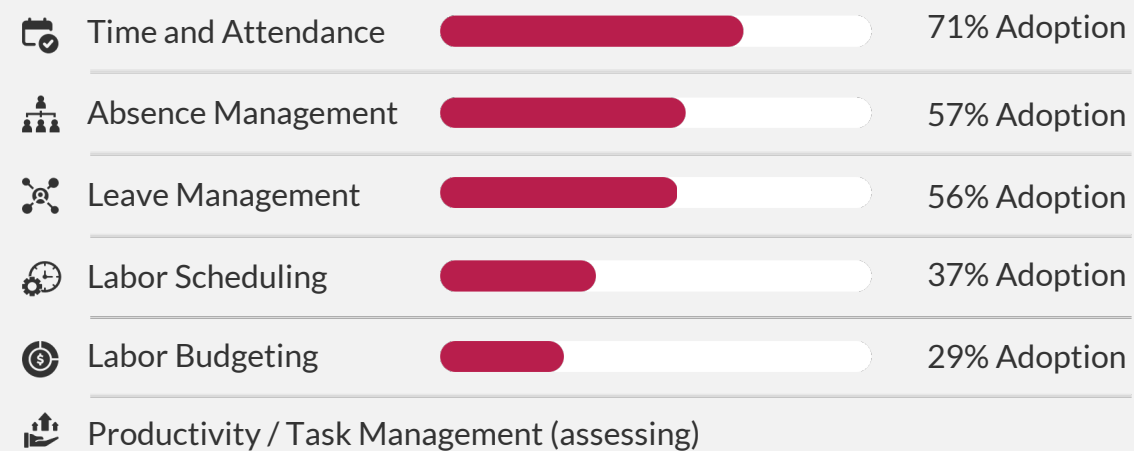
Although Time Management systems require tight integrations with payroll, HRMSs, and talent solutions to connect individual employee records to the actual data concerning work, 60% of the time these applications are owned and managed by the Operations function. When Time Management applications are elevated by HR from compliance systems to the same strategic level as Talent Management solutions, they immediately provide access to tools and data that can help them address critical business goals such as operational readiness or improved employee engagement.

04 **TALENT MANAGEMENT APPLICATIONS:**
KNOWING WHO DOES THE WORK

Talent Management applications help an organization manage details about who does the work, often categorized in modules that mirror the employee lifecycle. Reaching beyond existing employees, these applications may also touch talent pools, candidates, and workforce alumni groups that sit outside an organization.

Applications we track in this category include:

Recruiting and Acquisition		70% Adoption
Onboarding and Mobility		69% Adoption
Performance Management		58% Adoption
Learning and Development		57% Adoption
Compensation and Rewards		38% Adoption
Skills Management		30% Adoption
Career Planning and Succession		25% Adoption
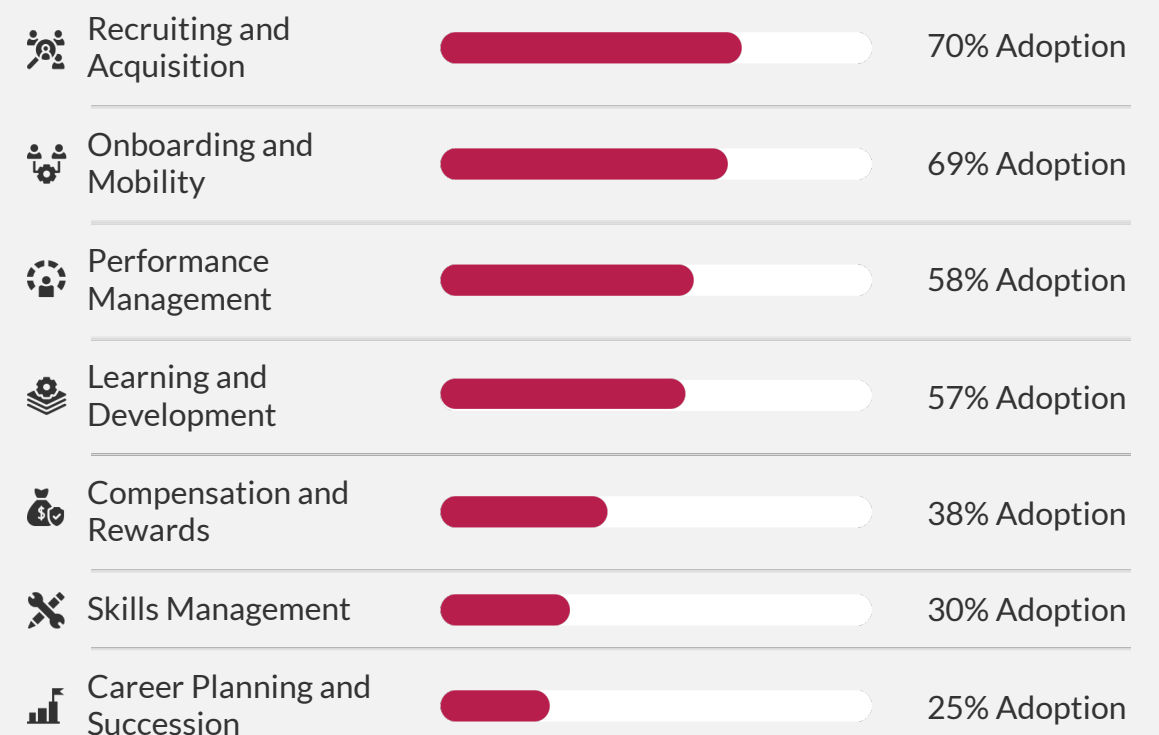
The current Talent Management landscape is slowly transitioning from managing the workforce based on the single dimension of a job role, to a more complex model that is based on skill sets, personalization, and defined business outcomes.

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05   **ANALYTICS AND PLANNING APPLICATIONS: GUIDEPOSTS FOR REACHING OUTCOMES, WHILE WARNING OF UPCOMING RISKS**

Adoption of the core HR, service delivery, and time and talent management applications provides an organization with clear benefits in the areas of HR efficiency and process improvement. However, the real value of these systems is realized in the ability to capture and analyze the data to inform strategic decisions and conduct business and workforce planning efforts.

Applications we track in this category include:
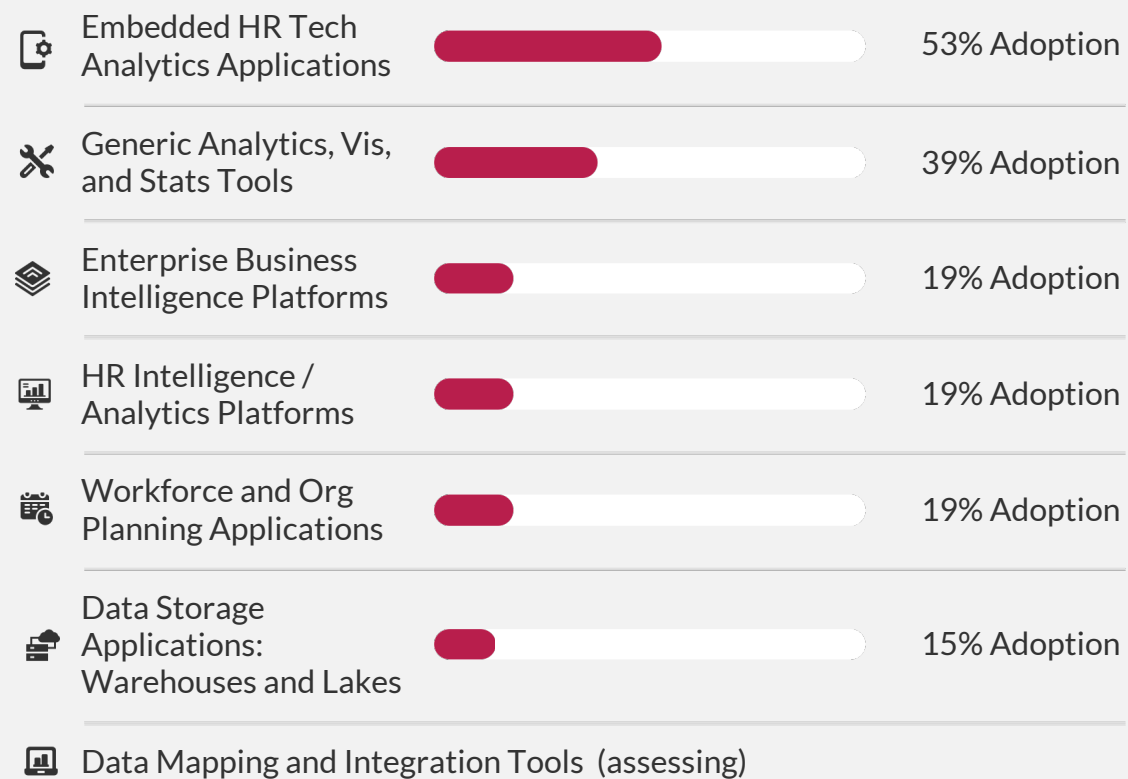
Application	Adoption
Embedded HR Tech Analytics Applications	53% Adoption
Generic Analytics, Vis, and Stats Tools	39% Adoption
Enterprise Business Intelligence Platforms	19% Adoption
HR Intelligence / Analytics Platforms	19% Adoption
Workforce and Org Planning Applications	19% Adoption
Data Storage Applications: Warehouses and Lakes	15% Adoption
Data Mapping and Integration Tools (assessing)	

The HR analytics and planning category is slowly beginning to mature from a disparate set of generic tools to a cohesive set of HR Analytics and Planning modules that can be acquired either within larger Business Intelligence platforms, embedded in existing HR systems, or combined in new stand-alone HR Intelligence and Analytics platforms.

06   **EMERGING TECHNOLOGY AND TOPICS: BETTING BEYOND TOMORROW**

Emerging technologies are in the early stages of development – and are often simply tools, partial applications, or ideas percolating in the industry.

Nevertheless, it's important to monitor the progress and evolution of these ideas because many will have an impact on the future of HR applications and the move to intelligent HR systems.

Emerging technology topics and categories we tracked in 2022 include:

- Intelligent Tools and Platforms/Artificial Intelligence
- Data Strategies: Where, When, How, Why, Risks, Rewards
- Hybrid Work Environments and Technology
- Total Workforce Tools: Whole Self Applications
- Virtual Reality and the Metaverse
- Environmental, Social, and Governance (ESG) Standards

Innovation in the business world comes in many formats, the least of which is simply *new and bigger* technology. The greatest innovations yet to be achieved are distinctly lacking in technological focus – particularly in the arena of Human Resources. Research areas such as neuroscience, psychology, and behavioral decision-making are more critical to tomorrow's HR innovations than specific technical skills are today. If those research areas make you a bit uncomfortable and nervous that is ok because real – life-changing innovations are generally outside of the comfort level of everyday organizations. As a final note, all emerging technologies have a place in history, but not all of them will have an enterprise-wide impact or be of value to an organization over time.

THE HR SYSTEMS ADOPTION BLUEPRINT

FIGURE 15: ENTERPRISE STANDARDS

LEVEL THREE. ENTERPRISE STANDARDS: THE GREAT CONNECTORS

Surrounding the six categories of HR System Applications in the Blueprint is a layer of critical enterprise standards that play a major role in the success or failure of application investments. The most critical standards include:

- Change Strategies
- Ethics/Data Privacy
- Content Strategy
- Work Models
- Platform Strategy
- Mobile Strategy
- Network Security
- Cybersecurity
- Integration Strategy
- Social Responsibility (ESG)

Connecting HR Systems to enterprise standards allows organizations to embed HR solutions seamlessly and safely into everyday work environments and share data across multiple system environments. Working within these standards provides a level of context, guidance, and ethical frameworks for HR Applications that is critical as we move forward into a future of intelligent platforms.

FIGURE 16: ENTERPRISE WORK APPLICATIONS

LEVEL FOUR. ENTERPRISE WORK APPLICATIONS: WORKSCAPES

HR technologies coexist in a larger environment represented by the outer rim of our Blueprint, which includes enterprise business applications such as **Finance Management, Workforce Productivity Applications (Microsoft, Google, Project Management, etc.), Customer Relationship Management, and Vendor Management.** Depending on the organization's industry, and the type of work they actually do, there could be many more enterprise applications that fit into this category.

These solutions are where work occurs daily and where an abundance of additional data is captured, stored, and repeatedly used for business decisions. HR and HRIT have an important role in staying on top of how these applications are gathering and using employee data and ensuring all government and ethical standards are being followed.

Creating a clear picture of these applications, how security is managed, and how HR needs to connect, communicate, and share data with these applications is critical to achieving outcomes desired by leaders.

Final Thoughts: HR Systems Adoption Blueprint

The Blueprint can be viewed as a series of containers, each level connected through interrelated elements. This works best when considering the essential integration and standards of an entire HR Technology environment — those connection points are as important as individual applications.

The HR Systems Blueprint is a tool that your organization can utilize to spark conversations for your own HR Systems Strategy and planning efforts.

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HR SYSTEMS STRATEGY

SECTION 4

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HR SYSTEMS STRATEGY

GETTING STARTED

An HR technology environment is a complex set of applications, platforms, data sets, and intelligent workflows that are utilized by an organization, and its workforce, to support the business of HR. That business is all about getting outcomes, for both the organization and the workforce. Every HR technology investment should be focused on outcomes.

Creating an HR technology environment that achieves real outcomes requires careful planning, constant evaluation, and regular updating to ensure the organization has the information it needs for informed decision-making. Ultimately, the HR Systems Strategy is how you ensure your HR Technology investments are aligned with organizational and HR strategies, and capable of achieving the outcomes set forth in those strategies. So, we can't just wing it! In fact, if you own the HR Systems Strategy, we recommend you spend a little time every day on where you are and what the current focus is, ensuring that you can achieve longer-term objectives.
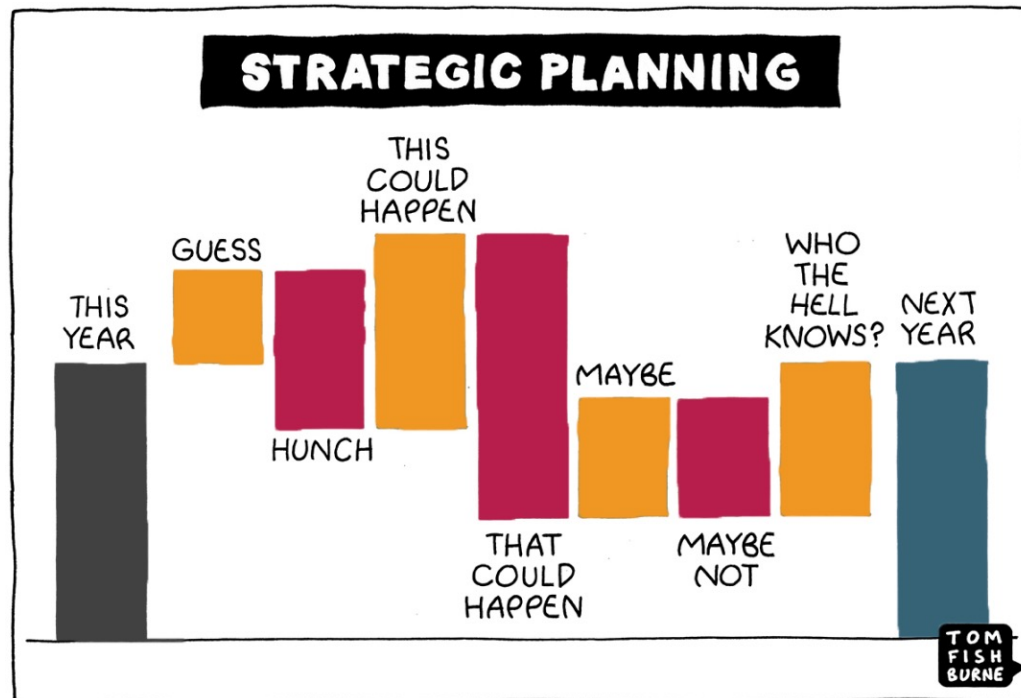
Once an organization has clearly defined its HR approach and the desired outcomes, it can begin to develop a solid HR Systems Strategy that includes:

- expected outcomes
- current state analysis
- phased road maps
- key performance indicators
- change management strategy

This strategy will guide the flow of data through the organization between employees, managers, and leaders, supporting reporting and compliance as well as workforce decisions to run the business.

One of the many reasons an HR Systems Strategy is so important and why you need to care about it is that people costs are a significant part of an organization's operating costs – oftentimes 70-80% of the budget. So how you manage those [employee] resources and enable their work is critical.

The HR Systems Strategy builds on the organization and HR strategies to provide a set of tools, technologies, and data to make work better and allow the organization to understand its needs as it relates to its workforce. If you are a small organization just starting the journey into HR technology, start now, as the baseline solutions you put in place will build the foundation for your organizational culture and the data and information you will need to grow your business faster. If you are a larger organization, it is never too late to get started – and you'll be amazed by how a little planning can start to reduce the number of shadow systems and fire drills your HR function faces regularly.

In this section, we will discuss why an HR Systems Strategy is important, its complexity and how it supports your business outcomes. We will look at an HR systems framework and the key elements that make it up. And we'll give you some suggestions for getting started either developing your strategy or bringing the one you have into the 21st century!

FIGURE 17: STRATEGIC PLANNING

Source: marketoonist.com

WHY YOUR STRATEGY MATTERS

As we said previously, the HR Systems Strategy underpins and supports the organization's overarching business strategy and part of that business strategy is how innovative and competitive a company is, what it wants its market share and profitability to be, and how it treats its customers – including what their customers say about them.

To that end, you can see from **Figure 18** below that just having an HR Systems Strategy is markedly better than not having one when it comes to these key elements of the business strategy. In fact, our data shows in 2022 another 12% increase in these outcomes when a company has an HR Systems Strategy versus when they do not. We've seen this alignment with higher business outcomes for the last five years, and we've ruled out the impact of size, industry, or region on that alignment.

Part of your HR Systems Strategy needs to show how your solutions will drive greater business outcomes and improve the value of the investment. This data can be part of your business case for acquiring new, more effective solutions for your business.

Regularly updated HR Systems Strategy

12%

Higher Business Outcomes

- Reviewed every 12 to 18 Months
- Tied to enterprise outcomes
- Current state analysis
- Phased roadmaps
- Key Performance Indicators
- Governance Models

FIGURE 18: BUSINESS OUTCOMES - HAVE THEY DECLINED OR IMPROVED IN THE LAST 12 MONTHS?

12% Increase

Innovation | Market Share | Profitability | Customer Satisfaction | Competitive

Improved / Neutral / Declined

■ HR Systems Strategy　■ No HR Systems Strategy

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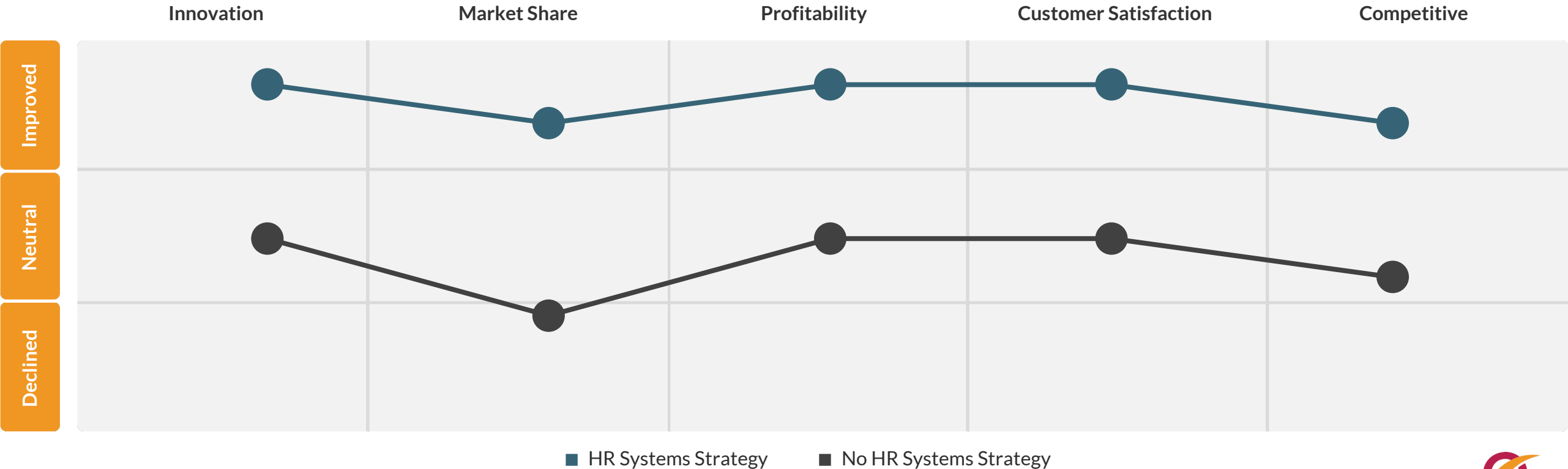
WHY YOUR STRATEGY MATTERS

Over 50% of organizations have some form of an enterprise-level HR Systems Strategy in place, but it isn't enough to create a strategy and put it on the shelf. Our research shows that a major impact on talent, HR, and business outcomes comes from a strong HR Systems Strategy that is reviewed and updated every 12 to 18 months.

Year-over-year, the data shows that organizations that regularly update their HR Systems Strategy achieve greater business outcomes. These HR functions are also more likely to be seen as business leaders contributing strategic value to the organization. Meanwhile, those without a strategy are typically viewed as being a compliance and transaction-focused HR function.

The percentage of organizations with a regularly updated enterprise HR Systems strategy was **20% higher prior to the pandemic**. The challenges of the last 2 to 3 years forced many organizations to quickly pivot, abandoning existing plans to focus on new work environments, security issues, and overall employee wellness. As these challenges became woven into the fabric of work, we are once again seeing a renewed focus and energy around the HR Systems Strategy. Organizations are reassessing the role of HR Technology and changing workforce dynamics are creating brand-new requirements.

Whether organizations have a strategy and how much time they spend on it varies by the size of the organization. As you can see from **Figure 19** below, Mid-Market and Enterprise organizations are much more likely to have a strategy, as might be expected, over SMB companies. However, organizations should note that the size of a company does not change the improvement in outcomes aligned with a regularly updated strategy.

FIGURE 19: PERCENTAGE OF ORGANIZATIONS WITH AN HR SYSTEMS STRATEGY

L 🏢 >5000+EE

- 55% Yes, updated regularly
- 14% Yes, but rarely or never updated
- 22% In development
- 9% No

M 🏢 500 - 5000 EE

- 43% Yes, updated regularly
- 15% Yes, but rarely or never updated
- 18% In development
- 24% No

S 🏢 <500 EE

- 27% Yes, updated regularly
- 14% Yes, but rarely or never updated
- 18% In development
- 41% No
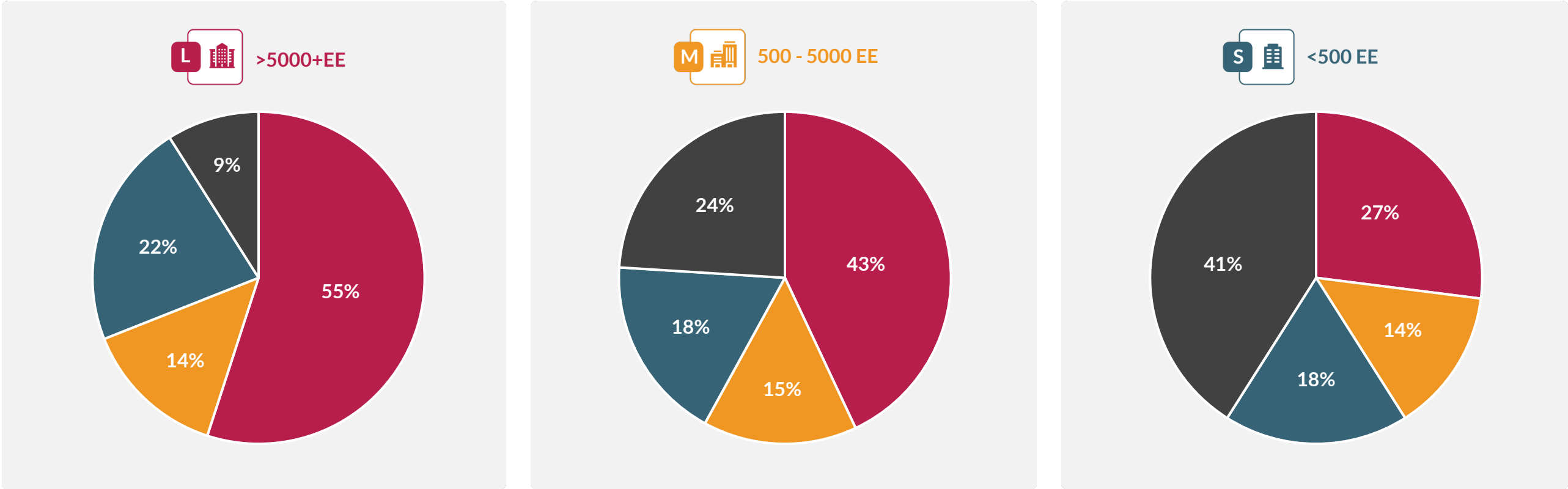
Legend: ■ Yes, updated regularly ■ Yes, but rarely or never updated ■ In development ■ No

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HR TECHNOLOGY SPENDING PLANS

While how much you spend isn't as important as how you spend it, having a good budget is key to being able to make the investments you need in HR Technology. To give you some idea of what the expectation is for the coming year, we asked organizations to tell us whether they planned to increase or decrease their HR tech spending.

As you can see from **Figure 20** below, spending plans vary by size of organization. Thirty-five percent of SMB organizations plan to increase spending this year while Mid-Market and Enterprise organizations were much higher at 54% and 55% respectively.

These numbers were comparable to last year's numbers for overall plans to increase spending, but it might surprise you to know that the average amount of planned increase went up this year from 18% in 2021 to 21% in 2022.

On the flip side, the slowing economy will still have an impact on some companies, and we also see a slight uptick in plans to decrease spending as well. Both Enterprise and SMB organizations doubled the percentage of organizations planning to decrease spending from last year, reaching 9% of organizations in 2023.

FIGURE 20: HR TECHNOLOGY SPENDING OUTLOOK BY SIZE FOR 2023

L >5000+EE
- Increase: 55%
- Stay The Same: 36%
- Decrease: 9%

M 500 – 5000 EE
- Increase: 54%
- Stay The Same: 41%
- Decrease: 5%

S < 500 EE
- Increase: 35%
- Stay The Same: 57%
- Decrease: 8%

■ Increase   ■ Stay The Same   ■ Decrease

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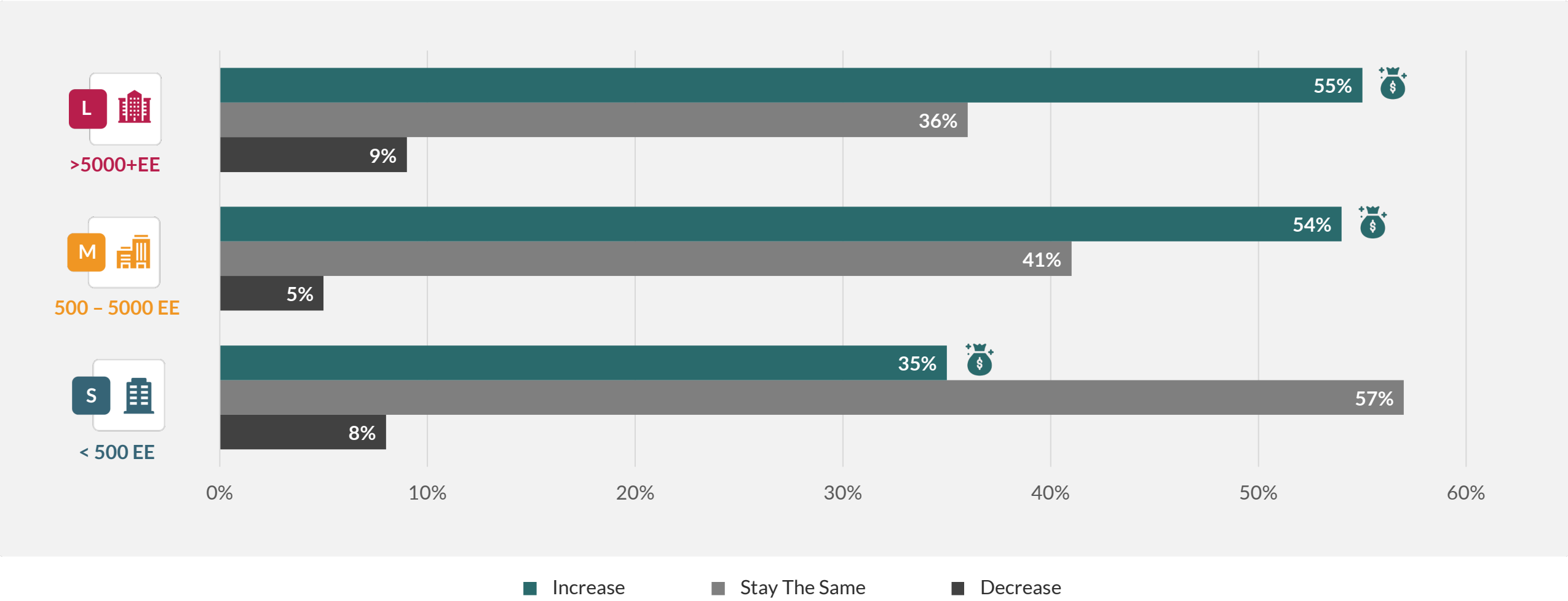
HR TECHNOLOGY SPENDING PLANS

We also looked at spending plans by the type of organization, to see if there were any trends across public versus private sectors, government, or other unique business models. **Figure 21** below gives you an idea of how spending trends change as you look at organizations by type.

Publicly traded companies are the most likely organizations to increase HR Technology spending in 2023, compared to their private and government-based counterparts.

This isn't surprising when you think about the continued movement by regulatory bodies such as the U.S. Securities and Exchange Commission towards adding more Human Capital reporting requirements, for public organizations. Investors are moving faster than the regulatory bodies, with new funds focused on social responsibility and positive Human Resource practices achieving increasing interest. We recommend HR has regular conversations at the executive and board level on any possible regulatory or business specific workforce data they might need to report on today or in the future.

FIGURE 21: PLANS TO INCREASE SPENDING BY ORGANIZATION TYPE
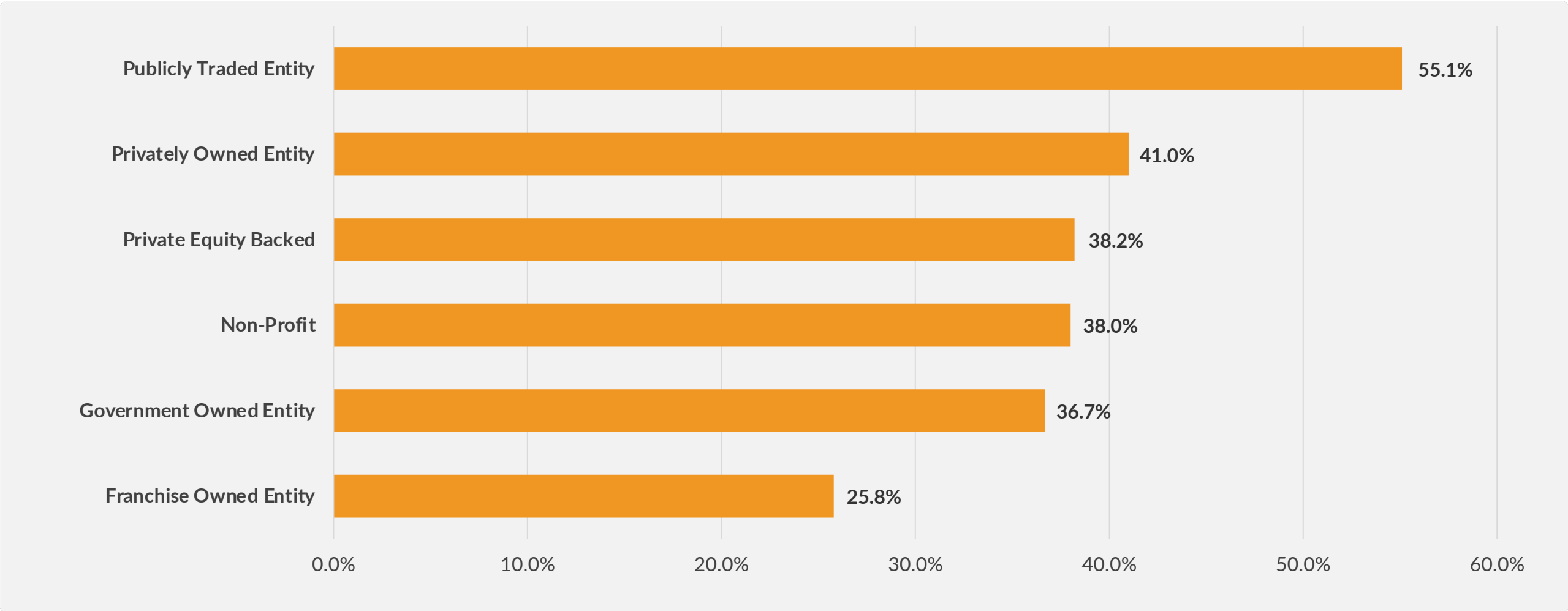
HR TECHNOLOGY SPENDING PLANS

This year organizations also weighed in on which specific categories of HR applications they plan to increase or decrease spending on in 2023. In **Figure 22** below, you will see those categories where 30% or more of all organizations planned to increase spending in 2023. Recruiting, Learning, and HR Analytics are the top categories where the largest organizations plan to allocate their increasing HR technology budgets.

On the other side of the question, in **Figure 23** below, you will see those categories where 7%% or more of all organizations plan to decrease spending in 2023. Absence, Labor Budgeting, and Survey/Feedback tools are the top categories organizations plan to decrease spending in their 2023 HR Technology budgets. Absence is at the top of everyone's decrease list, but Survey tools are primarily seeing decreases from SMB and Mid-Market organizations.

FIGURE 22: TOP INCREASING HR TECH SPEDING BY CATEGORY

Category	%
Recruiting	49.5%
Learning/Training	45.0%
HR Analytics	39.4%
Benefits/Wellness	38.0%
Skills Management	36.4%
Compensation Management	33.7%
Performance Management	33.5%
HRMS	32.5%
HR/Workforce Planning	32.1%
HR Portal/Communications	31.7%
Succession/Career Management	30.7%
Payroll	30.6%
Intelligent Tools	30.5%

■ Increase

FIGURE 23: TOP DECREASING HR TECH SPEDING BY CATEGORY

Category	%
Absence Management	9.6%
Workforce Labor Budgeting	9.0%
Survey/Feedback Tools	9.0%
HR Help Desk	8.4%
Leave Management	8.1%
HR Content Management	8.1%
Recruiting	7.6%
Career Management	7.5%
Workforce Labor Scheduling	7.3%
HR Workforce Planning	7.1%
Time and Attendance	7.0%
Learning Solutions	7.0%
Intelligent Tools	6.9%

■ Decrease

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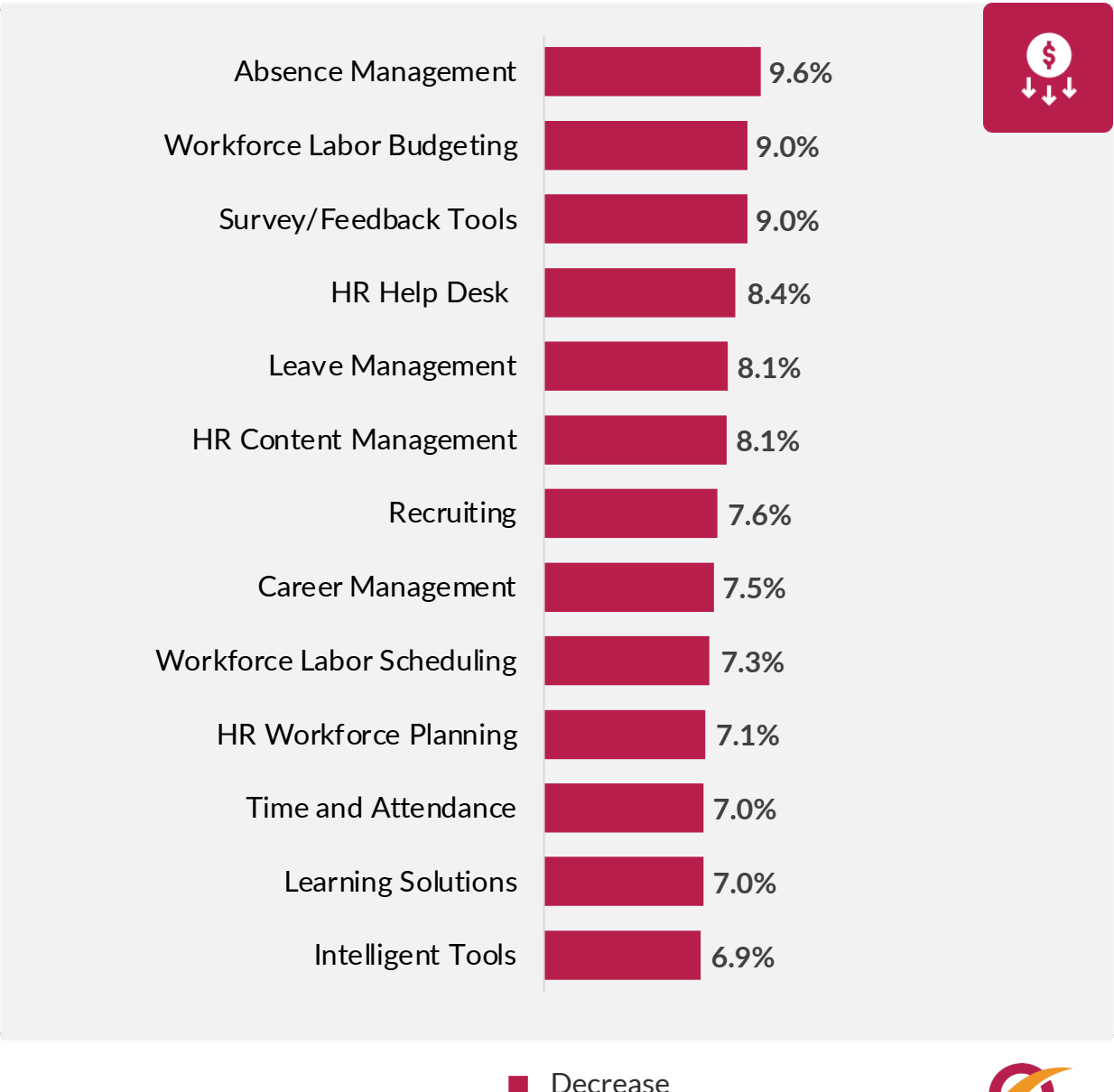
ELEMENTS OF AN HR SYSTEMS STRATEGY

Generally, most organizations review and update their HR Systems Strategy annually, with minor adjustments made every year. While every organization has their own approach to setting strategy, the most often reported elements of a regularly updated

HR systems strategies are shown in **Figure 24** below. While there are other elements you may choose to include, these represent key elements that allow you to better handle internal requests and external pressures on decision-making.

FIGURE 24: KEY ELEMENTS OF AN HR SYSTEMS STRATEGY

#	Element	Description
1	**Business/Mission Drivers**	Enterprise documentation of the prioritized business outcomes and required talent and HR outcomes to achieve them. Alignment of Enterprise HCM system gaps that impact those outcomes.
2	**Culture, Scale, and Scope**	Careful account of the organization's cultural environment including its approach to enterprise decision making. A detailed understanding of the organization's workforce makeup, locations, and technology access.
3	**Current State Blueprint**	A catalog of the organization's current Enterprise HCM systems environment, including applications in use, vendor relationship details, and environmental factors such as privacy, integrations, infrastructure models, etc.
4	**Benchmarking Analysis**	Data or analyses of how the organization's current state compares to peer organizations in culture, size, industry, or complexity.
5	**Gap Analysis & Necessary Changes**	Gap analysis and recommended changes based on business, talent, and HR outcomes as well as peer benchmarking analysis.
6	**Future State Blueprint**	A clear vision of the future state of the Enterprise HCM systems environment, including adoption expectations, user experience factors, and expected business outcomes.
7	**Phased Roadmaps**	Timelines, responsibilities, communication plans, and Key Performance Indicators (KPIs) associated with any approved application changes or updates.
8	**Governance and Change Management**	Identified decision makers, ownership models, and guidelines for making ongoing decisions on Enterprise HCM system environments, data management, and privacy issues. Ongoing change management and adoption efforts.
9	**Expenditures and Budgets**	Past expenditures and future budgets for Enterprise HCM system environments.
10	**Resources and Outsourcing**	Careful account of both internal and external resources, as well as outsourcing agreements that support the Enterprise HCM systems environments.

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HR SYSTEMS STRATEGIC PLANNING FRAMEWORK

Once your business case is made and HR Technology budgets are allocated, the hard work is just beginning. **These are complex environments, no matter the size of an organization as you can see in Figure 25.** And that environment needs to be well thought out and planned. Organizations need to budget for new solutions, implementations, change management, resources, and integrations as well as licenses, upgrades, and enhancements to existing platforms. If we've learned nothing from the last few years, it's that our solutions need constant care and feeding to achieve consistent outcomes.

Using a framework to develop your strategy helps assure it is in constant alignment with organizational needs. **Figure 26** outlines a strategic framework to help guide your thinking and build a plan that supports your business goals and objectives.

As you develop your strategy and plan your budgets, remember the importance of change management. Implementing new solutions and getting the greatest value from them only comes from strong user adoption. We will talk more about the importance of change management and how to develop your plan in the next section.

FIGURE 25: THE AVERAGE HR TECHNOLOGY ENVIRONMENT BY ORGANIZATION SIZE

	Average HR Tech Environment			
	Aggregate	**5000 + EE**	**5000-500 EE**	**< 500 EE**
Annual Per Employee HR Tech Cost Ranges	$221-$401	$210-$261	$297-$305	$314-$481
HR System Integrations	30 Range 0-600	79 Range 4-600	13 Range 0-95	10 Range 0-69
HR Tech Systems Included in Annual Spend	9-11	7-10	10 - 12	8 - 10

Source: 2021-2022 Annual HR Systems Survey

FIGURE 26: HR SYSTEMS STRATEGIC PLANNING FRAMEWORK

Business Mission/Drivers	Increase market share in North America	Grow client loyalty with extended product adoption	Increase client satisfaction across product lines	Increase shareholder value through cost efficiencies
Talent/HR Outcomes	Attract talent to a modern workplace	Retain experienced sales talent through career planning	Achieve new hire product certification within 90 days of hiring	Enable compensation planning for all field roles
HR Tech Guiding Principles	Meet common business needs through enterprise solutions	Use SaaS solutions wherever possible	Reduce management administration and enable self-service for all employees	Balance investment in innovative vs cost effective solutions
Annual HR Tech Goals	e.g., Define one key Service Goal	e.g., Define one key Security Goal	e.g., Define one key Data Analytics Goal	e.g., Define one key Cost/Value Goal
Strategic HR Tech Projects	Secret Acquisition Project X	Enterprise HR Magic - Release 2.0	Talent Cloning Miracle System	WFM Made Easy App

Your HR Tech Guiding Principles might not change much from year to year, but the other elements of your framework should be adapted as business drivers change

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ADAPTIVE CHANGE AND IMPLEMENTATIONS

SECTION 5

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ADAPTIVE CHANGE AND IMPLEMENTATIONS

Managing change is a vital component of a complex HR Systems project. Practicing change management techniques by incorporating proven methodologies and supporting a culture of **Adaptive Change Management** can dramatically impact the success and health of all HR System projects.

According to Prosci, only 39% of organizations add change management methods to their projects.[1] In contrast, our study reveals **56% of respondents report utilizing some form of structured change management process regularly** during project work with only 5% indicating they invested in "no change management" at all.

1. Source Prosci 11th edition Best Practices in Change Management

FIGURE 27: CHANGE MANAGEMENT APPROACHES

- 28% Adaptive Change Management
- 28% Project Based, with Criteria
- 39% Sporadic, No Criteria
- 5% No Plans
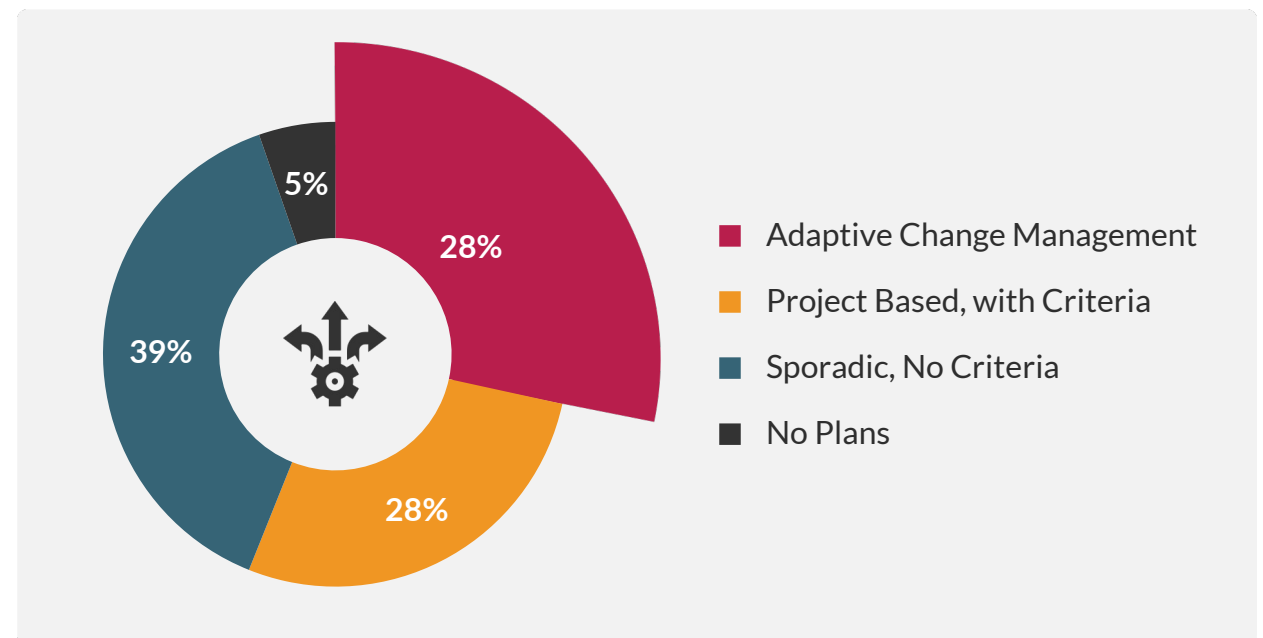
FIGURE 28: WHAT KIND OF CHANGE MANAGEMENT DO YOU DO?

Approaches to Change	Definitions of Change Management Approaches
Adaptive Change Management	Continuous assessment of all change events – with ongoing governance, communication, feedback, and measurement – to ensure change goals are being achieved and create positive outcomes over time.
Project-based Change Management	Key projects that meet size, budget, or breadth of stakeholder criteria receive standard project-based change efforts – including short-term governance, communication, and measurement.
Sporadic Change Management	Done on an ad-hoc basis, with no criteria nor standard approach to change efforts.

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THE BUSINESS CASE FOR ADAPTIVE CHANGE MANAGEMENT

The business case for change management in HR System initiatives is strong. Our research has consistently seen that organizations that practice adaptive-style change management efforts see higher HR, Talent, and Business outcomes. **In fact, over the last 5 years organizations that practice Adaptive Change Management saw on average 24% higher outcomes over the 5 years.**

Why does change management have such an impact on outcomes? Because change is happening all the time in our businesses and asking people to change their behaviors needs more than a single email.

It requires empathy, understanding, and skills to avoid rocky transitions that often take even more time and resources because the change was handled poorly.

What is the case for HR owning Adaptive Change Management? HR knows the people in the organization better than anyone else and is uniquely positioned to lead the charge. It's reasonable to expect that HR's capabilities to assess key stakeholders, utilize survey tools, and tap available HR systems and payroll data bode well for any change effort.

FIGURE 29: 5 YEAR IMPACT ON HR, TALENT, BUSINESS OUTCOMES OF Adaptive Change Management (1 – 5 SCALE)

24%

Higher Average Outcomes Over 5 Years

■ Adaptive Change Management   ■ Sporadic/No Change Management

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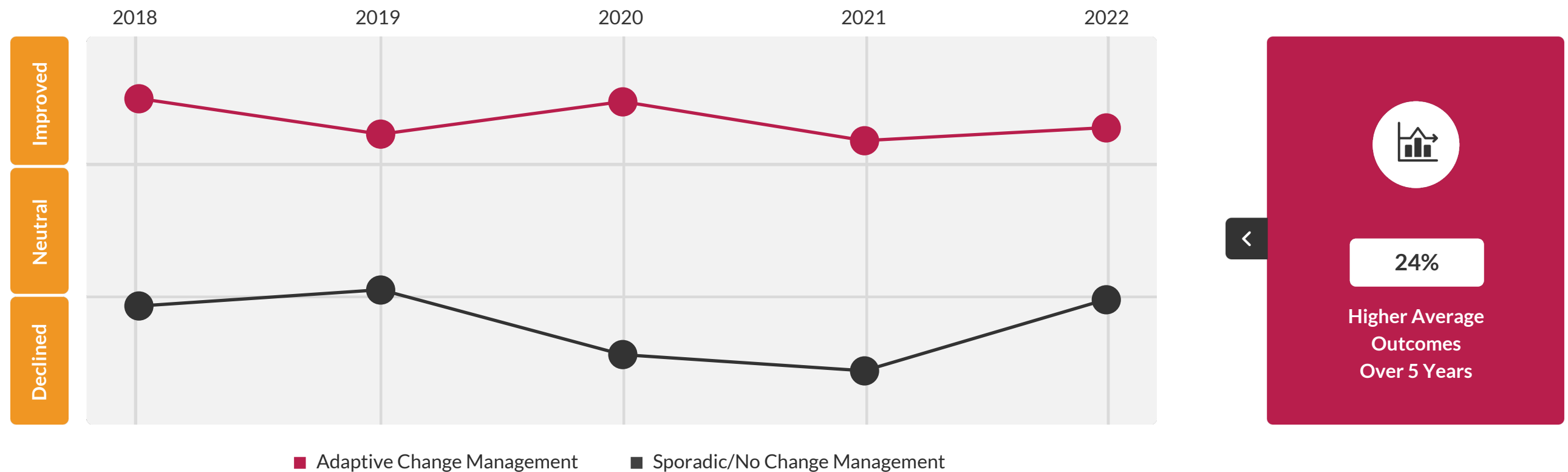
As seen in **Figure 30**, HR functions that practice Adaptive Change Management are 63% more likely to be viewed as strategic HR functions than those that only conduct Change Management efforts sporadically. And organizations with no standard approach to Change Management are 47% more likely to be viewed as a Compliance HR function.

When HR leans into high-visibility, high-impact change efforts the payoff is not just being at the table but becoming a critical partner in the business initiatives that drive organizational success. As we noted earlier, it is the **#1 practice correlated with being viewed as a strategic HR partner that adds value to the organizational outcomes**.

FIGURE 30: IMPACT OF CHANGE MANAGEMENT ON PERCEPTION OF HR
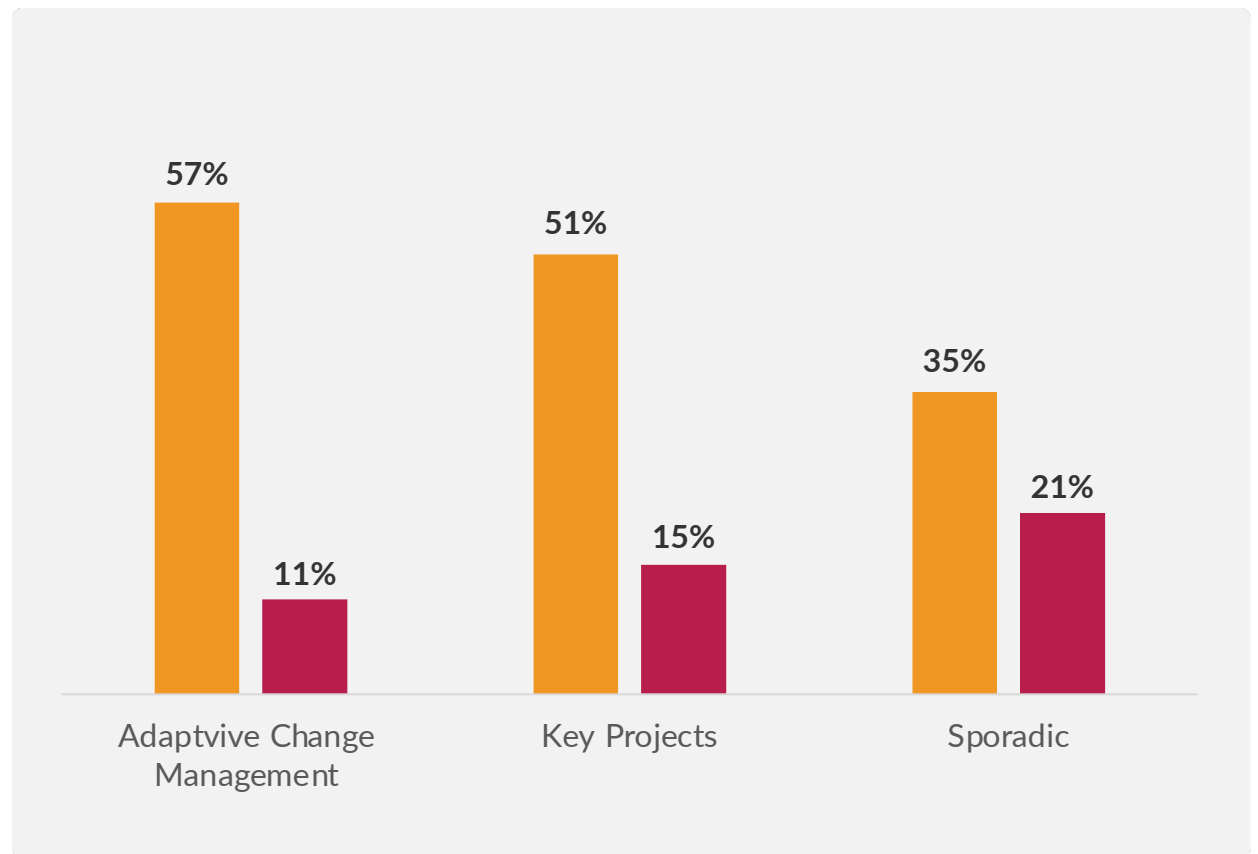
- HR viewed as contributing Strategic Value
- HR viewed as Compliance Function

FIGURE 31: 3 YEARS OF CHANGE MANAGEMENT APPROACHES

Adaptive Change   Project Based   Sporadic   No Change Mgmt
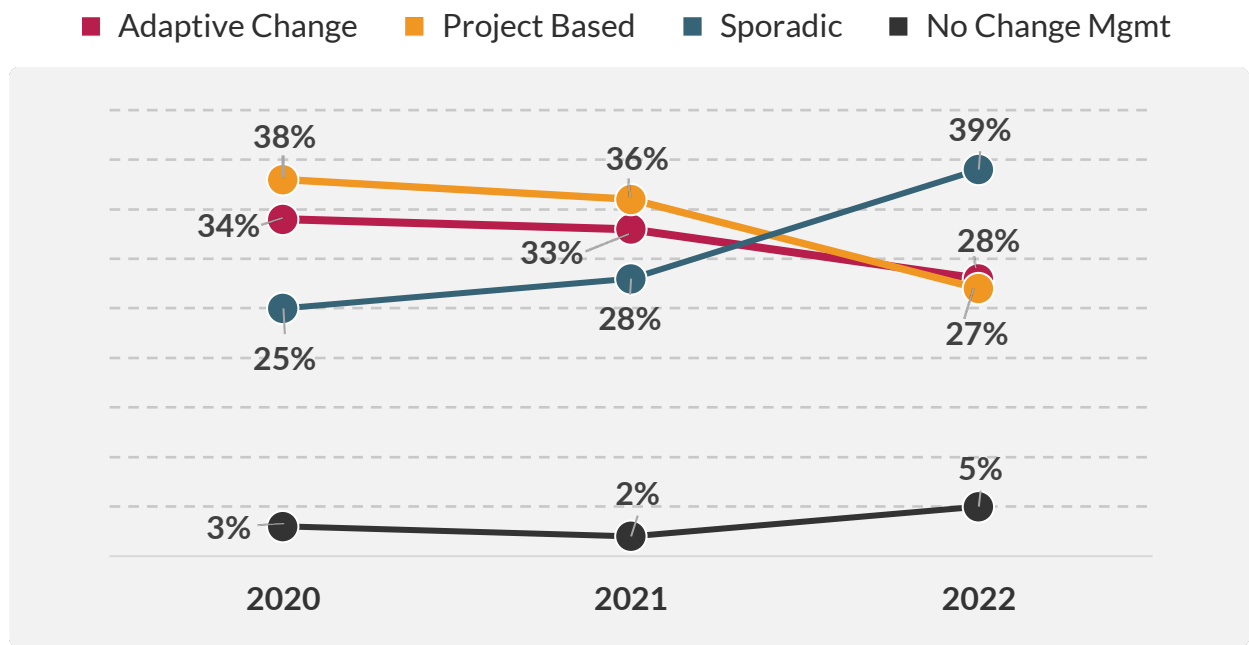
Surprisingly with such a strong business case, the number of organizations that **practice** or incorporate Adaptive Change Management practices or **include** change practices in critical projects has trended downward over the last three years. More organizations than ever have moved to Sporadic Change Management or No Change Management at all. Perhaps the higher number of projects, on top of higher expectations for increased productivity has shifted resources to executing project work and away from developing change management efforts.

The silver lining is that 95% of reporting organizations included the use of change management tactics. **The cautionary news is that only 20% of organizations invest Prosci's recommended 20% of project budgets in a comprehensive change management program** possibly correlating to 27% reporting their projects **fell short of adoption expectations.**

Only **20%** set aside the recommended **20%** of initiative budgets for Change Management

$ = Outcomes

THE ADAPTIVE CHANGE MANAGEMENT FRAMEWORK

One of the most compelling reasons for ensuring you budget the right level of funding for effective change management practices is in the outcomes achieved - especially outcomes during HR technology implementations. When we compared the organizations that stated they "Exceeded Implementation Outcomes" in this year's research we found organizations using a structured approach to change management were twice as likely to exceed expectations for completing projects on time, within budget, with the allocated resources, and achieving deep adoption levels.
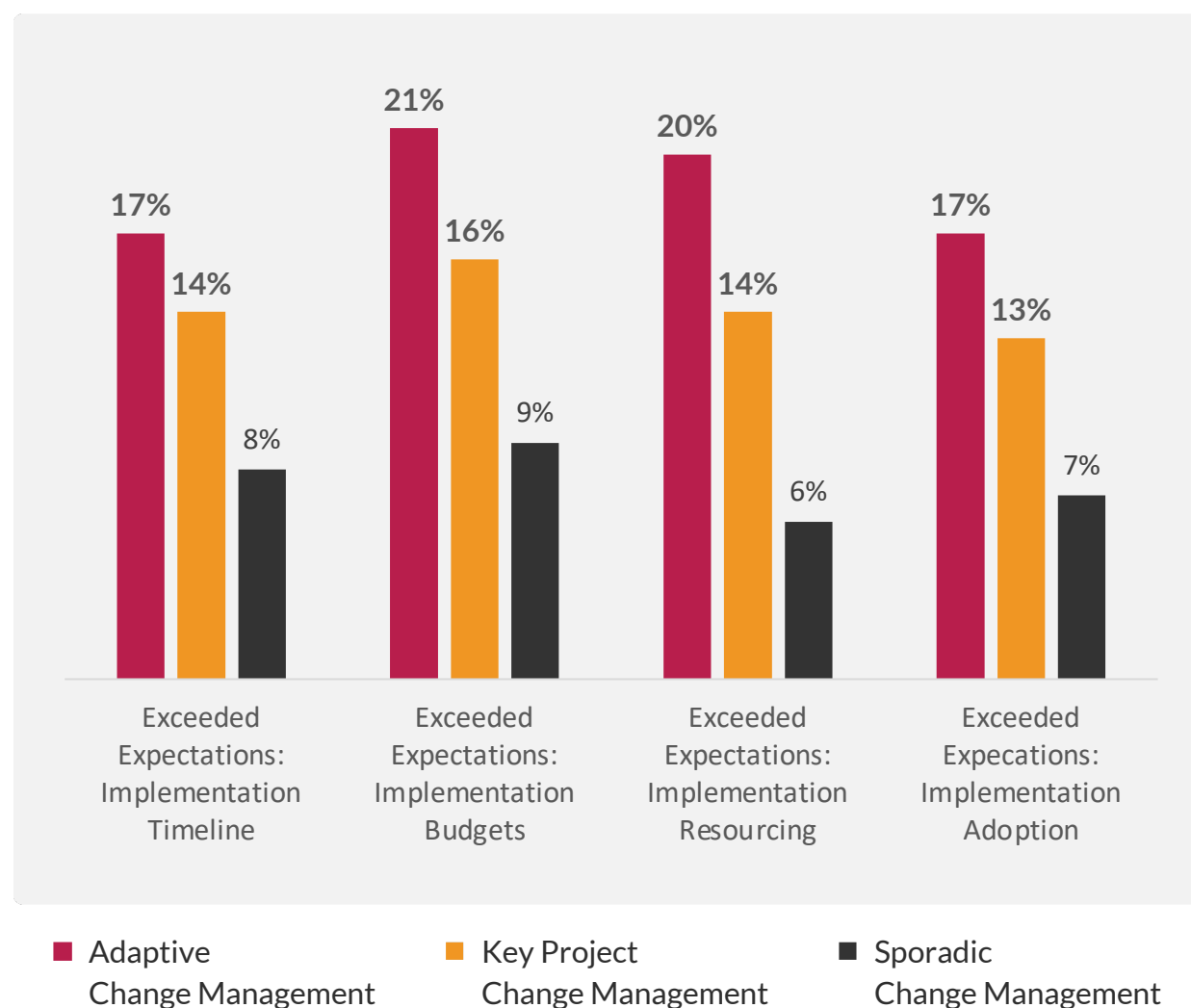
One surprising finding is that **only 17% of organizations reported utilizing a structured change management model/methodology on their projects**. This is the second most potent contributor to project success, according to Prosci benchmarks. Introducing and owning change management strategy and execution for the organization is an effective way for HR to add value and contribute to project success. Sapient Insights' **Adaptive Change Management** methodology shown on the next page incorporates learnings from change management discipline leaders such as Kotter, Lewin, Bridges, and Prosci.

Adaptive Change Management is organized around three phases –

- Anticipate
- Adopt
- Adapt

During the **Anticipation phase** of the project, the change team is focused on planning activities. This phase may include developing a project vision, building the business case for change, identifying, and aligning leaders, and establishing a baseline of organizational readiness.

The second phase, or **Adopt phase**, is where the most visible change activities happen. stakeholders are engaged, communications are developed and distributed, training is developed and delivered, and organizational changes are made.

Unfortunately, the project's final, or **Adapt phase**, is often overlooked or forgotten as teams rush forward to their next project. This is the phase where an **authentic culture of change management** is built and where HR can have a profound impact. When organizations take the time to measure success, monitor new behaviors for sustainability, and account for lessons learned in the overall approach to change, they begin to build muscle memory for future changes.

Whether you use the Sapient Insights Adaptive Change Management model, or someone else's – the important factor is that a structured approach makes a vital difference in organizational and employee outcomes.

FIGURE 32: HR TECHNOLOGY IMPLEMENTATION OUTCOMES BASED ON USE OF FORMAL CHANGE MANAGEMENT EFFORTS

WHAT IS ADAPTIVE CHANGE MANAGEMENT?

- **Aligning Leadership** to drive change from the top down, to create ownership across the board

- **Engaging Stakeholders** at the right time, in the right way, with the right messages

- **Creating** a combined Change Team to leverage the skills and knowledge of all organizations

- **Measuring the Effectiveness** of the change efforts ongoing

- **Developing a Vision** unique to the organizational needs

FIGURE 33: SAPIENT INSIGHTS GROUP Adaptive Change Management FRAMEWORK ᴗ

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FIGURE 34: HR TECHNOLOGY IMPLEMENTATION OUTCOMES BASED ON USE OF FORMAL CHANGE MANAGEMENT EFFORTS

Practice	Percentage
Dedicated Project Management Team	34%
Strong C-Suite Sponsorship	28%
Employee Engagement Activities	25%
Dedicated Change Resources	25%
Tracked Communications	24%
Change Mgmt Integrated with Project/ Program Mgmt Function	23%
Active Engagement of Middle Management	23%
Feedback Loops/ Surveys	22%
Change Resources Engaged Early in Project	21%
Active Change Champion Network	18%
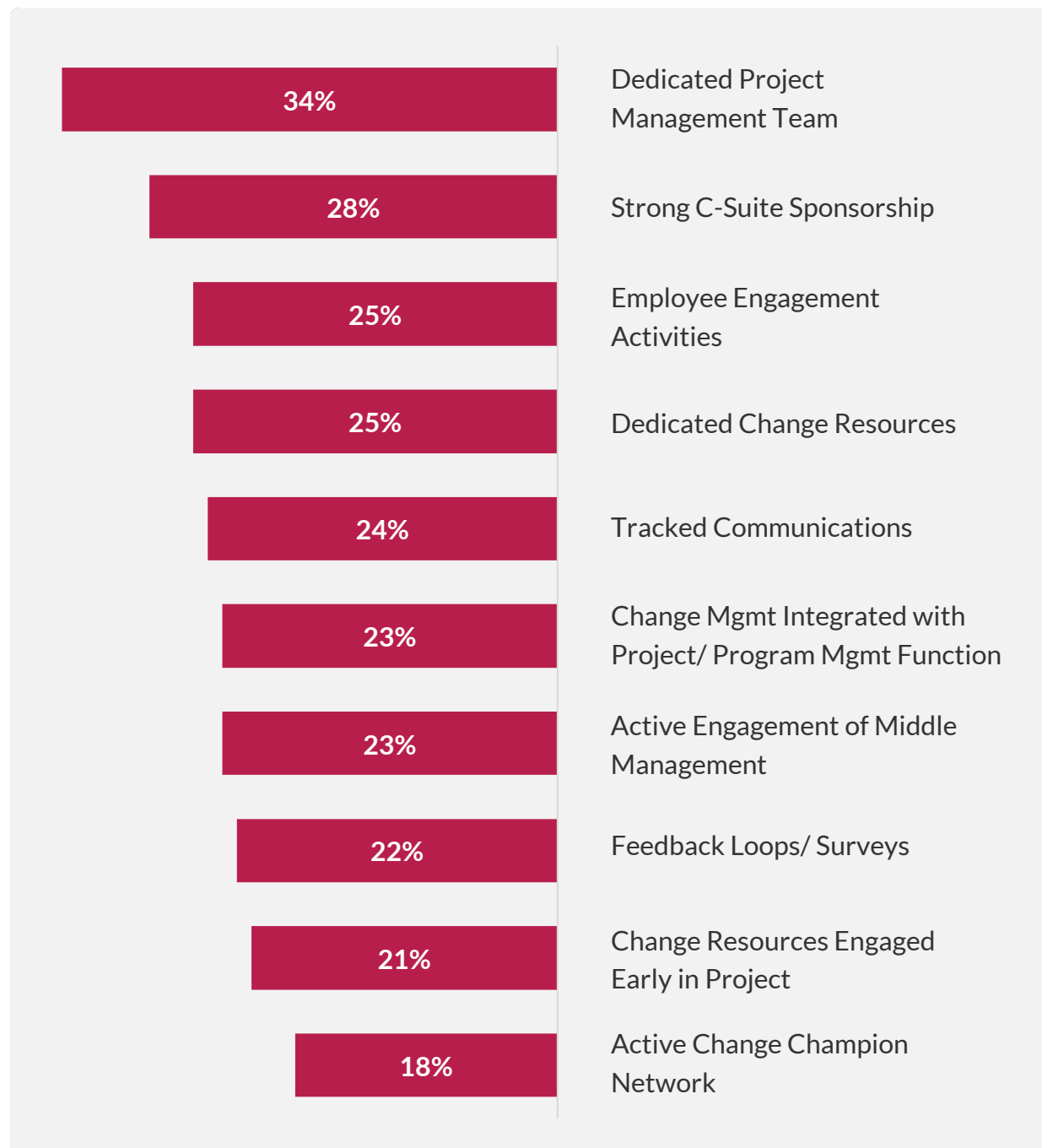
A formal change management framework provides a clear process for deciding the most critical change management activities and the best timing while conducting those activities.

In the 2022 survey, participants reported on the change management activities deployed on their projects. We were pleased to see that the Top Five practices: Integration/Dedication of Project Management, C-Suite Sponsorship, Employee Engagement Activities, Dedicated Change Resources, and Tracked Communications, are among the leading contributors to project success according to Prosci's Best Practices in Change Management.[1]

The challenge for many HR leaders advocating for better approaches to change management is that the consequences of poor approaches often bubble up slowly. Some organizations undertake no change management efforts at all – simply choosing to throw away both the time and money spent on the very investments that required changing behaviors – leaving the company unable to pivot as needed to address changing customer needs.

Others make rash decisions without a full change and risk analysis – wreaking havoc on their organization, employees, stakeholders, and the society in which they conduct business. In either case, a lack of continuous change management practices has a serious long-term impact on everything from employee engagement and customer retention to performance resiliency and innovation.

1. Source Prosci Best Practices in Change Management 11th edition

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IMPLEMENTATION MANAGEMENT

This year we had over 300 organizations complete implementations in the last 12 -24 months in our research. Our top five implementation areas were:

60%	HRMS	**39%**	Benefits
53%	Payroll	**37%**	HR Analytics/Reporting
47%	Time & Attendance		
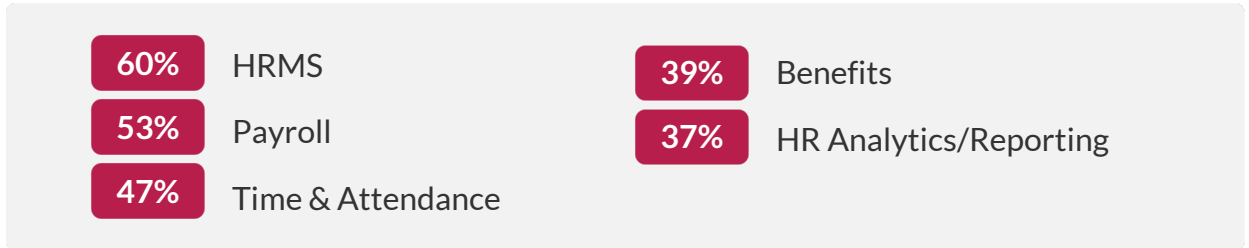
FIGURE 35: COMMON ACTIVITIES PERFORMED BY IMPLEMENTATION RESOURCES

Activities	3rd-Party Implementers	Vendor Resources	Internal Resources
Change Management			✔
Configurations	✔	✔	
Data Input/Setup			✔
Integrations	✔	✔	
Project Management	✔		✔
Report Development		✔	✔
Strategy & Guidance	✔	✔	
Systems Training		✔	
Testing/Validation	✔		✔

FIGURE 36: WHO PARTICIPATED IN YOUR HR SYSTEM SELECTION PROCESSES?
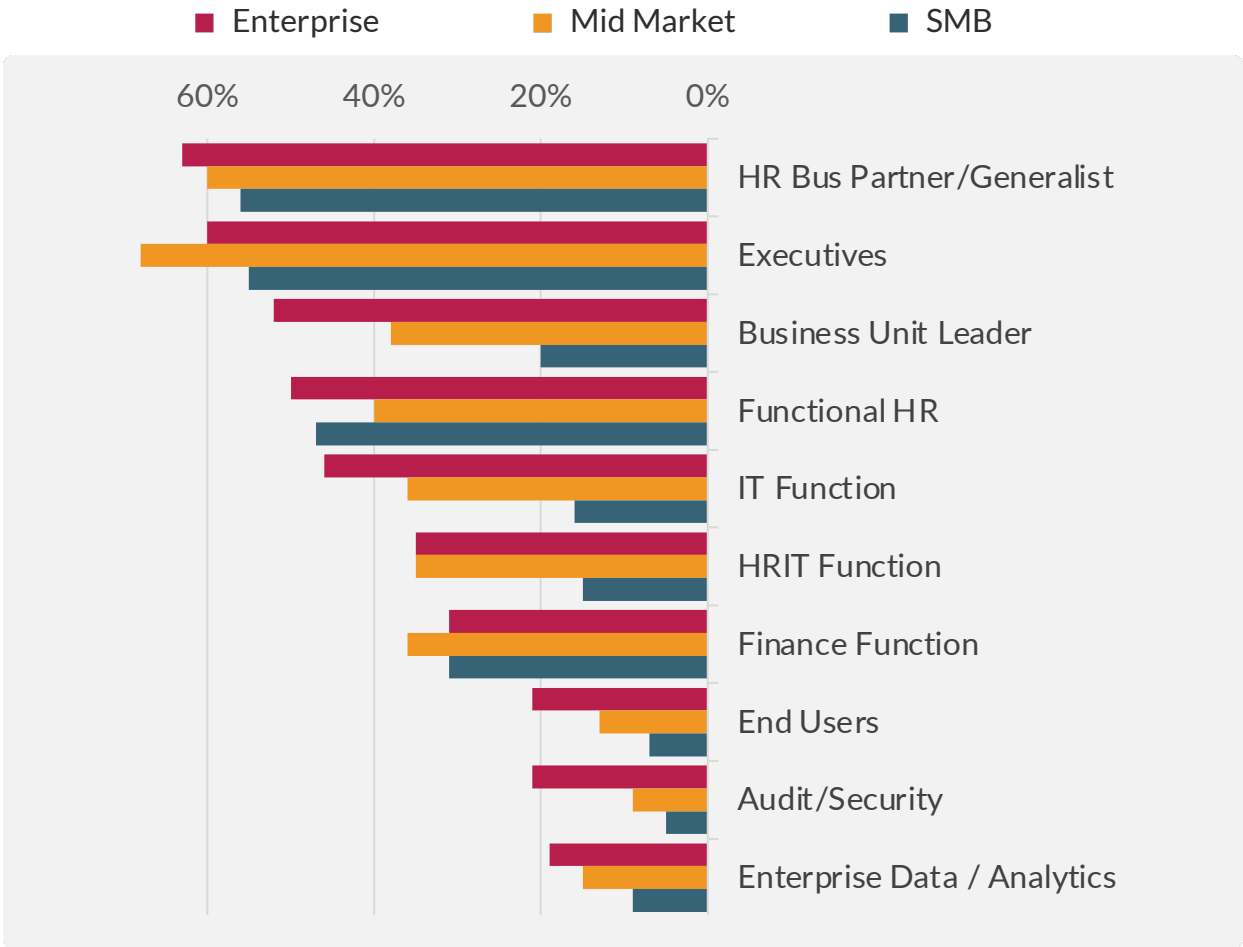
This year we broke the selection process data out by the size of companies and found that finance functions and functional HR roles are still heavily involved in many organizations' HR Technology Selection process. We were also surprised to see that the HRIS/HRIT function isn't more involved in the largest companies – where IT now plays a major role in larger organizations on HR technology selection.

In 2023 Sapient Insights will publish separate reports on additional findings around:

- HR Technology Implementation Promising Practices
- The changing role of the HR Technology function
- Resourcing and supporting your HR Technology environment

Be sure to sign up at our website, SapientInsights.com for communications on upcoming reports and events where we'll be sharing more details and data.

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VOICE OF THE CUSTOMER CORE HR APPLICATIONS

SECTION 6

VOICE OF THE CUSTOMER CORE HR APPLICATIONS

Core HR applications are at the heart of an organization's HR System environment and represent on average at least 50% of the overall HR technology spend per employee each year. Over 80% of organizations with 100 or more employees have purchased at least one of these applications to help manage their workforce needs.

Our Voice of the Customer (VoC) section of the paper is based directly on feedback, ratings, and comments from customers of these applications. For more details on our methodology for all VoC charts and research, see page 161 in our Research and Methodology section of this paper.

Payroll

Has expanded the capabilities of the HR Team to develop, focus, and implement HR processes.

Professional Services, 500+ EE

HOW THESE SYSTEMS MAKE A DIFFERENCE!

Benefits

Covid has been a challenge to the mental health of our employees, so this has been a godsend.

Government, 9000+ EE

HRMS

It is so user friendly! The analytics have been a game changer to aid HR in helping executive leadership understand the cost of turnover!

Manufacturing, 350+ EE

Applications we track in this category include:

💲	Payroll	�	87% Adoption
	HRMS		80% Adoption
	Benefits		68% Adoption
	Health and Safety		45% Adoption
	Wellness		30% Adoption
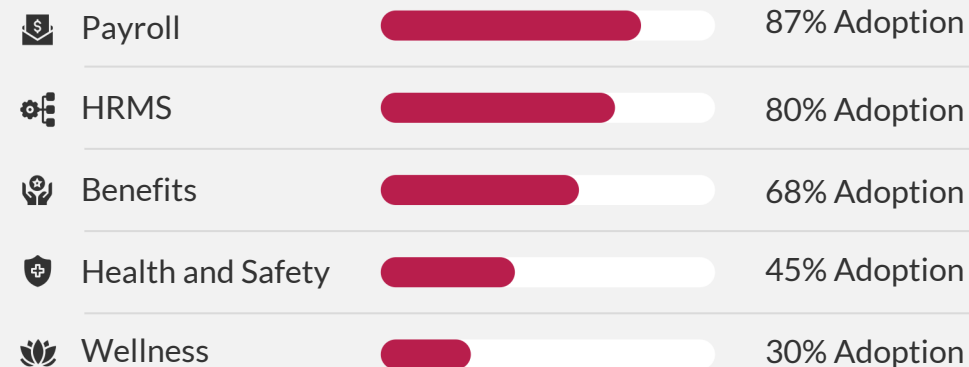
Benefits

[Vendor] does an excellent job in keeping up with legislative changes and providing solutions for managing required/desired related activities.

Agriculture, 8500+ EE

HRMS

The solutions are integrated which makes my job easier. I just find that all the modules work seamlessly together.

Manufacturing, 65+ EE

HRMS

It has really increased the overall performance of my company.

Retail, 4000+ EE

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CORE HR MANAGEMENT SYSTEMS

Core to most organizations' HR technology environments is a Human Resource Management System (Core HRMS) that handles administrative record-keeping – serving as the single source of truth on current and historical workforce data.

Traditional functionality managed in Core HRM's solutions include:

- Employment history
- Reporting structures
- Organizational charts
- Approval workflow tools
- Regulation reporting

Emerging trends in data and functionality include:

- Contingent labor
- Health and safety info
- Skills and talent profiles
- Self-service workflows
- Leadership dashboards

With 80% of organizations adopting a Core HRMS, and its importance in managing reporting structures and employment data – the application often plays a major role in HR transformation efforts and decisions concerning other HR technologies. As seen in **Figure 37** this is even more likely for the 98% of Enterprise organizations over 5,000 Employees who depend on their HRMS environment for historical accuracy of their large workforce data set. Replacing or upgrading a Core HRMS requires considerable work for both IT and HR functions alike, and today just 20% of all survey respondents plan to replace their Core HRMS's solutions, with SMB organizations being the least likely to be planning a change. These replacement percentages are in line with average annual replacement patterns and are not considered high.

FIGURE 37: CORE HRMS ADOPTION BY SIZE

L 🏢 >5000+EE: In Use 98%, 12-24 Months 1%, Assessing Need 1%, No Plans 0%

M 🏢 500 – 5000 EE: In Use 74%, 12-24 Months 14%, Assessing Need 7%, No Plans 5%

S 🏢 < 500 EE: In Use 70%, 12-24 Months 11%, Assessing Need 12%, No Plans 7%

- In Use
- 12-24 Months
- Assessing Need
- No Plans
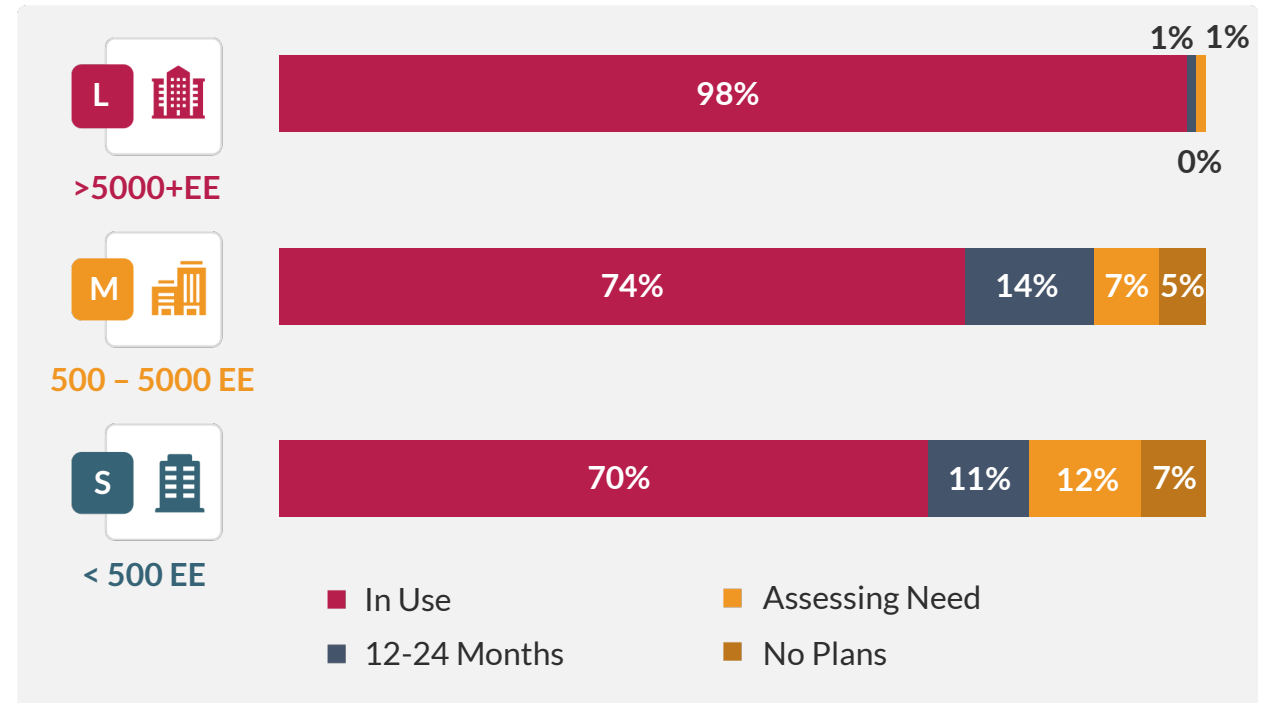
FIGURE 38: CORE HRMS REPLACEMENT PLANS BY SIZE
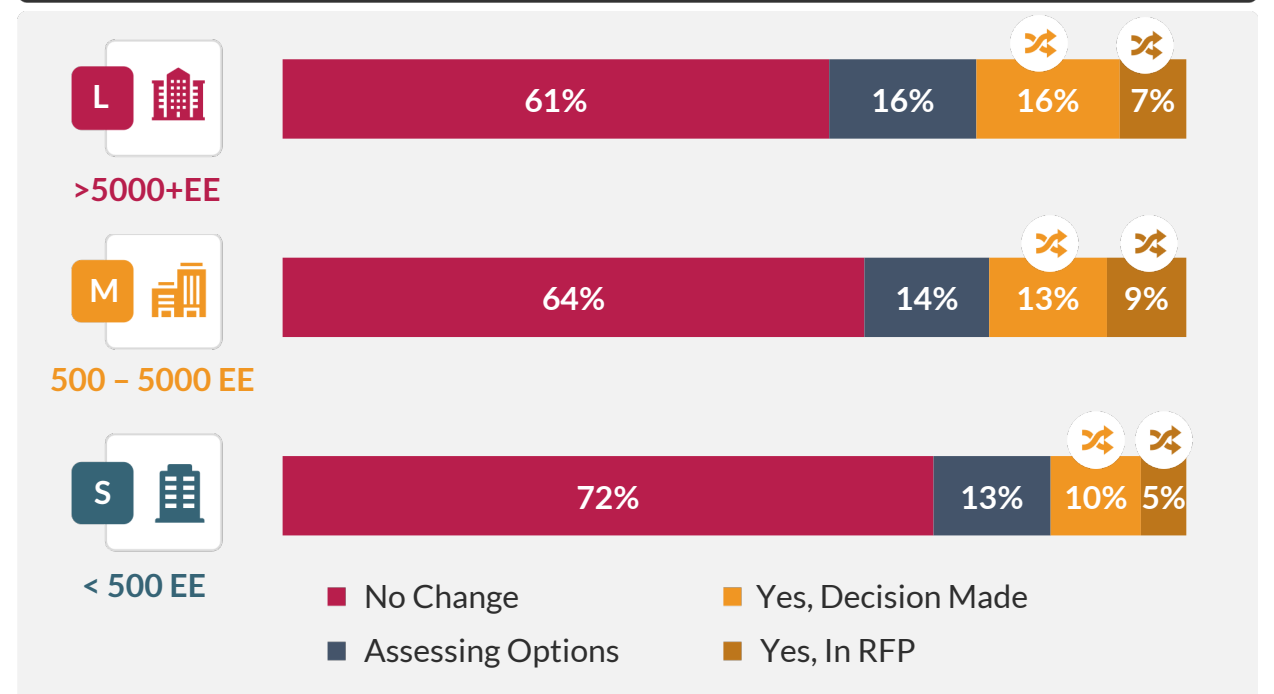
L 🏢 >5000+EE: No Change 61%, Assessing Options 16%, Yes, Decision Made 16%, Yes, In RFP 7%

M 🏢 500 – 5000 EE: No Change 64%, Assessing Options 14%, Yes, Decision Made 13%, Yes, In RFP 9%

S 🏢 < 500 EE: No Change 72%, Assessing Options 13%, Yes, Decision Made 10%, Yes, In RFP 5%

- No Change
- Assessing Options
- Yes, Decision Made
- Yes, In RFP

Core HRMS applications are purchased in multiple ways, depending on the organization's enterprise systems strategy, outsourcing decisions, and critical requirements. The HRMS application market continues to splinter into a multitude of vendors and tailored solutions designed for specific sizes, industries, and regional requirements.

FIGURE 39: HRMS PURCHASE APPROACH AND OWNERSHIP

HRMS Purchasing Approach	Today	Average Years Owned	12 Months
ERP/HRMS Suite[1]	32%	6.29	37%
Payroll/HRMS Suite	53%	4.92	48%
HRMS Point Solution	14%	4.59	15%

As seen in **Figure 39**, the bulk of survey participants selected an HRMS Suite bundled as part of a traditional Payroll solution. Last year we noted participants were increasing the adoption of ERP environments that include an HRMS module, and we continue to see this shift heading into 2023. Additionally, over 21% noted their buying strategy was to purchase their HR and Finance applications as part of a single solution, up from 17% last year.

We also noted the average years of ownership for each purchasing approach in **Figure 39**, providing some sense of how long buyers are keeping their HRMS in these different environments and at what point vendors can expect clients to possibly begin assessing fit and requirements again after the initial purchase.

1. Enterprise Resource Planning (ERP) is a category of enterprise software that typically integrates financials, HR, manufacturing, order processing and customer relationship management.

ERP/HRMS SUITE CUSTOMER QUOTES:

My favorite tool ever. Allows us to manage our Global HR super easy.

High Tech, 60000+ EE

ERP/HRMS SUITE CUSTOMER QUOTES:

Serves as a great connector module to other applications.

Manufacturing, 4000+ EE

PAYROLL/HRMS SUITE CUSTOMER QUOTES:

Several data points flow from Recruiting and Onboarding solution into Core [HR] minimizing the amount of manual data entry.

Energy/Utilities, 1900+ EE

HRMS POINT SOLUTION CUSTOMER QUOTES:

It is the most HR user friendly software. It has every item needed for a department of one or more.

Construction, 30+ EE

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The HRMS Vendor adoption chart is expressed as a percentage of total survey responses achieved for each vendor solution, viewed by organization size (**see Figures 40, 41, 42**). Please note, these charts are not market-size data. They are best used to view the predominant vendors in each company size category and to identify trends in future adoption plans.

FIGURE 40: HRMS VENDOR ADOPTION, ENTERPRISE

E 🏢 >5000+EE

	Today Adoption Level	Expected Growth	12 Month Adoption Level
Workday	32.41%	↑	34.3%
Oracle HCM	8.70%	→	8.91%
SAP HCM	7.21%	↓	5.34%
SAP SF Employee Central	6.41%	↗	7.31%
Oracle PeopleSoft	6.31%	↓	5.1%
Other Applications	6.48%	↓	4.6%
Ceridian Dayforce	5.86%	↘	4.85%
UKG Pro	5.09%	↗	5.6%
ADP Enterprise	4.95%	↓	2.91%
ADP Workforce Now	3.24%	→	3.2%
ADP Vantage	2.78%	↑	4.20%
Infor HCM	2.78%	↑	4.18%
SAGE HRMS	1.55%	↓	0.34%
SAGE People	0.45%	↗	1.25%

Note: These data sets do not equal 100%, respondents often have multiple applications, and responses below 2% in Today or 12-month adoption levels have been removed.

HRMS VENDOR ADOPTION - ANALYST INSIGHTS:

Enterprise organizations typically have fewer vendors to choose from when looking for full-featured HRMS solutions that can scale to their needs and global requirements. Workday, Oracle, and SAP SuccessFactors continue to battle for market share in this space. All three are expected to see increased adoption in this category for their cloud solutions – but with Workday claiming 50% of the Fortune 500 as clients, it continues to dominate the Enterprise customer landscape. We are also starting to see increased competition from Infor, Ceridian, and UKG, particularly in specific industries such as healthcare, retail, and large private and public conglomerates.

UKG has long-standing relationships with many of the world's largest organizations through its Time Management/Workforce Management application and timeclocks. Currently, UKG is positioning UKG Pro (a blended solution of the original UltiPro and Kronos Dimensions applications) as a viable solution for large-scale HRMS buyers.

Ceridian continues to acquire smaller international HRMS solutions, expanding its capacity to support the needs of large multinational clients. The most recent acquisitions include firms in Australia, Singapore, and Central/South America*.

Expected Growth Legend

↑ Substantial Growth
↗ Slight Growth
→ Flat
↘ Slight Decline
↓ Substantial Decline

Expected growth calculation is based on the difference between Today and 12 Month adoption plans, in addition to data points from future replacement plans, assessment plans, and RFP inclusions.

*https://diginomica.com/scoping-out-ceridians-ideal-acquisitions

FIGURE 41: HRMS VENDOR ADOPTION, MID-MARKET

500 - 5000 EE	Today Adoption Level	Expected Growth	12 Month Adoption Level
Workday	18.58%	↑	21.96%
UKG Pro	15.20%	→	15.54%
Ceridian Dayforce	12.16%	↑	13.9%
Other, please specify	9.46%	→	9.46%
ADP Workforce Now	8.78%	↓	5.57%
SAP SF Employee Central	4.69%	↗	5.48%
Oracle HCM	3.72%	→	3.10%
SAP HCM	3.38%	↓	2.17%
Oracle PeopleSoft	2.70%	↘	1.79%
ADP Enterprise	2.36%	→	1.93%
Paylocity	2.36%	→	2.46%
Paycom	1.69%	↗	2.36%
Paycor	1.69%	↗	2.36%
ADP Vantage	1.35%	↑	2.48%
isolved	1.35%	↗	2.03%
SAGE HRMS	1.35%	→	1.35%
SAGE People	1.34%	→	1.62%
Ellucian Banner	1.10%	→	1.55%
Infor HCM	1.10%	→	1.55%
Unit4	0.34%	↑	1.55%

Note: These data sets do not equal 100%, respondents often have multiple applications, and responses below 2% in Today or 12-month adoption levels have been removed.

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M HRMS VENDOR ADOPTION - ANALYST INSIGHTS:

Many vendors see the greatest opportunity for growth in the category of Mid-Market sized organizations, between 500 and 5000 Employees - 21 of the 27 HRMS vendor solutions we highlight have 2% or more adoption in this category. Workday also holds the top current and future adoption level for our survey participants in this category, but it's closely followed by UKG Pro and Ceridian Dayforce. All three of these solutions are trending upward and were the most likely applications to be listed as RFP options in this category.

Substantial growth is expected for 4 vendor solutions including, Workday, Ceridian Dayforce, ADP Vantage (or ADP Next Gen HCM), and Unit4. Many of these organizations have made extensive investments in the last 12 months in re-platforming older infrastructure and streamlining implementation to meet the cost-conscious expectations of mid-market clients.

ERP vendors competing in this space like Workday, SAP SucccessFactors, SAGE, Ellucian, Infor, and Unit4 as well as Oracle HCM are finding success in selling bundled Finance and HR packages to mid-market clients undergoing Finance transformations. Our ERP/Finance research expects that a significant amount of Finance system replacements will also drive HRMS assessments in the next 24 to 36 months.

Expected Growth Legend

↑ Substantial Growth

↗ Slight Growth

→ Flat

↘ Slight Decline

↓ Substantial Decline

Expected growth calculation is based on the difference between Today and 12 Month adoption plans, in addition to data points from future replacement plans, assessment plans, and RFP inclusions.

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FIGURE 42: HRMS VENDOR ADOPTION, SMB

S 🏢 <500 EE	Today Adoption Level	Expected Growth	12 Month Adoption Level
Other, please specify	15.36%	↓	14.2%
ADP Workforce Now	11.88%	↘	10.99%
isolved	11.01%	↗	11.88%
Ceridian Dayforce	8.41%	↑	10.43%
UKG Pro	6.09%	↗	6.67%
BambooHR	5.80%	↑	6.96%
UKG Ready	5.22%	→	5.51%
Paylocity	4.93%	↗	5.80%
Workday	4.64%	→	4.93%
Paychex	4.61%	→	4.19%
Paycor	3.77%	↑	5.22%
Paycom	3.19%	↑	4.35%
ADP Enterprise	2.03%	↘	1.16%
ADP Next Gen HCM	1.74%	↑	2.90%
ADP Run	1.74%	→	2.03%
SAGE HRMS	1.45%	→	1.78%
Oracle HCM	1.16%	→	1.45%
SAGE People	1.16%	→	1.45%
Microsoft GP Dynamics	0.87%	↑	1.65%

Note: These data sets do not equal 100%, respondents often have multiple applications, and responses below 2% in Today or 12-month adoption levels have been removed.

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S HRMS VENDOR ADOPTION - ANALYST INSIGHTS:

Although the Other category is quite large for the SMB market, our survey respondents in the SMB category also have high levels of adoption with ADP, isolved, Ceridian, and UKG. It should be noted that the SMB market globally is massive, and ADP states that they have over 1,000,000 customers and Paychex quotes that they serve over 730,000 customers across their various software and services offerings. In a market where 20% to 30% of small businesses fail within the first year, vendors serving this market are always balancing the need to acquire new customers with the services and expertise needed to sustain existing customers.

ADP and Ceridian see the highest expected growth levels across the category – and both have invested heavily in service offerings that are important to their SMB clients. The SMB market may seem like it would be an easier category to replace HRMSs, but few vendors realize how interconnected services and software are for SMB HR functions, and one reason why we see just 15% of them planning to replace their current applications.

If we look at the very small company level, those organizations below 50 employees – we see much higher adoption levels for Paychex, BambooHR, isolved, Paylocity, and ADP Run – all offering special solutions or services for the sub-50 and sub-25 employee market.

Over 70% of SMBs told us they get their primary guidance on HR Systems from online information, and another 50% said they get it from friends. This is a market where customer feedback is critical.

Expected Growth Legend

↑ Substantial Growth

↗ Slight Growth

→ Flat

↘ Slight Decline

↓ Substantial Decline

Expected growth calculation is based on the difference between Today and 12 Month adoption plans, in addition to data points from future replacement plans, assessment plans, and RFP inclusions.

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As previously seen, **Figure 42** shows the HRMS landscape continues to be highly fragmented with solutions and vendors. This year we have 27 vendor solutions selected by 2% or more of our survey population across the various size categories. Most vendors competing in this space now have the full complement of HR applications as part of their offerings – including core HR, time, talent, and analytics solutions.

Big differentiators now include:

- Global capabilities
- Scalability
- Integration tools or Marketplaces
- Mobile capabilities
- Intelligent features*

As buyers try to wrap their arms around options for both HRMS and Payroll solutions – (that should be included in their selection process); it might be helpful to understand how the various vendors are trying to expand their target sales markets as well.

Enterprise Vendors pushing down market to Mid-Market
Workday, Oracle HCM, SAP SuccessFactors

Key Mid-Market Vendors: pushing up market to Enterprise
UKG Pro, Ceridian Dayforce , Infor Lawson , ADP Workforce Now

Vendors pushing up market to Mid-Market
Paycor, Paylocity, Paycom, Paychex, SAGE People

The Other category (vendors that did not reach 2% or more in our data set) includes several industry-focused HRMS solutions and newer and more internationally-focused HRMS solutions. On average, 10% of organizations use a vendor in the Other category. the most often mentioned solutions are:

- Aurion
- Cornerstone
- Cegid Meta4
- Darwinbox
- DLGL VIP
- HiBob
- Insperity
- Namely
- NeoGov
- PeopleStrong
- Ramco
- SDWorx
- Tyler Technologies
- UKG (formerly Ascentis)

*By intelligent features, we refer to such technologies as machine learning, artificial intelligence, etc.

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Our annual **HRMS Voice of the Customer (VoC) User Experience (UX) and Vendor Satisfaction (VS) chart** showcases how similar the buyers' perceptions are from one vendor to the next. Each year we ask survey respondents to rank the quality of their system UX and VS on a scale of 1-5, and we average those ratings for each solution. This year the overall HRMS categories average scores sit at 3.35 UX and 3.33 VS, 10% lower than last year's HRMS averages. **We are seeing increasing expectations from buyers that their HR system vendors help elevate HR's role and provide more support in helping them achieve greater outcomes from their use of the system.** There were 22 vendor solutions that received the minimum validated customer ratings to make our **HRMS VoC** chart this year.

FIGURE 43: HRMS VOC CHART, USER EXPERIENCE AND VENDOR SATISFACTION RATINGS
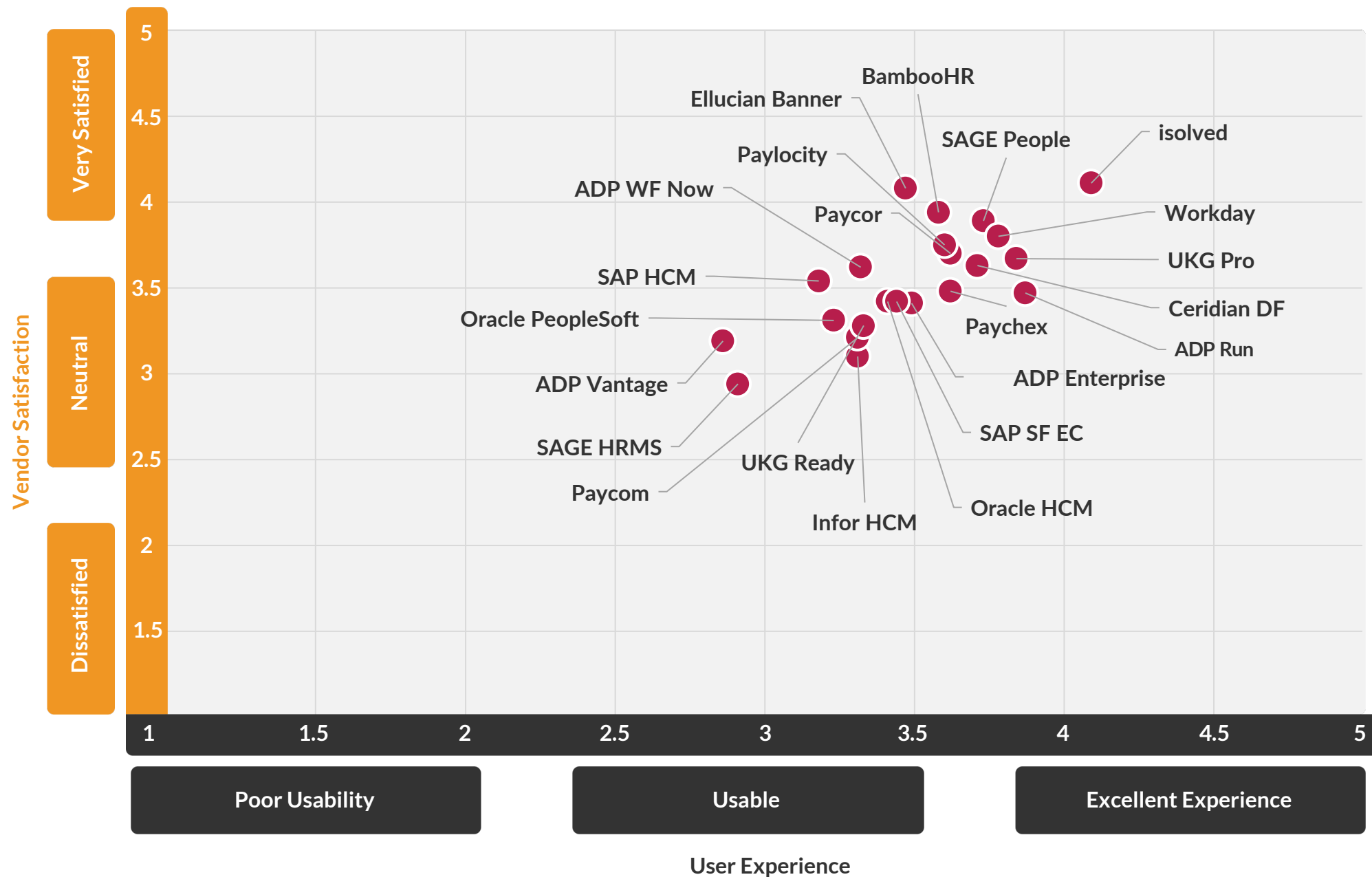
Major factors driving Vendor Satisfaction and User Experience ratings include:

- Cost
- Reporting
- Integrations
- Customer Service

Our aggregate Voice of the Customer (VoC) Vendor Satisfaction (VS) and User Experience (UX) charts are a valuable tool for obtaining a broad perspective of how the HR community is evaluating their current applications, Over the last 25 years of gathering and analyzing customer feedback, we have seen a wide range in customer ratings based on the global complexity and total workforce size managed within the application. These ranges are most evident in Payroll, HRMS, Time Management, and HR Service Delivery applications.

To provide more context to this data, we analyze the solutions that achieve the highest average rankings, from multi-sourced validated responses in three size categories. The solutions must have at least 15 or more responses in the respective size categories to qualify for this analysis.

Our Voice of the Customer Top Five ranking is hard-won and worth a bit of celebration. In **Figure 44,** we provide a snapshot of the solutions achieving the Top 5 average ratings, in **HRMSs** by size. We are also launching a series of Voice of the Customer badges for Vendors who achieve these notable ratings from their customers.

*Full details of this analysis and further breakdowns of data by company size can be accessed through our research subscriptions, contact us at Research@SapientInsights.com for further information.

FIGURE 44: TOP FIVE VOC RATINGS BY WORKFORCE SIZE

ENTERPRISE, >5000 EE – CORE HR SYSTEMS

	User Experience	Vendor Satisfaction
Top, #1	**Workday**	**Workday**
Top	UKG Pro	UKG Pro
Top	Ceridian Dayforce	Ceridian Dayforce
Top	SAP SuccessFactors	Oracle HCM
Top	Oracle HCM	ADP Enterprise

MID-MARKET, 500 - 5000 EE –CORE HR SYSTEMS

	User Experience	Vendor Satisfaction
Top, #1	**UKG Pro**	**Workday**
Top	Workday	UKG Pro
Top	Ceridian Dayforce	Oracle HCM
Top	Paylocity	Ceridian Dayforce
Top	ADP Workforce Now	ADP Workforce Now

SMB ORGANIZATIONS, <500 EE –CORE HR SYSTEMS

	User Experience	Vendor Satisfaction
Top, #1	**isolved**	**isolved**
Top	ADP Run	BambooHR
Top	SAGE People	SAGE People
Top	Paycor	Paycor
Top	BambooHR	ADP Run

As both Enterprise and SMB HRMS vendors begin to achieve parity in their overall HR systems offerings, there is an increased tightening in the Vendor Satisfaction and User Experience Ratings.

The top factors given for low Vendor Satisfaction and User Experience ratings:

- Cost
- Communication
- Difficult to use
- Customer service
- Lack of mobile tools

CUSTOMER QUOTES:

Lack of communication of known issues with the system or outages; product feedback is lost in the abyss.

Professional Services, 1600+ EE

The top factors given for high Vendor Satisfaction ratings:

- Vendor responsiveness
- Single success manager/contact
- Strong user communities
- Relationship across vendors

The top factors given for high User Experience ratings include:

- Single location for tools and data
- Intuitive user experience
- Fast or real time reporting

ENTERPRISE HRMS UX AND VS RATINGS - ANALYST INSIGHTS:

Workday continues to set the bar for both User Experience and Vendor Satisfaction ratings from our Enterprise survey respondents, and in the last two years they've invested heavily in filling out functionality gaps in Time, Recruiting, and HR Service Delivery. Workday has one of the most active user communities in the market and leverages multiple formats for gathering feedback and functionality requests from its user community.

WORKDAY CUSTOMER QUOTES:

Support is always available and typically responsive, {they} have one of the best community sites for sharing ideas and requesting new functionality, the technology is consistent and always evolving to meet the needs of our company.

Financial Services, 7000+ EE

As we've lowered our threshold for Enterprise organizations to 5,000 employees, we are also increasingly seeing UKG Pro and Ceridian Dayforce customers in this category –and it seems they are seeing success in translating their approach to services and simplified user experiences for these complex buyers, but it should be noted that both organizations only have about 15% of their respondents in this category today.

It is also important to note that we continue to see Oracle HCM and SAP SuccessFactors increasing both their UX and VS ratings year over year, slowly closing the gap in functionality and customer care. Both organizations have invested heavily in improved user experiences, and SuccessFactors has also recently upgraded their cloud technology to speed up page loads and allow for extending their platform for customers in 2023 with a low-code design tool.

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MID-MARKET — HRMS UX AND VS RATINGS - ANALYST INSIGHTS:

UKG Pro has led the way in User Experience in this category for several years and continues to do so in 2023. We are starting to see some softening of Vendor Satisfaction ratings for UKG Solutions, but this was expected following the merger of Ultimate and Kronos, creating UKG. Considering the scale of that M&A activity and other challenges over the last two years, we have seen a relatively slight impact on VS compared to past industry M&A transitions.

UKG PRO CUSTOMER QUOTES:

It provides more direct employee interaction and puts more emphasis on employee engagement in the system. It gives them control over their own information and the ability to update without the need for HR administration.

Hospitality, 1200+ EE

Once again Workday is slightly behind UKG Pro in UX, but slightly ahead of UKG Pro in mid-market VS, within mid-market top 2 ratings. We also saw two vendors that represent the real-time impact of the industry consolidating around this size category – with Oracle HCM moving down market to achieve higher-than-average Vendor Satisfaction ratings and Paylocity moving up market to achieve a higher-than-average User Experience score – this is a microcosm of what we are seeing across the market as a multitude of vendors focus on this segment of the market, putting buyers with strong brands in the driver's seat when negotiating services, costs, and implementation support.

Finally, ADP Workforce Now is making an impact in the 500 to 2000 employee-size organizations in this category, and customer comments seem to center on reliability, ease of use, and solid services aligned with this solution.

SMB — HRMS UX AND VS RATINGS - ANALYST INSIGHTS:

This year's breakout leader in UX and VS in the SMB category is isolved, a solution and brand often hidden behind their PEO and Broker relationships – today with 145,000 organizations using their solution they are focused on highlighting their new brand and being seen as a growing standalone systems provider. Customers' comments following the rating process focused on friendly support for administrators and ease of use for employees.

ISOLVED CUSTOMER QUOTES:

We don't have to go to several different systems to maintain or get information to and from it. In other words, it is a complete system for our HR needs.

Non-Profit, 100+ EE

Additionally, we are seeing BambooHR, SAGE People, and Paycor achieving higher than average UX and VS scores this year, and all three have been focused on expanding capabilities over the last few years – meeting the growing SMB market expectations for more sophisticated technology. Paycor customers often mention terms like a great value and lots of features for the price.

In this category, ADP's Run technology hasn't received much attention in our survey in the past –but we can see that ADP's approach of ensuring they have a specific solution for every client type, along with increased services associated with each product is starting to pay off in better ratings and higher adoption levels.

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When effectively used and well-maintained, the HRMS application is one of the most dependable strategic apps in our HR systems environment – and 59% of organizations feel their current HRMS application *"Meets Their Business Needs Most Of The Time,"* and 14% feel it *"Always Meets Their Needs."* **This year's respondents were 11% less likely to feel their HRMS is meeting their business needs, compared to last year's respondents. This is the largest drop in this metric since we first asked this question in 2014.**

Confidence in the *HRMS Meeting Our Business Needs* drops by **11%**, this year, from **82% in 2021** to **73% in 2022**

So why is confidence dropping – the #1 reason continues to be functionality gaps, specifically recruiting and planning capabilities. The second biggest gap this year was reporting capabilities, highlighting a **30%** increase in this as a top gap from last year.

TOP HRMS GAPS IN MEETING BUSINESS NEEDS

HRMS Application

- Gaps in overall functionality 47%
- Reporting functionality 45%

As seen in **Figure 45**, we provide a quick report on the percentage of survey respondents that noted their specific HRMS solution Always or Most of the time meets their current business needs. These ratings align closely with their VS and UX ratings as isolved ranks at the top of the list. We do see some organizations like Paychex and the on-premise applications Oracle PeopleSoft and SAP HCM rank quite a bit higher on this question than their UX and VS ratings, providing more insight into why many of these organizations aren't being driven to swap out HR solutions, even with lower UX and VS ratings.

FIGURE 45: DOES YOUR HRMS MEET CURRENT BUSINESS NEEDS?

Legend: ■ Most of the Time ■ Always

Categories (top to bottom): isolved, Paychex, UKG Pro, Workday, Ceridian Dayforce, SAGE People, ADP Enterprise, SAP HCM, Paylocity, Oracle PSFT, ADP WF Now, BambooHR, Paycor, UKG Ready, Paycom, SAP SuccessFactors EC, Infor HCM, Oracle HCM
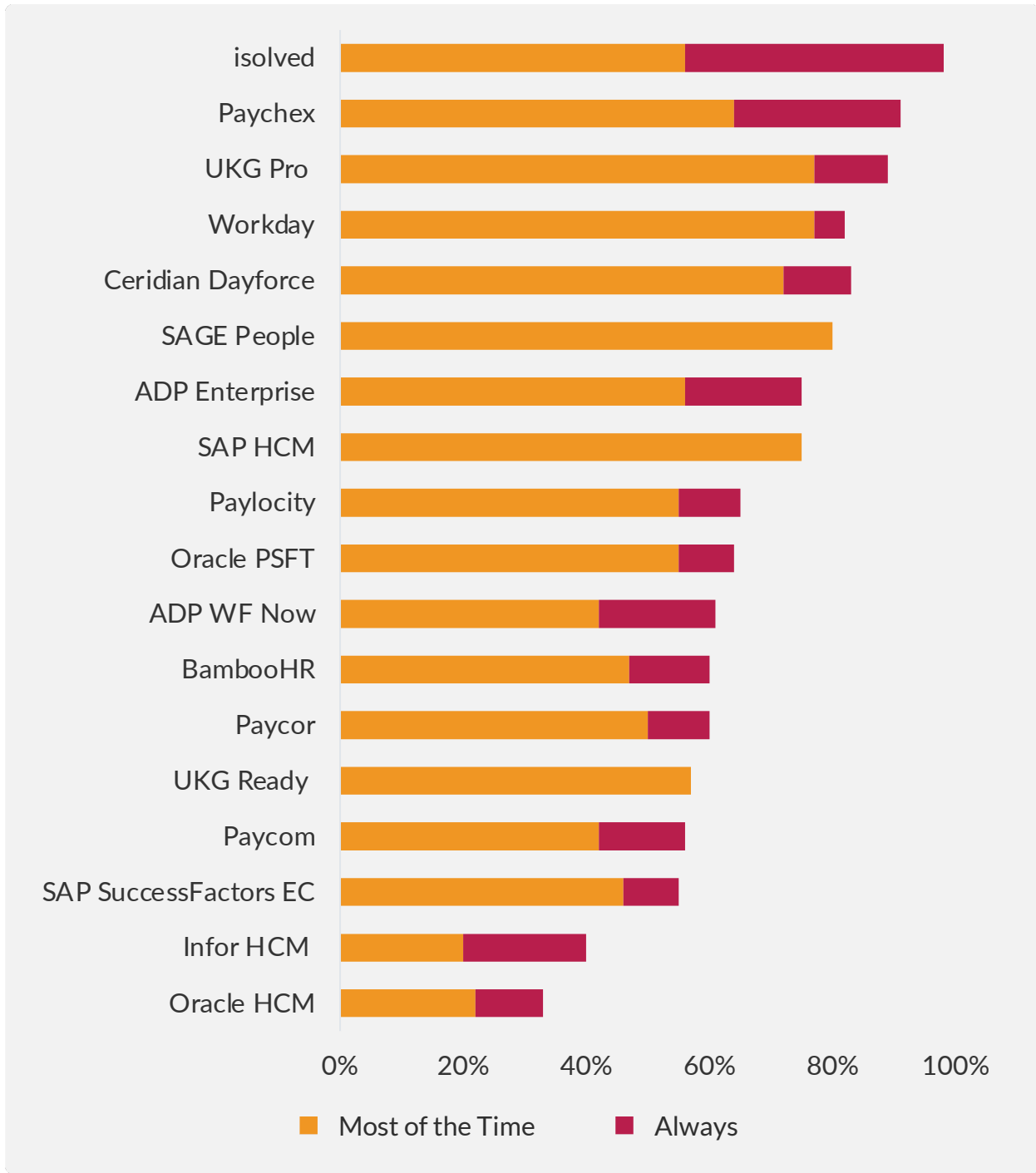
FIGURE 46: ARE YOU PLANNING TO CHANGE YOUR CURRENT HRMS?
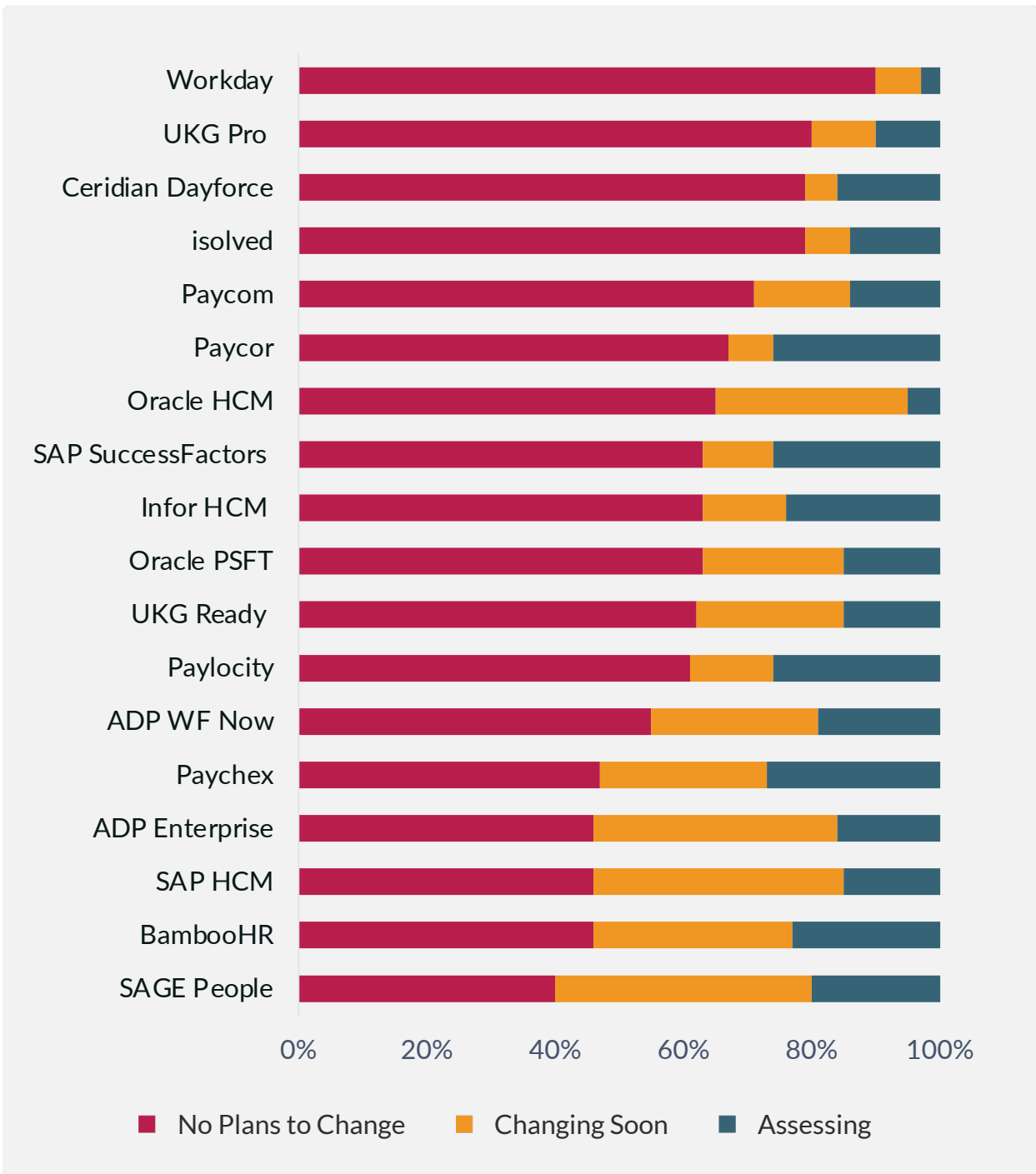
Still, we don't see a dramatic focus on switching out Core HRMS systems in the next few years, with 66% of organizations making no plans to review their current HRMS needs. The average ownership for an HRMS application now sits at 6-7 years for most organizations, and the reasons for making changes range from:

○ Moving from on-premise to cloud

○ Scalability needs

○ Global needs

○ Customer service issues

○ Consolidation efforts

As you can see in **Figure 46**, an organization's plans to change Core HRMS solutions can vary greatly by the vendor solution that is owned and doesn't always correlate to the highest UX and VS satisfaction ratings, or organizations that always meet the current business needs. Workday is easily leading the way in customer retention of our survey respondents, followed by UKG Pro, Ceridian Dayforce, and isolved – in all four cases customers frequently mention customer service as a major value proposition to them. On the flip side, organizations like SAGE People and BambooHR received great VS and UX ratings, but as organizations grow or become acquired, we see many of these solutions held as secondary HRMS environments that often get caught up in consolidation efforts over time.

Competition continues to increase in this application area. New Core HRMS applications are being developed with intelligent employee experiences, better data management models, and increased platform extensibility. We are seeing extensive work being done in almost all solution providers on employee and manager self-service experiences, including workflow tools eventually bringing these elements of current HR Service Delivery tools more firmly into the HRMS environment.

A major goal for many organizations is to figure out how to increase adoption, in hopes of increasing the data accuracy and frequency of the information they are gathering from employees. On average our survey respondents told us that just **65%** of their workforce access their HRMS weekly.

Additional emerging trends to watch in Core HRMS applications include:

- Voice initiation/chatbots
- Intelligent services and integration
- Team-based organizational structures
- Contingent/remote worker management
- Extended workforce organizational structures
- HR standards benchmarking, based on ESG requirements
- Separation of front and backend architecture (headless microservices)

Organizations of all workforce sizes, industries, and regional makeups are now leveraging HR technology as a critical business solution. As a community, we have a real opportunity to leverage these technologies to support both our business outcomes and workforce expectations.

[Vendor] Does not easily support multiple organizations. Our organization consists of 4 companies under one parent company. We have workarounds but it isn't ideal.

Healthcare, 4000+ EE

Upgrades occur quarterly, which is too often. We only have two weeks to test before being applied to production environment.

Healthcare, 3500+ EE

Sometimes the issues have to be resolved by the technical team and not our [vendor] rep and that can take upwards of a week to resolve.

Transportation, 620+ EE

These are just a few of the 5,000 + comments we received from respondents on ways their current systems support or don't support their business outcomes. These are great topics to include in your RFP assessment process.

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PAYROLL SYSTEMS

Payroll, the first and most universally implemented Core HR application, achieved 87% adoption this year. The small percentage of organizations not using a complete Payroll solution note that they are using financial tools or accounting firms to handle payroll for employees.

Traditional functionality managed in a Payroll solutions include:

- Scheduling pay runs
- Historical pay record keeping
- Calculating taxes by state/region
- Calculating deductions
- Processing payment

Emerging trends in data and functionality include:

- Global payroll aggregation
- Automatic payroll audits and testing
- Employee paycheck previews
- Self-service pay audits
- Pay On-Demand or Earned Wage Access

With such high adoption levels, it is rare to find an organization that does not have an actual payroll application in use. That said, SMB organizations have many options, including co-employment models like PEO (Professional Employer Organization) or EOR (Employers of Record), that reduce the need for direct technology investments. Our data shows about 14% to 18% of organizations under 500 are using one of these options to pay employees today. Still, even if fully outsourced, it is important to understand the technology being utilized by the service provider, particularly if there are any plans for business expansion or expectations for additional reporting needs.

FIGURE 47: PAYROLL SYSTEMS ADOPTION BY SIZE

>5000+EE: 93% In Use, 1% 12-24 Months, 5% Assessing Need, 1% No Plans

500 – 5000 EE: 91% In Use, 6% 12-24 Months, 2% Assessing Need, 1% No Plans

< 500 EE: 77% In Use, 14% 12-24 Months, 5% Assessing Need, 4% No Plans

Legend: In Use, Assessing Need, 12-24 Months, No Plans
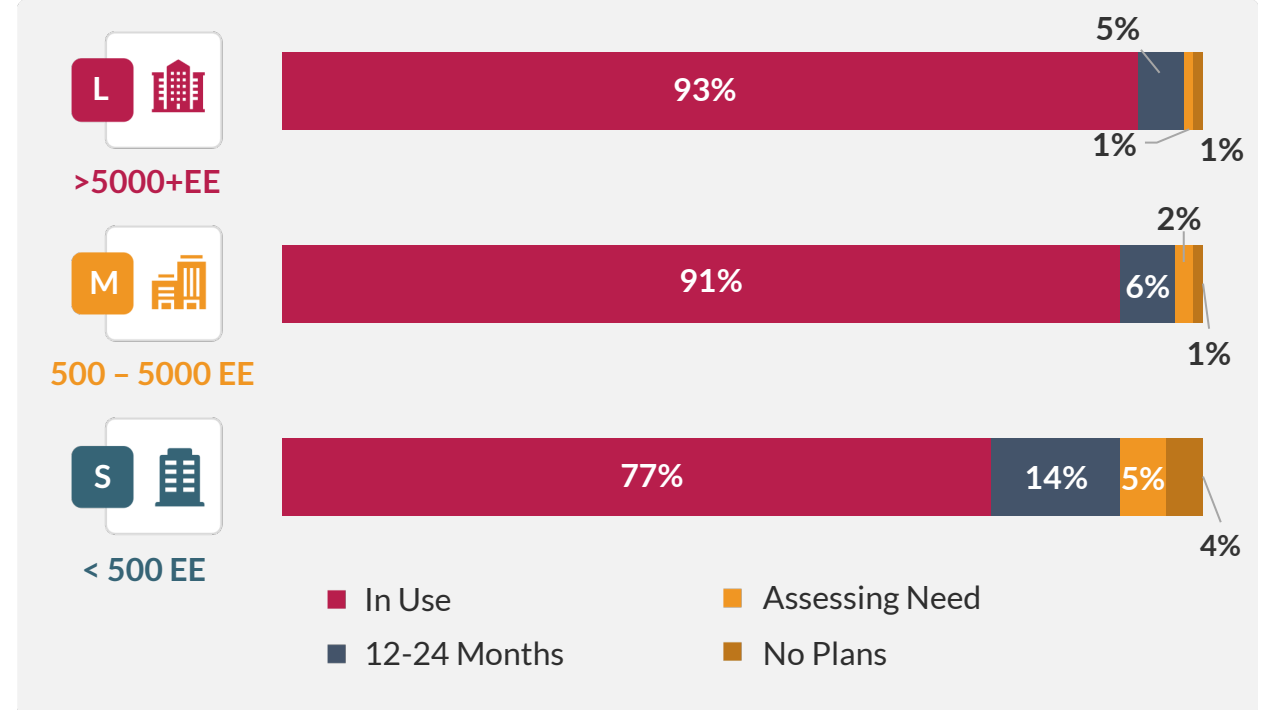
FIGURE 48: PAYROLL SYSTEMS REPLACEMENT PLANS BY SIZE
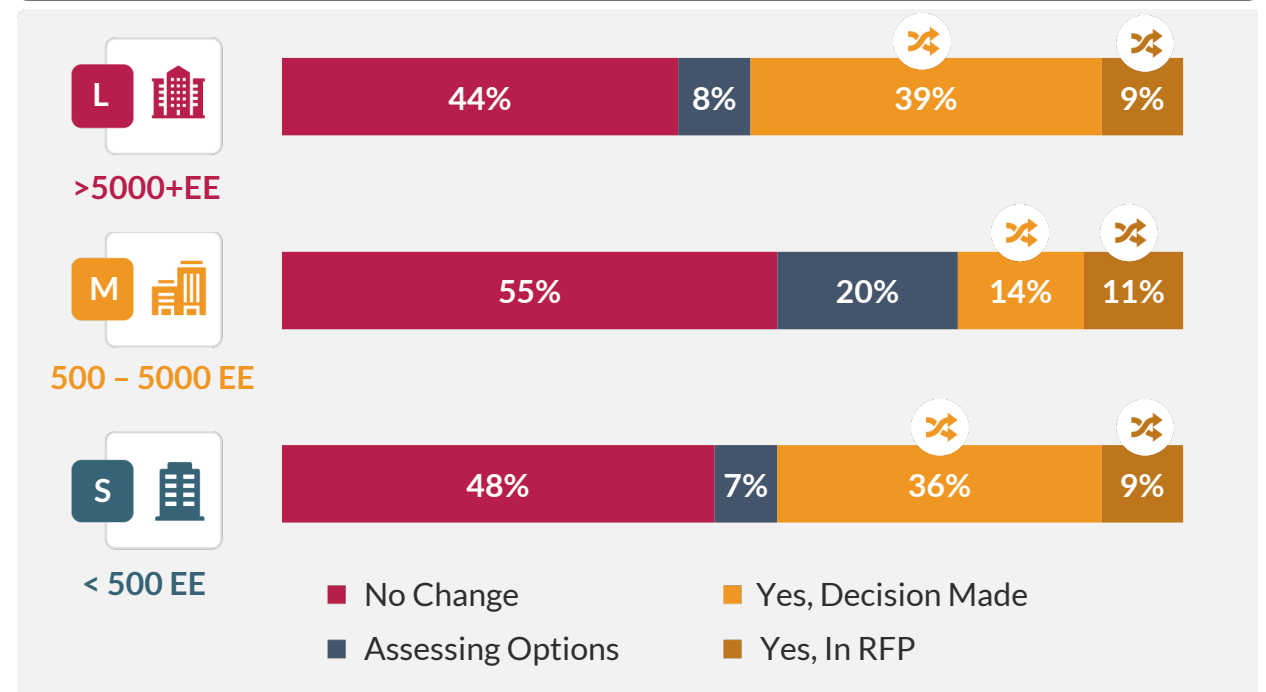
>5000+EE: 44% No Change, 8% Assessing Options, 39% Yes, Decision Made, 9% Yes, In RFP

500 – 5000 EE: 55% No Change, 20% Assessing Options, 14% Yes, Decision Made, 11% Yes, In RFP

< 500 EE: 48% No Change, 7% Assessing Options, 36% Yes, Decision Made, 9% Yes, In RFP

Legend: No Change, Yes, Decision Made, Assessing Options, Yes, In RFP

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Payroll applications are purchased in multiple ways depending on the organization's enterprise systems strategy, outsourcing decisions, and critical requirements. For organizations that are not getting their payroll solution from an outsourcing provider, below is an estimate of their approach to purchasing payroll applications.

FIGURE 49: PAYROLL SYSTEMS PURCHASE APPROACH AND OWNERSHIP

Payroll Purchasing Approach	Today	Average Years Owned	12 Months
ERP/Payroll Suite[1]	29%	14.64	24%
Payroll/HRMS Suite	52%	4.98	60%
Payroll Point Solution	19%	5.98	16%

As seen in **Figure 49**, the bulk of survey participants selected a Payroll/HRMS Suite bundled together. We continue to see the focus on adopting cloud-based payroll environments – older payroll solutions currently attached to ERP/Payroll environments are the largest group of organizations planning to make a change in 12 to 24 months.

We also noted the average years of ownership for each purchasing approach in **Figure 49**, giving a clear view of the long average ownership span for ERP/Payroll buyers at 14 years. This length of ownership is one of the many factors driving replacement conversations for organizations today.

1. Enterprise Resource Planning (ERP) is a category of enterprise software that typically integrates financials, HR, manufacturing, order processing and customer relationship management.

ERP/PAYROLL SUITE CUSTOMER QUOTES:

Highly customizable. Great query tool.

Telecoms/Media, 50000+ EE

ERP/PAYROLL SUITE CUSTOMER QUOTES:

All info is in one screen, and we are able to search on employees across legal entities in a same page. We are not required to switch screens by legal entity.

Manufacturing, 800+ EE

PAYROLL/HRMS SUITE CUSTOMER QUOTES:

It is convenient to have Payroll, Employee Portal, Benefits Enrollment, and Recruiting in one system.

Utilities, 185+ EE

PARYROLL POINT SOLUTION CUSTOMER QUOTES:

Convenient and flexible – quick implementation and a good global experience.

High Tech, 26000+ EE

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The Payroll Systems Vendor adoption chart is expressed as a percentage of total survey responses achieved for each vendor solution, viewed by organization size (**see Figures 51, 52, 53**). Please note, these charts are not market-size data. They are best used to view the predominant vendors in each company size category and to identify trends in future adoption plans.

FIGURE 50: PAYROLL VENDOR SOLUTION ADOPTION, ENTERPRISE

E 🏢 **5000+EE**

	Today Adoption Level	Expected Growth	12 Month Adoption Level
Workday	17.51%	⬆	19.84%
ADP GlobalView	7.89%	➡	7.89%
SAP HCM	6.23%	⬇	3.11%
Oracle PeopleSoft	5.84%	⬇	3.89%
Oracle HCM Cloud	5.33%	↘	4.95%
Ceridian Dayforce	5.06%	↘	4.67%
Other	4.67%	⬇	3.89%
SAP SF Employee Central	4.28%	➡	4.67%
ADP Streamline/Celergo	4.11%	➡	4.11%
ADP Enterprise	3.89%	⬇	2.33%
Infor HCM	3.50%	➡	3.50%
ADP Workforce Now	3.23%	⬇	1.67%
SAGE HRMS	3.11%	⬇	0.78%
ADP Vantage	2.72%	⬇	0.78%
CloudPay	2.72%	➡	2.72%
UKG Pro	2.72%	➡	2.72%
ADP Next Gen HCM	1.95%	➡	1.95%
Cegid Meta4	1.56%	➡	1.95%

Note: These data sets do not equal 100%, respondents often have multiple applications, and responses below 2% in Today or 12-month adoption levels have been removed.

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E PAYROLL VENDOR ADOPTION - ANALYST INSIGHTS:

We know that Enterprise organizations are the most likely to be assessing their current payroll applications this year; 49% of survey respondents have already decided to replace existing payroll solutions. This transition phase is leading to many payroll solutions with flat or downward trending adoptions in this category, as large global organizations may know they are moving, but be less sure about where they are going.

Workday continues to hold the highest adoption levels among survey respondents for a single payroll solution, not surprising since over 60% of their customers have adopted this critical application. They were also one of the few solutions to achieve a substantial growth number, as buyers were more likely to know their plans for moving to this solution.

The vendor with the highest overall adoption numbers in this category – is currently ADP with 24% of the survey respondents. ADP customers are spread across five different payroll applications– and although we see a slight overall decline in their 12-month percentage, that is likely to be balanced by their robust customer acquisition approach.

Based on UX and VS comments, we expect once buyer RFPs are completed in this category, we'll also see increases in adoption for ADP's Next Gen HCM, and growth in SAP SuccessFactors, Oracle HCM, CloudPay, ADP GlobalView, UKG Pro, and Ceridian Dayforce.

Expected Growth Legend

⬆ Substantial Growth
↗ Slight Growth
➡ Flat
↘ Slight Decline
⬇ Substantial Decline

Expected growth calculation is based on the difference between Today and 12 Month adoption plans, in addition to data points from future replacement plans, assessment plans, and RFP inclusions.

*https://diginomica.com/scoping-out-ceridians-ideal-acquisitions

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M PAYROLL VENDOR ADOPTION- ANALYST INSIGHTS:

Many vendors see the greatest opportunity for growth in the category of Mid-Market-sized organizations, between 500 and 5000 employees - 23 of the 39 Payroll Vendor Solutions we highlight have 2% or more adoption in this category. Unlike in Enterprise and SMB categories, where organizations have already made the decision to leave their current solutions, 20% of this category is still assessing their needs. This is an important opportunity for existing vendors to make sure they are addressing client's current needs.

UKG Pro holds the top current and future adoption level for our survey participants in this category, followed by Ceridian Dayforce and Workday. Substantial growth is expected for just a few solutions including, Workday, ADP GlobalView, and CloudPay – we believe this is directly connected to the new hybrid-workforce environments that are now requiring mid-market organizations to work and hire more globally to stay competitive, and thus require more global capability and services from payroll solutions.

We are also seeing ADP, Paylocity, Paychex, Paycor, and Paycom all focus on being able to provide solid payroll solutions and services for less complex mid-market customers, along with recently added or acquired HRMS, Talent, and Time Management capabilities. It is a mixed message as to their level of success in moving upmarket, but if they can balance growing service needs with innovative technology there is a continued growth opportunity for these solutions and a strong negotiating stance for HR leaders.

ERP vendors competing in this space like Workday, Oracle HCM, SAP SucccessFactors, and Infor are finding success in selling bundled Finance and HR packages to mid-market clients undergoing finance transformations here as well.

Expected Growth Legend

⬆ Substantial Growth

↗ Slight Growth

➡ Flat

↘ Slight Decline

⬇ Substantial Decline

Expected growth calculation is based on the difference between Today and 12 Month adoption plans, in addition to data points from future replacement plans, assessment plans, and RFP inclusions.

FIGURE 51: PAYROLL VENDOR SOLUTION ADOPTION, MID-MARKET

M 500 - 5000 EE	Today Adoption Level	Expected Growth	12 Month Adoption Level
UKG Pro	17.83%	↗	18.53%
Ceridian Dayforce	11.54%	➡	11.54%
Workday	11.54%	⬆	12.59%
Other	7.34%	⬆	8.74%
ADP Workforce Now	6.99%	↗	7.69%
ADP Enterprise	3.85%	⬇	2.10%
ADP Vantage	3.15%	↗	3.85%
Paycom	2.80%	➡	3.15%
ADP Run	2.45%	↗	3.15%
ADP Streamline/Celergo	2.45%	➡	2.45%
Paylocity	2.39%	➡	2.65%
ADP GlobalView	2.10%	⬆	4.20%
Paychex Flex Enterprise	2.05%	➡	2.06%
ADP Next Gen HCM	1.75%	➡	2.10%
Paycor	1.75%	➡	2.10%
Oracle HCM Cloud	1.75%	➡	1.75%
Ellucian Banner	1.75%	↘	1.40%
Oracle PeopleSoft	1.75%	⬇	1.05%
CloudPay	1.40%	⬆	2.80%
SAP SF Employee Central	1.40%	↗	2.10%
isolved	1.40%	➡	1.75%
UKG Ready	1.40%	➡	1.75%
Infor HCM	1.40%	↘	1.05%
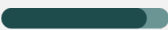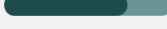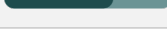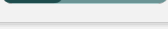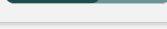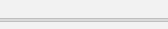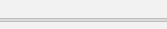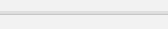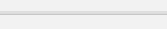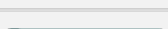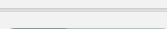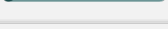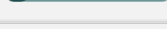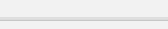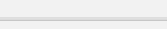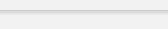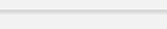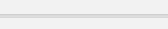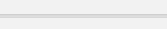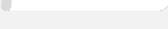
Note: These data sets do not equal 100%, respondents often have multiple applications, and responses below 2% in Today or 12-month adoption levels have been removed.

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FIGURE 52: PAYROLL VENDOR SOLUTION ADOPTION, SMB

PAYROLL VENDOR ADOPTION - ANALYST INSIGHTS

S 🏢 <500 EE	Today Adoption Level	Expected Growth	12 Month Adoption Level
isolved	13.08%	↗	13.92%
Ceridian Dayforce	11.39%	↗	12.24%
UKG Ready	10.13%	↗	10.97%
Paylocity	8.44%	↗	9.28%
ADP Run	6.75%	↑	10.13%
ADP Workforce Now	6.33%	↑	8.44%
Workday	5.49%	↗	6.33%
Paycom	4.64%	↗	5.49%
Bamboo HR	3.80%	↑	5.49%
UKG Pro	3.80%	↑	5.06%
Paychex	3.38%	↑	4.64%
Paycor	3.38%	↗	4.22%
Other	3.38%	→	2.95%
ADP GlobalView	2.11%	↑	3.80%
Intuit Quickbooks	1.69%	↑	3.80%
SAGE HRMS	1.69%	↑	3.38%
SAP SF Employee Central	1.69%	→	2.11%
Rippling	1.27%	↗	2.11%
ADP Vantage	0.84%	↑	2.95%
CloudPay	0.84%	↑	2.95%
Gusto	0.84%	↑	2.53%
Infor HCM	0.84%	↑	2.11%
Namely	0.84%	↑	2.11%
ADP Streamline/Celergo	0.42%	↑	2.11%
Microsoft GP Dynamics/ Great Plains	0.42%	↑	2.11%

Over 50% of SMB organizations are looking to replace their current payroll solutions – and we still have 30% of the SMB market manually running their payroll process in this category. This leaves a lot of opportunity for the smaller set of vendors focused on the high-volume SMB payroll space to fill their needs. In this category, we see almost all payroll solutions in our analysis seeing slight or significant increases.

Our top single solution Payroll Adoption levels are held once again by our breakout SMB brand this year - isolved – and in customer comments, the wrap-around services, multi-state capabilities, and strong customer support all make a difference at this level to higher adoption levels. isolved is followed closely by Ceridian Dayforce and UKG Ready for adoption levels. We also see four ADP solutions being adopted at this level, giving them a total of 16% adoption across the entire brand. We are also starting to see very new entrants hit our data sets, including Rippling, Gusto, and Microsoft Dynamics (not the original Great Plains solution), with expectations for increasing adoption in the next 12 months. This is a space you should also watch for other financial solutions, like Square mobile payment company, which launched its own HR and payroll solutions in 2015.

Similar to our HRMS adoption charts in the very small-company level - organizations below 50 employees – we see much higher adoption levels for Paychex, BambooHR, isolved, Intuit Quickbooks, and ADP Run – all offering special solutions or services for the sub-50 and sub-25 employee market.

Expected Growth Legend

↑ Substantial Growth
↗ Slight Growth
→ Flat
↘ Slight Decline
↓ Substantial Decline

Expected growth calculation is based on the difference between Today and 12 Month adoption plans, in addition to data points from future replacement plans, assessment plans, and RFP inclusions.

Note: These data sets do not equal 100%, respondents often have multiple applications, and responses below 2% in Today or 12-month adoption levels have been removed.

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As **Figure 50, 51, and 52** shows on the previous pages, the payroll provider landscape is starting to see some consolidation globally. This year we have 39 vendor solutions selected by 2% or more of our survey population across the various size categories. Most vendors competing in this space now offer some additional HR applications such as Core HR, Time, Talent, and Analytics solutions. Innovative vendors are also adding interesting functionality around IT management, earned wage access, and compensation benchmarking based on real-time data.

Big vendor differentiators now include:

- Global capabilities
- Scalability
- Marketplaces
- Earned Wage Access options/Finance Wellness tools
- Intelligent features* specifically in audits and payroll runs
- Self-Service Payroll solutions, including reviews, approvals, and fixes

The Other category (vendors that did not reach 2% or more in our data set) includes several regional payroll solutions and more internationally-focused payroll solutions. On average, six percent of organizations use a vendor in the Other category and the most often mentioned solutions are:

- Aurion
- Cegid Meta4
- Darwinbox
- DLGL VIP
- HiBob
- Insperity
- Namely
- NeoGov

- PeopleStrong
- Ramco
- Safeguard
- SDWorx
- Tyler Technologies
- UKG (formerly Ascentis)

*By intelligent features, we refer to such technologies as machine learning, artificial intelligence, etc.

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Our annual **Payroll Systems Voice of the Customer (VoC) User Experience (UX) and Vendor Satisfaction (VS) chart** showcases how similar the buyers' perceptions are from one vendor to the next. Each year we ask survey respondents to rank the quality of their system User Experience (UX) and Vendor Satisfaction (VS) on a scale of 1-5, and we average those ratings for each solution. This year the overall Payroll categories' average scores sit at 3.83 UX and 3.81 VS, a slight increase over last years ratings. We believe the higher-than-last-year average is due to more SMB's participating in the research, and on average they are more likely to rate payroll solutions at a higher level. There were 27 vendor solutions that received the minimum number of validated customer ratings to make our **Payroll VoC** chart this year.

FIGURE 53: PAYROLL VOC CHART, USER EXPERIENCE AND VENDOR SATISFACTION RATINGS

Vendor Satisfaction axis: Very Satisfied (5, 4.5, 4), Neutral (3.5, 3, 2.5), Dissatisfied (2, 1.5)

User Experience axis: 1 – 5; Poor Usability | Usable | Excellent Experience

Chart labels: Workday, Paychex, BambooHR, isolved, Intuit QuickBooks, ADP GlobalView, Ellucian Banner, Paycor, ADP Next Gen HCM*, Microsoft GP Dynamics, CloudPay, SAP HCM, UKG Ready, Infor HCM, UKG Pro, SAGE HRMS, Ceridian DF, ADP Vantage, ADP Run, ADP Streamline, Oracle PeopleSoft, Oracle HCM, Paycom, SAP SF EC, Paylocity, ADP Enterprise, ADP WF Now

Payroll

Major factors driving Vendor Satisfaction and User Experience ratings include:

- Global functionality
- Reporting
- Errors /Bugs
- Customer Service

* These solutions did not meet our response threshold numbers and are being shared as directional indicators only.

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Our aggregate Voice of the Customer (VoC) Vendor Satisfaction (VS) and User Experience (UX) charts are a valuable tool for obtaining a broad perspective of how the HR community is evaluating their current applications, Over the last 25 years of gathering and analyzing customer feedback, we have seen a wide range in customer ratings based on the global complexity and total workforce size managed within the application. These ranges are most evident in Payroll, HRMS, Time Management, and HR Service Delivery applications.

To provide more context to this data, we analyze the solutions that achieve the highest average rankings, from multi-sourced validated responses in three size categories. The solutions must have at least 15 or more responses in the respective size categories to qualify for this analysis.

Our Voice of the Customer Top Five ranking is hard-won and worth a bit of celebration. In **Figure 54,** we provide a snapshot of the solutions achieving the Top 5 average ratings, in **Payroll Systems** by size. We are also launching a series of Voice of the Customer badges for Vendors who achieve these notable ratings from their customers

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#1 User Experience

PAYROLL SYSTEMS
Enterprise Market

2022-2023

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Top 5 Vendor Satisfaction

PAYROLL SYSTEMS
Enterprise Market

2022-2023

*Full details of this analysis and further breakdowns of data by company size can be accessed through our research subscriptions, contact us at Research@SapientInsights.com for further information.

FIGURE 54: TOP FIVE VOC RATINGS BY WORKFORCE SIZE

ENTERPRISE, >5000 EE – PAYROLL SYSTEMS		
	User Experience	**Vendor Satisfaction**
Top, #1	**Workday**	**Workday**
Top	Ceridian Dayforce	Ceridian Dayforce
Top	ADP GlobalView	ADP GlobalView
Top	Oracle HCM	Oracle HCM
Top	SAP SuccessFactors	SAP SuccessFactors

MID-MARKET, 500 - 5000 EE – PAYROLL SYSTEMS		
	User Experience	**Vendor Satisfaction**
Top, #1	**UKG Pro**	**UKG Pro**
Top	ADP Workforce Now	Paychex Flex Enterprise
Top	Ellucian Banner	CloudPay
Top	Workday	Workday
Top	Paychex Flex Enterprise	Ellucian Banner

SMB, <500 EE PAYROLL SYSTEMS		
	User Experience	**Vendor Satisfaction**
Top, #1	**isolved**	**isolved**
Top	BambooHR	UKG Ready
Top	ADP Run	BambooHR
Top	Ceridian Dayforce	Ceridian Dayforce
Top	UKG Ready	ADP Run

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In this competitive landscape payroll vendors must figure out ways to differentiate their solutions, either through service offerings, bundling other HR functionality, or investing in higher levels of innovation in a category that has not changed much for the last 15 to 20 years.

The top factors given for low Vendor Satisfaction and User Experience ratings:

- Lack of innovation
- Lack of global payroll
- Slow response times
- Tax services and errors
- Lack of payroll focus

> *Existing module lacks some functionality and is not mobile-first. At times, expected functionality does not exist.*
>
> Retail/Wholesale, 1700+ EE

The top factors given for high Vendor Satisfaction ratings:

- Friendly and responsive support
- Clear communications
- Innovation and regular updates
- Dedicated resource

The top factors given for high User Experience ratings include:

- Reliability and accuracy
- Fast or real time reporting
- All in one, centralized, single screen

ENTERPRISE   **PAYROLL UX AND VS RATINGS - ANALYST INSIGHTS:**

Similar to the HRMS space, Workday continues to set the bar for both User Experience and Vendor Satisfaction ratings based on survey responses (Enterprise level organizations) in payroll, but it is important to note that for much of their global payroll outside of U.S., Canada, UK, and France that they partner extensively with vendors like ADP. Most customer comments focused on Workday's flexibility and configuration as a primary driver for their UX ratings, and good customer service and training for their VS ratings.

WORKDAY CUSTOMER QUOTES:

> *I like that it is cloud-based, making it available to employees when not on the company intranet. Easy to use, accurate.*
>
> Financial Services, 50000+ EE

Payroll was one of Ceridian Dayforce's original HR modules and they connect it tightly to their time management systems. Many customers comment that this integration is the greatest benefit of the Ceridian Dayforce payroll solution. As demands for more global payroll solutions increase, we are seeing GlobalView continue to rise in both UX and VS, with integration with other local and U.S.-focused payrolls - a primary benefit for most organizations.

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MID-MARKET — PAYROLL UX AND VS RATINGS - ANALYST INSIGHTS:

UKG Pro has led the way in User Experience and Vendor Satisfaction in Payroll for this category over several years and continues to do so in 2023. Several customers mentioned challenges faced in customer service during the transition to UKG, but they also mentioned that those challenges were lessening, particularly in the support and customer service areas.

UKG PRO CUSTOMER QUOTES:

The HR Staff is no longer printing pay history for employees, nor do we have a line of employees standing at our desk requesting a change to their withholding allowances; employees have the ability to print and change their own info..

Financial Services, 1100+ EE

We have a wide range of vendor solutions that received high ratings in this category beyond UKG, including ADP Workforce Now, Ellucian Banner (a higher education-specific platform) Paychex Enterprise Flex application, and CloudPay. In all cases, these applications are addressing different needs of the mid-market – including addressing industry-specific challenges, a more affordable global payroll model, or leveraging a mixture of services and software as Paychex is offering.

Finally, Workday is also making an impact in the 500 to 5000 employee category, and customer comments seem to center on ease of implementation, available support, and versatility of the solution compared to previous payroll solutions they had in place.

SMB — PAYROLL UX AND VS RATINGS - ANALYST INSIGHTS:

This year's breakout leader in UX and VS in the SMB category is isolved both in HRMS Payroll, and Time Management, a solution, and brand often hidden behind their PEO and Broker relationships – today with 145,000 organizations using their solution they are focused on highlighting their new brand and being seen as a growing standalone systems provider. Customers' comments following the rating process for payroll solutions focused on cost-effectiveness and ease of use, with solid customer service.

ISOLVED CUSTOMER QUOTES:

Every process that we utilize with them is very user friendly, from adding new employees, time management, to processing payroll. Their customer service is also extremely helpful. We are extremely pleased with our services.

Insurance, 46+ EE

Additionally, we are seeing BambooHR, ADP Run, UKG Ready, and Ceridian Dayforce achieve higher-than-average ratings in this category. BambooHR is a unique model, in that they put in place a relationship with Execupay in 2017 to private label their payroll solutions through BambooHR, and then invested heavily in integration and interface work. This approach seems to be resonating with customers as a solid solution that is meeting their needs. Positive comments from BambooHR payroll customers focused on a simple interface, continuous improvement efforts, and reasonable pricing.

We should also note that although their ratings weren't at the top of the list for UX and VS currently, we are seeing increased innovation coming from some of the SMB providers like Paycom, Gusto, and Rippling with fresher interfaces, automated implementations, and new payroll self-service tools such as Paycom's new Beti solution which guides employees through resolving payroll errors before the actual payroll submission.

When effectively administered, the payroll system is one of the most stable HR systems in most organizations' work tech environments, but just 11% of them stated that their current solution is "always meeting their business needs" down a whopping 50% from last years percentage of 22% that was Always Confident in their payroll solution meeting their needs. Even more frustrating - 29% of organizations felt their current payroll system *Met their Business Needs* less than half the time. This is a massive decline, even larger than the HRMS decline we saw earlier, and the biggest of its kind since we first asked this question in 2014.

> Confidence in the payroll system *Always Meeting Our Business Needs* drops by **50%** this year, from **22% in 2021** to **11% in 2022**

So why is confidence dropping? The # one reason listed by survey participants continues to be functionality gaps, including specific capabilities around compliance reporting, position, financial management, and error management tools. The second biggest gap this year was customization followed by configuration gaps, and those seem focused on regional or state-specific requirements, integration with financial or time systems, and the need to address varying payment models.

TOP PAYROLL GAPS IN MEETING BUSINESS NEEDS

Payroll Applications	O Gaps in overall functionality 42%
	O Customization/Configuration 41%

As seen in **Figure 55**, we provide a quick report on the percentage of survey respondents that noted their specific payroll solution Always or Most of the time meets their current business needs. These ratings align closely with their VS and UX ratings as isolved and BambooHR ranks at the top of the list. This chart directly relates to whether buyers used business-focused use cases during their selection process or how well the vendors are keeping up with existing clients changing needs.

FIGURE 55: DOES YOUR PAYROLL SYSTEM(S) MEET CURRENT BUSINESS NEEDS?

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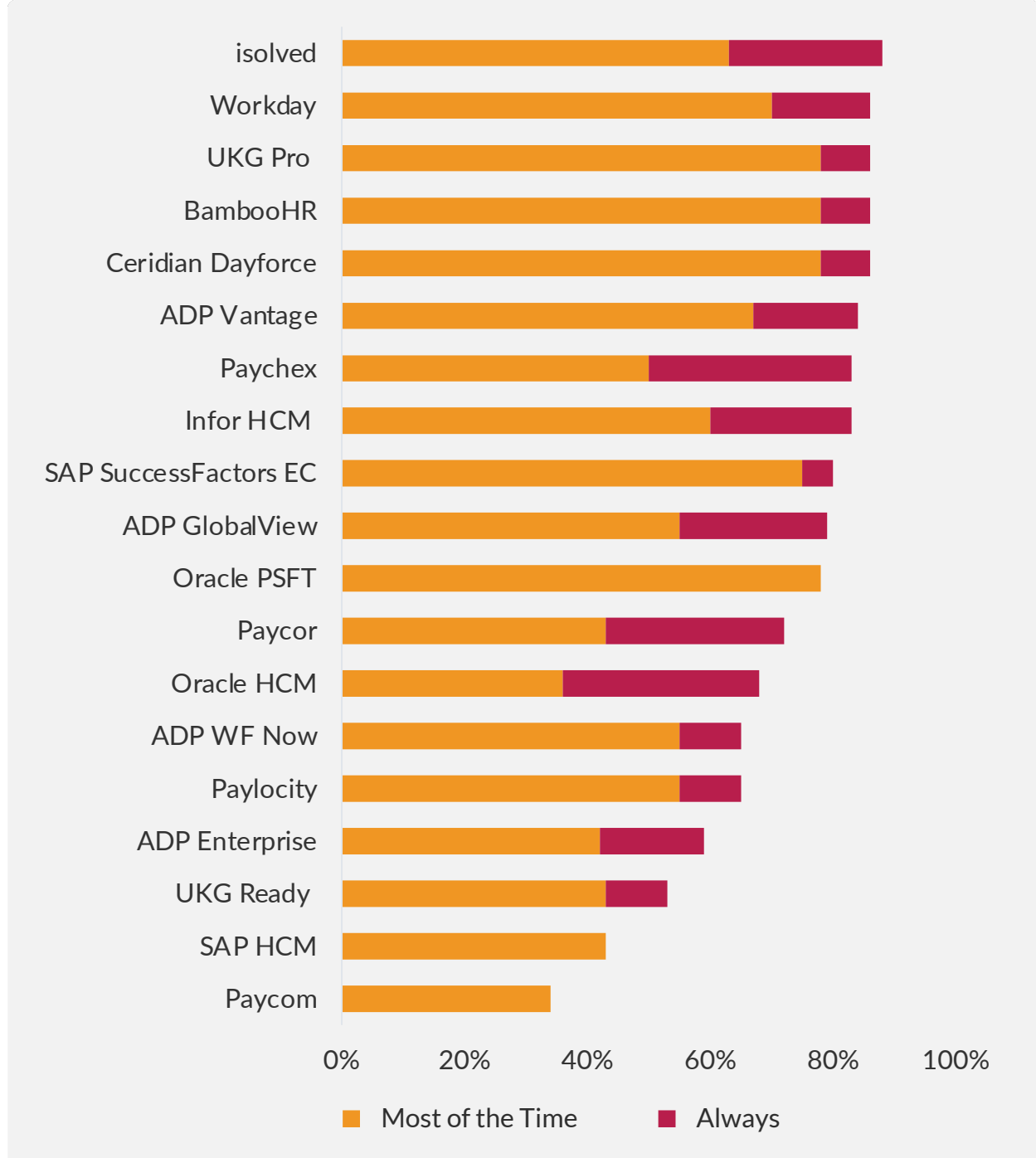
FIGURE 56: ARE YOU PLANNING TO CHANGE YOUR CURRENT PAYROLL SYSTEM(S)?

| | No Plans to Change | Changing Soon | Assessing |
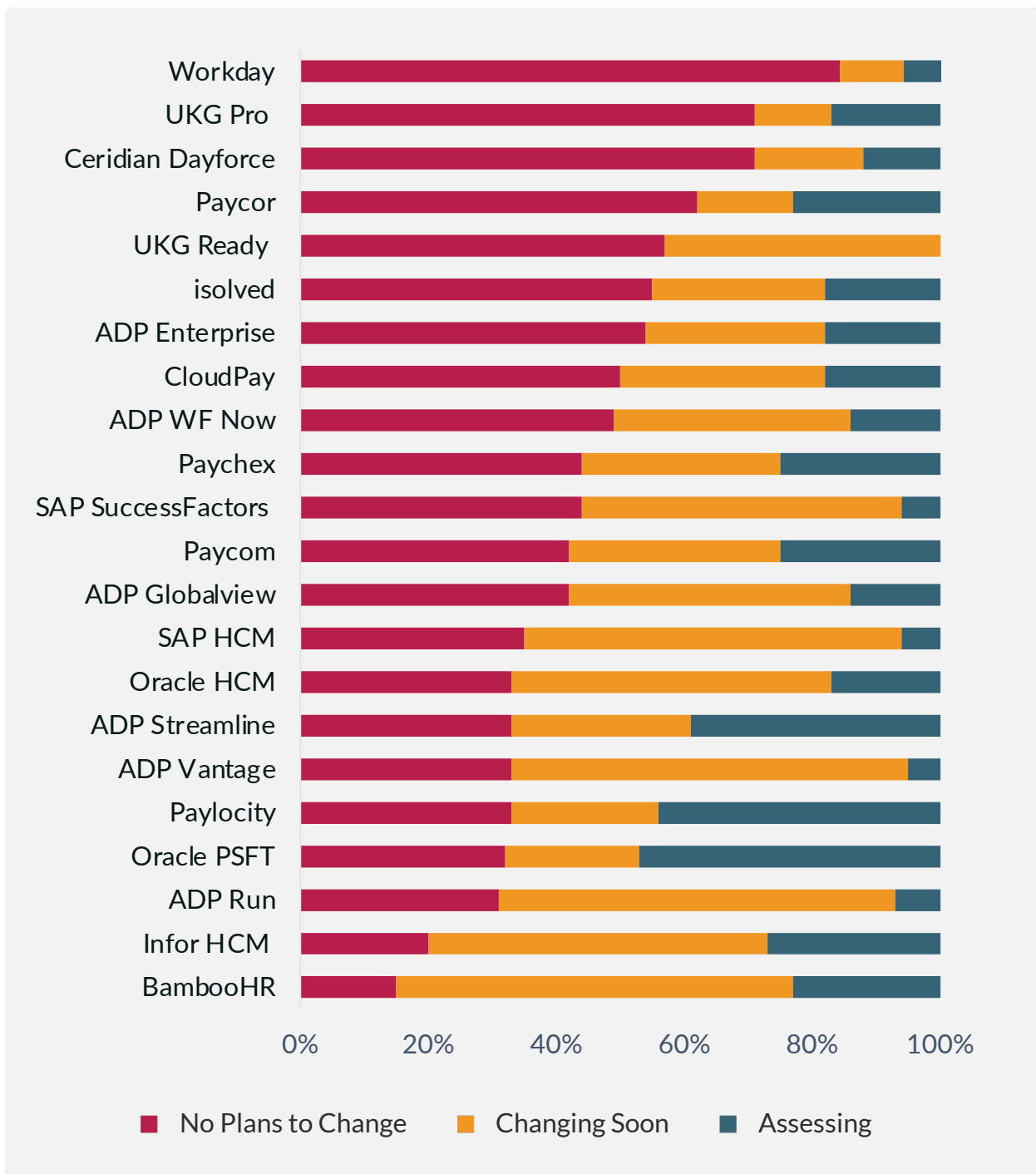
With this drop in confidence, we are also seeing a dramatic increase in plans to replace Payroll systems in the next 12 – 24 months, jumping from just 10% last year to 36% this year who have already made the decision to move, and another 16% assessing their options. The average ownership of Payroll systems organizations are planning to replace is 9.2 years, and the reasons for making changes range from:

- Moving from on-premise to cloud
- Global needs
- More service needs
- Consolidation efforts
- Growing out of a solution

As you can see in **Figure** 56, an organization's plans to change Payroll solutions vary greatly by the solution owned and doesn't always correlate to the highest UX and VS satisfaction ratings, or organizations that always meet the current business needs. Workday continues to lead the way in customer retention of our survey respondents, followed by UKG Pro, Ceridian Dayforce, and Paycor in Payroll retention – in all three cases customers often mention the ease of setup, reporting, and all-in-one views as a major value proposition to them. On the flip side, organizations like SAGE People and BambooHR, and ADP Run received fairly good VS and UX ratings, but as organizations grow or become acquired, they often outgrow certain solutions and changes are necessary. Many of the SMB solutions with high plans for change percentages here will replace most if not all of their losses with new client acquisitions.

36% **Replacing** Payroll Systems in 12 – 24 Months,

16% **Assessing** Payroll System options for 2023

PAYROLL OUTSOURCING SERVICES

Beyond the actual payroll software application, a key factor in overall satisfaction with payroll solutions is often tied to where payroll services are performed. Payroll services include activities such as payroll data entry and validation, payroll processing, and tax filing and reporting. Organizations have choices on how these payroll activities are managed. The services can be performed completely in-house, partially outsourced to a third party, i.e., co-sourced, or fully outsourced to a third party. **This year 25% of organizations with >500 employees partially outsourced their payroll services, while nine percent fully outsourced them.**

The top five payroll services being outsourced by organizations today include:

- Payment and tax filing 71%
- Payroll processing 55%
- Wage garnishment processing 48%
- ACA reporting 39%
- Compliance reporting 30%

Earned Wage Access, or On-Demand Pay

Even with rising interest rates, we don't anticipate payroll vendors shifting back to "floating"* funds as a major money maker as we continue to see financial institutions speed up processing work and increasing demands from employees for immediate gig-like access to their payroll funds through On-Demand or Earned Wage Access tools.

On-Demand Pay, also known as Earned Wage Access (EWA) is a payroll service that allows an employee to access some or all of their wages as they earn them, versus waiting for a designated payday. Usually, this access is provided through an online application and most payroll vendors have leveraged partnerships to make these solutions available to their clients today. Some, like ADP with its Wisely product and Ceridian Dayforce Wallet, have created specific solutions to meet their client's needs in this category.

In **Figure 57**, we asked organizations if they were currently offering Earned Wage Access or on-demand pay services or applications for their employees and found that:

*Float is double-counted money: a paid sum that, due to delays in processing, appears in the accounts of the payer and the payee.

FIGURE 57: DO YOU OFFER ON-DEMAND OR EARNED WAGE ACCESS PAY OPTIONS FOR EMPLOYEES?

Salary Employees: 13% / 7% / 8% / 13% / 59%
Hourly Employees: 10% / 6% / 9% / 15% / 60%
Contingent Workers: 7% / 5% / 8% / 12% / 68%

- ■ In Use
- ■ Budgeted 12 Months
- ■ Forecast 24-36 Months
- ■ Assessing Need
- ■ No Plans
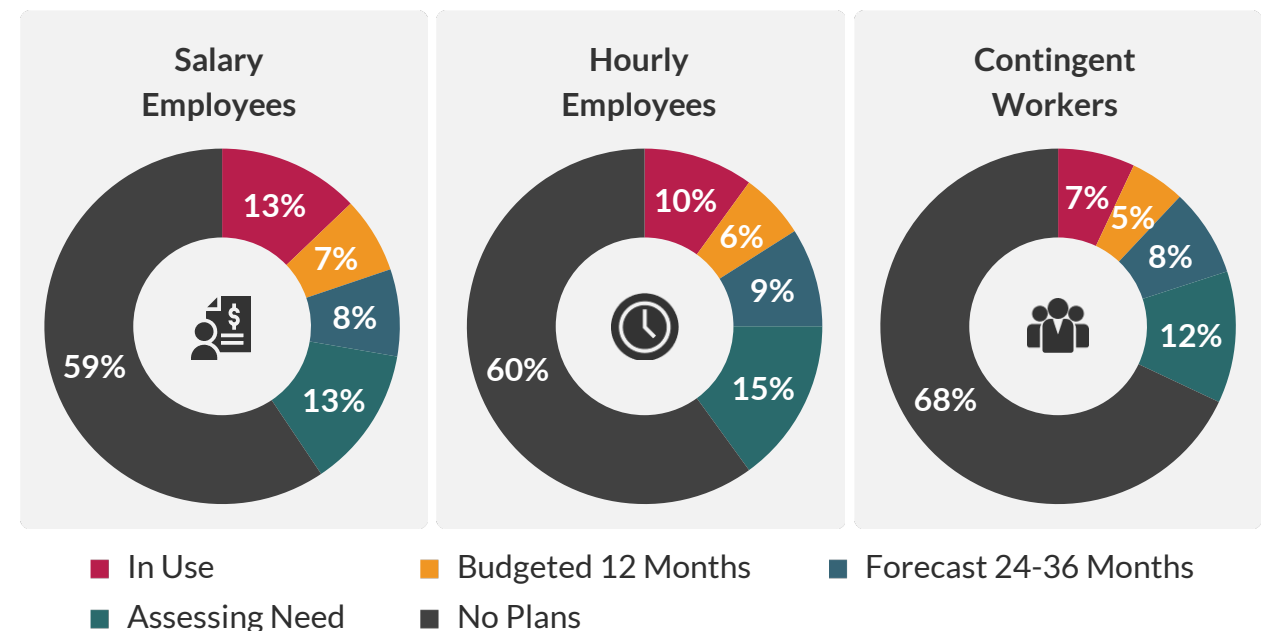
Just 13% of organizations had already adopted these new technologies

This is up just slightly from 12% last year – but in line with the 1% that told us, they were budgeting for the new application.

We were also somewhat surprised that organizations were slightly more likely to offer these options to salaried employees over hourly employees where we see more interest in the topic.

Looking forward this year, 6% - 8% of organizations have already budgeted for these applications in the next 12 -24 months, but 13% were assessing needs. **That is double the interest that we saw in this topic last year.**

In a world where everything seems available at our fingertips through our phones, it is not surprising that in the past few years, the On-Demand Pay solutions marketplace is rapidly growing by offering flexibility and options to both employees and employers. Still, businesses are cautiously entering this space, many for fear of exacerbating socioeconomic challenges facing many employees who are living paycheck to paycheck.

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As organizations increase employee self-service for payroll data, including the ability to manage deductions, view payroll slips, and monitor real-time hours and salary - we see payroll finally making the transition to an employee-focused application. This application is definitely part of the total employee experience, with expectations now going way beyond the most basic requirements of getting the correct paycheck in a timely manner.

Additional emerging trends to watch in Payroll applications include:

- Automated auditing and regulation updates
- Intelligent payroll error forecasting
- Employee self-service, pre-pay run reviews and approvals
- Earned Wage Access* tools or On-Demand Pay
- Pay equity and transparency tools
- Contingent and gig economy payment tools
- Blockchain payroll solutions
- Consumer finance pay solutions

Like all HR systems, the available solutions in the market can range from simple offerings designed for a single industry to highly configurable solutions that can handle multiple business models and regional requirements. In the case of payroll applications, it is imperative that an organization thoroughly understand their needs and selects a solution that can meet those needs; making a wrong decision can, at best cost you disgruntled employees and at worst, place your organization at risk for running afoul of local tax regulations and employment laws.

CUSTOMER QUOTES:

The time it takes to process a timesheet takes about 20 mins - 40 mins. Multiply that by 10 different pay groups and it takes an entire day, not counting the time the team needs to do adjustments. That is way too much!

Construction, 3900+ EE

CUSTOMER QUOTES:

Support is 24/7! I can usually get a response by the next day at the latest. I've only had to follow up a handful of times, and typically those are situations that impact more than just my company that they are currently working on a fix for.

Professional Services, 290+ EE

CUSTOMER QUOTES:

We value the ability to have a continuous [payroll] calculation and access to real-time payroll data. Easy end user experience.

Retail, 9500+ EE

These are just a few of the 5,000 + comments we received from respondents on ways their current systems support or don't support their business outcomes. These are great topics to include in your RFP assessment process.

BENEFITS AND WELLNESS

Benefits and Wellness application category, is one of the most complex HR process areas since employee benefit structures vary greatly around the world. For example, employees can be offered pension or retirement options, health insurance and/or other health & welfare benefits (such as reimbursement accounts or EAPs), or voluntary/flexible benefits (which can range from supplemental health coverage to childcare vouchers to car schemes) depending on the country. There are underlying applications for all these benefits, but a majority of these solutions focus on one benefit area for one country or region.

Traditional functionality managed in a Benefits solution include:

- Ability to create non-payroll benefit programs
- Manage the enrollment and use of non-payroll benefit programs
- Regulatory reporting and compliance rules
- Manage payroll deductions
- Administration calculation and reconciliation tools

Emerging trends in data and functionality include:

- Global benefits management
- Automatic benefit audits and bias testing
- Communication/campaign, education, and workflow tools
- More non-traditional voluntary benefits
- Wellness and mental health benefit management

Similar to the payroll environment, a key issue in benefit applications is where the benefit administration services are performed. Organizations also have to decide if they bundle benefit administration with payroll services or combine those functions with consulting or brokerage services in a comprehensive outsourcing arrangement. On top of all of that, there are levels to outsourcing. Organizations have choices in how their activities are managed. The services can be performed completely in-house, partially outsourced to a third party, i.e., co-sourced, or fully outsourced to a third party.

FIGURE 58: BENEFITS APPLICATION ADOPTION BY SIZE

L >5000+EE: In Use 73%, 12-24 Months 10%, Assessing Need 0%, No Plans 17%

M 500 – 5000 EE: In Use 64%, 12-24 Months 8%, Assessing Need 7%, No Plans 21%

S < 500 EE: In Use 19%, 12-24 Months 22%, Assessing Need 31%, No Plans 28%

Legend:
- In Use
- 12-24 Months
- Assessing Need
- No Plans
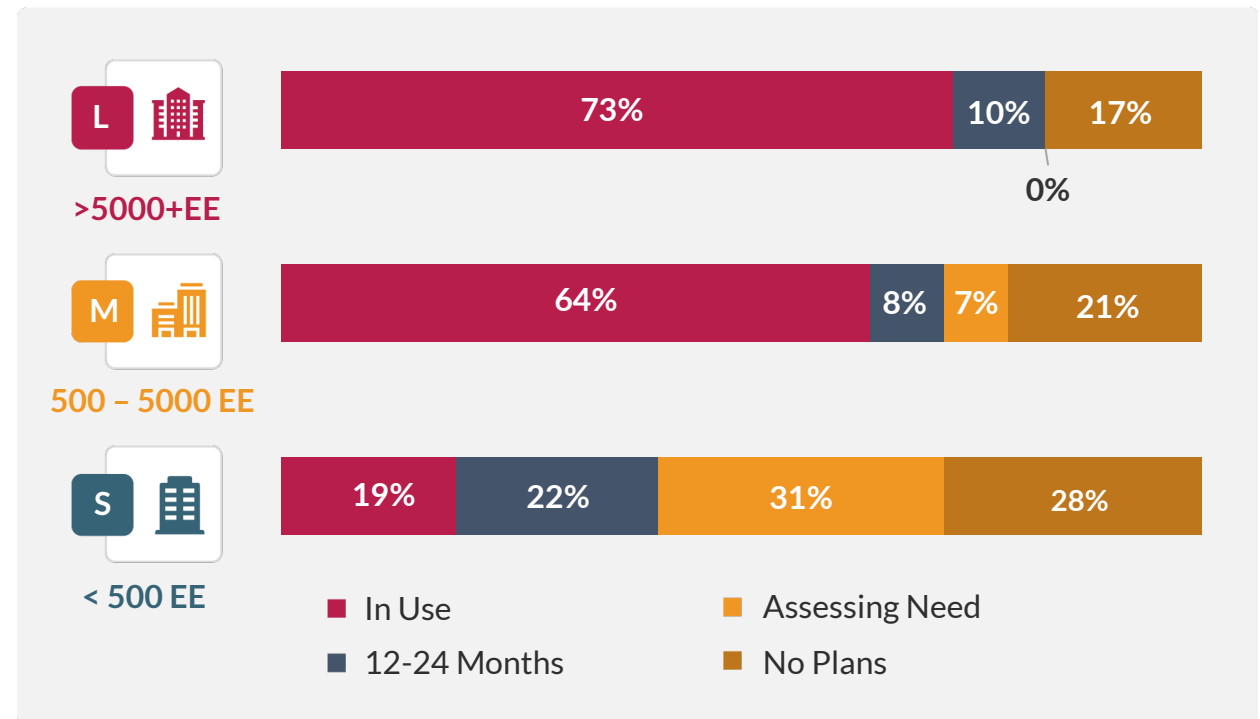
FIGURE 59: BENEFIT APPLICATION REPLACEMENT PLANS

L >5000+EE: No Change 75%, Assessing Options 5%, Yes, Decision Made 15%, Yes, In RFP 5%

M 500 – 5000 EE: No Change 71%, Assessing Options 18%, Yes, Decision Made 7%, Yes, In RFP 4%

S < 500 EE: No Change 42%, Assessing Options 13%, Yes, Decision Made 26%, Yes, In RFP 19%

Legend:
- No Change
- Assessing Options
- Yes, Decision Made
- Yes, In RFP

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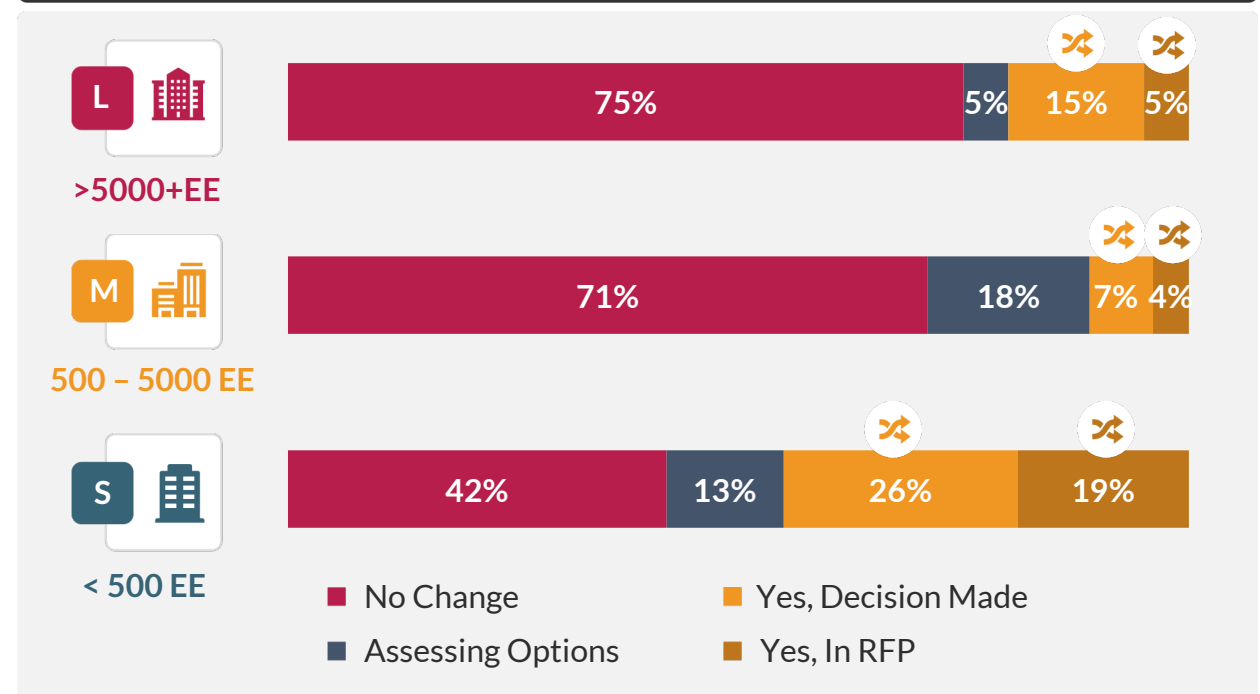
BENEFITS OUTSOURCING SERVICES

Similar to the payroll environment, a key issue in benefit applications is where the benefit administration services are performed. Organizations also have to decide if they bundle benefit administration with payroll services or combine those functions with consulting or brokerage services in a comprehensive outsourcing arrangement. On top of all of that, there are levels to outsourcing. Organizations have choices in how their activities are managed. The services can be performed completely in-house, partially outsourced to a third party, i.e., co-sourced or fully outsourced to a third party.

> **This year 30% of organizations partially outsourced their Benefit services, while 12% fully outsourced them.**

THE TOP FIVE BENEFITS SERVICES
being co-outsourced by organizations today include: ▼

- ○ Employee Assistance Programs (EAP) **53%**
- ○ COBRA administration **43%**
- ○ Health and Welfare administration **32%**
- ○ Defined Contribution (DC) plan administration **30%**
- ○ Defined Benefits (DB) plan administration **29%**

These percentages change dramatically when we view the data by region or size, but outsourcing EAP programs increased in all regions and is now the #1 outsourced service.

Benefits Offered

The benefits offered also play a major role in the decisions an organization makes to outsource their services or the type of Benefit application they will need. The administration required to track and manage the growing number of voluntary and flexible benefits seen in **Figures 60 and 61** placed it high on the list of outsourced services in every region. The ability to maintain records and highlight the value of these services for employees is a growing requirement for benefit applications that serve multi-national organizations.

FIGURE 60: TOP 5 TRADITIONAL VOLUNTARY BENEFITS OFFERED
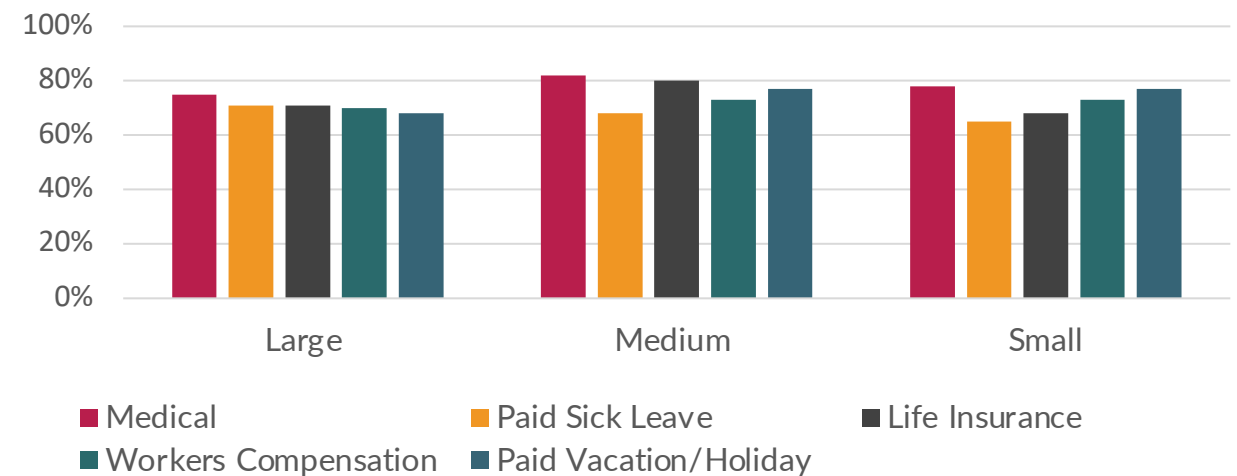
We saw increases this year in organizations offering Paid Sick Leave and Life Insurance.

FIGURE 61: TOP 5 EMERGING VOLUNTARY BENEFITS OFFERED BY SIZE
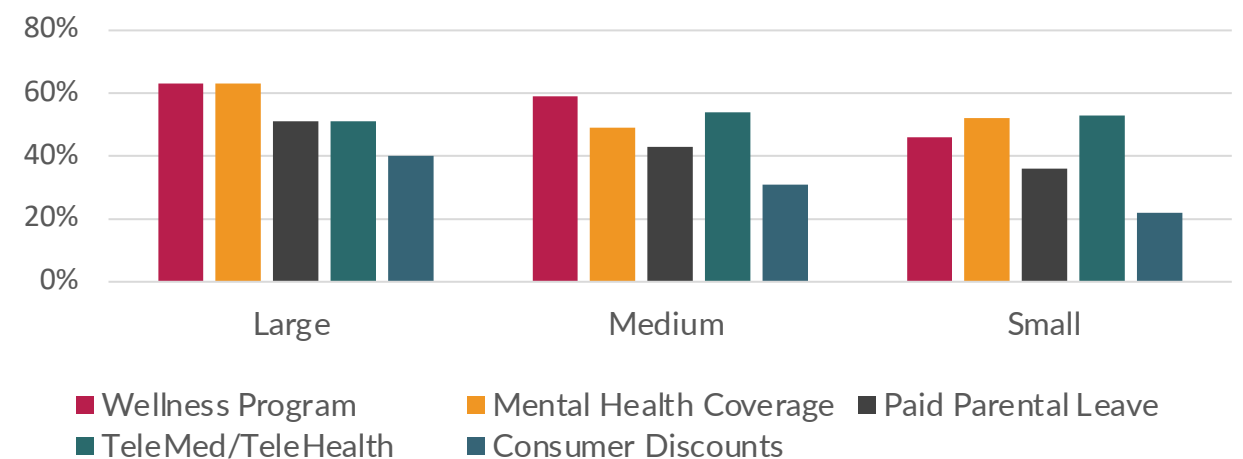
We saw a 25% increase in organizations offering additional mental health coverage this year. This was also the first year we asked about TeleMed and it jumped to the top five. Although not in the top five we also saw substantial increases in caregiver assistance and virtual office stipends.

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FIGURE 62: BENEFIT VENDOR SOLUTION ADOPTION, AGGREGATE

Aggregate Benefits	Today Adoption Level	Expected Growth	12 Month Adoption Level
Workday	12.58%	↑	14.19%
Ceridian Dayforce	10.32%	→	10.65%
UKG Pro	7.42%	↑	10.32%
ADP Workforce Now	5.48%	↑	9.35%
ADP Enterprise	4.19%	↓	2.58%
Aetna bswift	3.87%	↑	6.45%
ADP Health and Welfare	3.55%	↑	7.74%
Alight/Aon Hewitt	2.90%	↑	5.81%
PlanSource	2.90%	↑	4.19%
SAP HCM	2.90%	↓	2.26%
ADP Vantage	2.58%	↑	5.16%
Businessolver	2.58%	↑	4.84%
Oracle HCM	2.58%	↗	3.55%
isolved	2.26%	↑	3.55%
Benefitfocus	1.94%	↑	3.23%
Fidelity Net Benefits/PSW	1.94%	↑	3.87%
Oracle PeopleSoft	1.94%	↘	1.61%
ADP Next Gen HCM	1.29%	↑	3.87%
Capita Hartlink	1.29%	↗	1.94%
Empyrean Compass/Map	1.29%	↗	1.94%
Gusto	1.29%	↑	2.58%
Infor HCM	1.29%	↑	2.90%
Jardine Lloyd Thompson (JLT)	1.29%	↗	2.26%
Morneau Shepell Ariel	1.29%	→	1.61%
Paycom	1.29%	→	1.61%
Paycor	1.29%	↑	2.90%
Conduent	0.97%	↑	2.90%
Paychex	0.97%	→	1.29%
Paylocity	0.97%	↗	1.61%
Willis Towers Watson Benefit Connect	0.97%	↗	1.61%
Employee Navigator	0.65%	↑	2.26%
Mercer	0.65%	↑	2.26%
UKG Ready	0.65%	↑	2.26%

The Benefit Vendor adoption chart is expressed as a percentage of total survey responses achieved for each vendor solution (**see Figure 62**). These charts are not market-size data. They are best used to view the predominant vendors in this category and to identify trends in future adoption plans.

AGGREGATE BENEFIT VENDOR ADOPTION - ANALYST INSIGHTS:

We chose not to break this data down by size this year as survey respondents were generally using a wide mix of different solutions to meet their benefits administration needs. The benefit applications landscape is a complex mix of enterprise system vendors, benefit "point" solutions, and total benefit solution providers all offering vastly different systems to address an organization's Benefit needs. Big differentiators exist across this market and are based on features, functionality, costs, outsourcing services, compliance, legal support, consulting services, education tools, communication tools, and reporting capabilities.

We see Workday, Oracle, and SAP with high levels of adoption for Enterprise organizations. UKG Pro, Ceridian Dayforce, ADP, isolved, and Paycor have high levels of adoption for Mid-Market and Small organizations.

Total benefit solution providers like Alight, Fidelity, Mercer, and Willis Towers Watson, all have their own set of technologies but focus heavily on their consulting services and address the Enterprise organization's needs the best. In contrast, benefit point solutions like ADP Health & Wellness, Businessolver, and Benefitfocus often offer services but are more focused on providing technology to address the organization's needs. Small organizations are likely to leverage whatever benefit solution is provided by their HRMS or payroll provider or completely outsource the services to a broker.

Expected Growth Legend

↑ Substantial Growth
↗ Slight Growth
→ Flat
↘ Slight Decline
↓ Substantial Decline

Expected growth calculation is based on the difference between Today and 12 Month adoption plans, in addition to data points from future replacement plans, assessment plans, and RFP inclusions.

Note: These data sets do not equal 100%, respondents often have multiple applications, and responses below 2% in Today or 12-month adoption levels have been removed.

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Benefit systems have a major impact on employees' lives and their loved ones - yet it is a system that is often overlooked when we talk about employee experiences. **Only 14% of organizations feel their current benefit applications are "***Always Meeting Their Business Needs***"** similar to last year, and 65% feel it is "Meeting their Needs *Most Of The Time*".

Confidence in the Benefits Applications *Meeting Our Business Needs* **holds strong at 79%**

For those organizations that feel they have gaps with the system – the # 1 reason listed by survey participants continues to be customization and configuration gaps, and those seem focused on regional or state-specific requirements, integration with financial or systems, and the need to address varying benefit models. The #2 challenge to meeting business needs was a clear focus on integration challenges.

TOP BENEFITS GAPS IN MEETING BUSINESS NEEDS

Benefit Applications

- Customization/Configuration 37%
- Integration challenges 31%

As seen in the customer quotes on these challenges there is definite frustration on the Benefit Administrators' part with these major gaps. Lack of easy configuration was noted many times even for the largest cloud vendors leaving admins with manual workarounds or gaps in their ability to roll out certain programs. Integration challenges were focused more on data integrity and accuracy issues, as well as a lack of respect by both the IT and Vendor teams in discussing integration needs with the actual benefit administrators prior to starting programming.

CUSTOMIZATION/CONFIGURATION GAPS:

Difficult to configure some of the benefit plan requirements. Need advanced technical/coding knowledge to configure custom solutions.

Healthcare, 3500+ EE

CUSTOMIZATION/CONFIGURATION GAPS :

We wanted to customize it to include Wellness Goal tracking and were not successful in deploying a solution.

High Tech, 1838+ EE

INTEGRATION CHALLENGES:

All divisions are different and Benefit admins are not included on the initial discussion PRIOR to integration work.

Retail, 800+ EE

INTEGRATION CHALLENGES :

[Vendor] provides carrier connections for all of our providers, but we've continued to experience issues. It seems to be an issue between how [Vendor] is set up vs how the carrier needs the data to be presented.

Transportation, 500+ EE

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FIGURE 63: ARE YOU PLANNING TO CHANGE YOUR CURRENT BENEFITS SYSTEM(S)?

Legend:
- No Plans to Change
- Changing Soon
- Assessing

(Chart categories, top to bottom: Fidelity NetBenefits, Workday, WTW, Employee Navigator, Oracle HCM, Alight, UKG Pro, Ceridian Dayforce, Aetna Bswift, Paycor, ADP Workforce Now, isolved, SAP HCM)
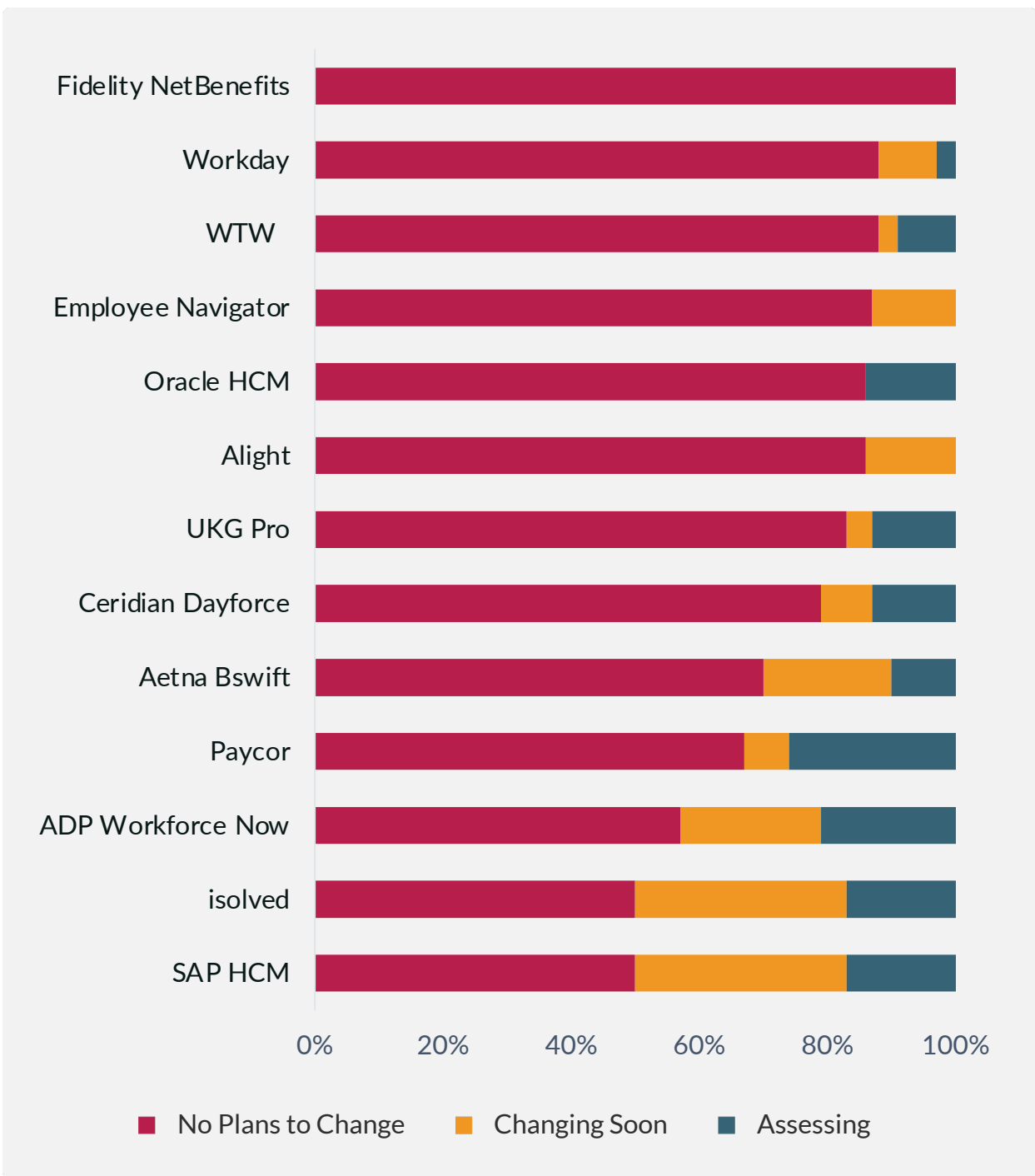
Since the benefits market is so fragmented, the decision to stay or leave with a systems provider generally comes down to program offerings, resources, and wellness programs.

- Moving from on-premise to cloud
- Scalability needs
- Global needs
- Customer service issues
- Consolidation efforts

As you can see in **Figure 63**, these are just a few of the vendor solutions in our full list of solution providers on the previous page – but most respondents were unsure of their long-term plans in this category.

In general, we believe that buyers will increase the use of their existing HR applications for benefit program tracking as seen in their aggregation of adoption data below - but expect more integration and better connection with the applications that support their benefit offerings.

Benefits Purchasing Approach	Today	12 Months
ERP/HRMS Suite[1]	23%	27%
Payroll/HRMS Suite	41%	59%
Point Solution/Service Provider	30%	52%

1. Enterprise Resource Planning (ERP) is a category of enterprise software that typically integrates financials, HR, manufacturing, order processing and customer relationship management.

Business Needs and Opportunities

Demographic shifts, along with society's growing reliance on technology-supported decision making, are reshaping employee expectations of the benefits experience. Beyond mobile access and user-friendly workflows, employees are looking for extended education, support tools, and guidance on the flexibility provided by their benefit packages. Currently, many benefit systems are on the newer side of application deployment in years- the average number of years of ownership for current benefits application is 6.68.

Competition continues to increase in this application area, and new benefit applications are being developed with intelligent algorithms, financial metrics, calculator tools for education purposes, and more mobile accessibility.

Additional emerging trends to watch in Benefit applications include:

- Optimization of benefit selections and hyper-personalization
- Integration of health and wealth for a holistic benefits experience
- Chatbots and Voice Benefit communication tools
- Robotics process automation for benefit confirmations
- Global benefit platforms
- Decision-making support and education tools

> *We feel our Benefit and Wellness platform always meets our needs because It helps by keeping employees in the loop of when and what benefits are offered, which makes for happier employees.*
>
> Healthcare, 192+ EE

DIGITAL WELLNESS PLATFORMS

Part of the recent conversation about employee experience has centered on all-in-one wellness platforms. Many organizations find that an employee's most memorable experiences center on their interactions around benefits, leave, absence, and payroll. We wanted to understand how much the wellness market has expanded into a platform conversation. As seen in **Figure 64**, currently 29% of organizations already feel they have a wellness platform available for their employees and 22% of organizations are assessing their needs in this category.

FIGURE 64: DO YOU OFFER A DIGITAL WELLNESS PLATFORM?

- 29% In Use
- 8% Budgeted 12 Months
- 9% Forecasted 24 Months
- 22% Assessing Needs
- 32% No Plans
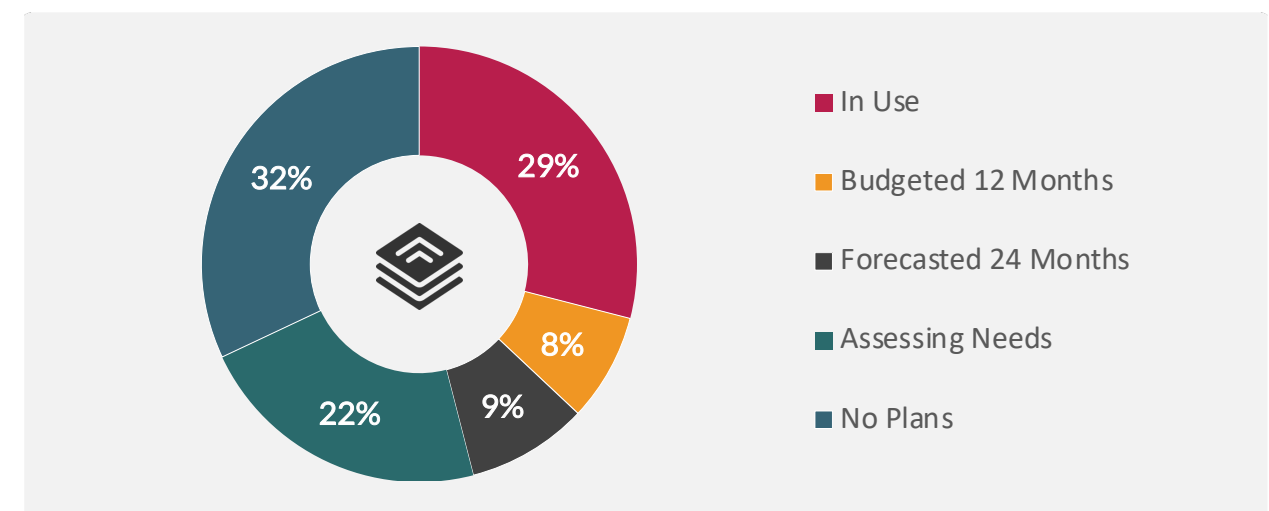
We also asked organizations what their primary business case was for implementing a Digital Wellness platform.

- Improve health/mental behaviors - **34%**
- Free with benefit/insurance - **20%**
- Build and sustain high employee morale - **15%**
- Improve productivity - **13%**
- Recruiting/retention tool - **10%**

We expect this area to see more investments from organizations, especially as they start to incorporate mental wellness, financial wellness, and concepts of bringing your whole self to work into their approach for benefits planning.

VOICE OF THE CUSTOMER HR SERVICE DELIVERY

SECTION 7

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VOICE OF THE CUSTOMER HR SERVICE DELIVERY

HR Service Delivery applications grew as a category out of the need to deliver a wide range of new HR services to multiple stakeholders in an efficient, effective, and engaging manner. These applications manage the HR experience, communication, content, and data sharing that is part of an HR organization's service delivery model.

Our Voice of the Customer section of the paper is based directly on feedback, ratings, and comments from customers of these applications. For more details on our methodology for all Voice of the Customer charts and research, see our Research and Methodology section of this paper.

💬 HR Portal

We have improved the employee and HR experience; information reaches everyone faster.

Manufacturing, 10000+ EE

HOW THESE SYSTEMS MAKE A DIFFERENCE!

🎧 Employee Help Desk

Made HR more agile and responsive in providing good Service Delivery. Improved our Service Delivery metrics.

Financial Services, 4300+ EE

👆 Manager Self-Service

Makes the new hire and reporting process easy and smooth for managers.

Utilities, 120+ EE

Applications we track in this category include:

👆 Employee Self-Service		74% Adoption
Manager Self-Service		65% Adoption
💬 HR Portals and Communications		54% Adoption
📋 HR Content and Document Management		53% Adoption
👥 Employee Engagement/ Surveys		49% Adoption
🎧 Employee Help Desk/Case Management		42% Adoption

📋 HR Content Management

Sets the bar for other organizations – easy access to [content] for HR partners, managers, and employees. Easy to update when needed.

Financial, 4000+ EE

👆 Employee Self-Service

The integration for end-users is everything! Reducing keystrokes and time for employees.

High Tech, 375+ EE

👥 Engagement/Surveys

Has employees more involved in their own experience at work.

Professional Services, 65+ EE

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HR SERVICE DELIVERY SYSTEMS

HR Service Delivery (HRSD) apps are an ever-evolving HR systems category that started as a simple self-service add-on to the HRMS environment – but today it encompasses a whole series of service delivery applications listed in **Figures 65**.

FIGURE 65: HR SERVICE DELIVERY APPLICATIONS DEFINITIONS

HR Portal / Communications	A single online location to access HR content, information, and communication – often called HR Hubs or HR Information Centers.
Employee Self-Service	An administrative application that allows an employee to manage their own personal information, complete HR tasks, and access relevant HR data for that employee.
Manager Self-Service	A manager administrative application that facilitates management HR activities and critical management data collection.
Content / Document Management	Document management and workflow application that supports the need to receive, track, manage, and store HR documentation.
Employee Help Desk/ Case Management	An application that supports the facilitation, tracking, and resolution of HR inquiries made by employees, usually to a call center environment.
Survey / Feedback/ Engagement Platforms	An application that facilitates two-way communication and data sharing with employees, including tools for gathering and analyzing survey, engagement, and activity data.

Although most of today's modern HR Management Systems offer some light service delivery functionality as part of the HRMS solution – over 50% of organizations leverage non-HRMS solutions for one or more of these categories and more than 25% of HRMS buyers choose to not make any of these features available to their employees.

Although many of these applications seem administrative in nature and less strategic, that perception underestimates the value of these services. These applications dictate the experience of the employee and manager in the context of both work and HR. Organizations that view executives, managers, and employees as customers of HR, should also view service delivery applications as a key relationship management tool.

These solutions handle our most private employee information and often accessed during times of great emotional stress — new jobs, new promotions, growing families, health issues, and losing loved ones. Still over a quarter of organizations choose to not invest in any HR Service Delivery applications, including self-service solutions.

FIGURE 66: REASONS FOR NOT IMPLEMENTING SELF SERVICE

	Not Available in HRMS/Payroll	Prefer HR Controls Data	Access Issues	Cost Concerns	Concern for Increased Workloads
Employee Self Service	47%	30%	27%	23%	0%
Manager Self Service	30%	45%	15%	19%	30%
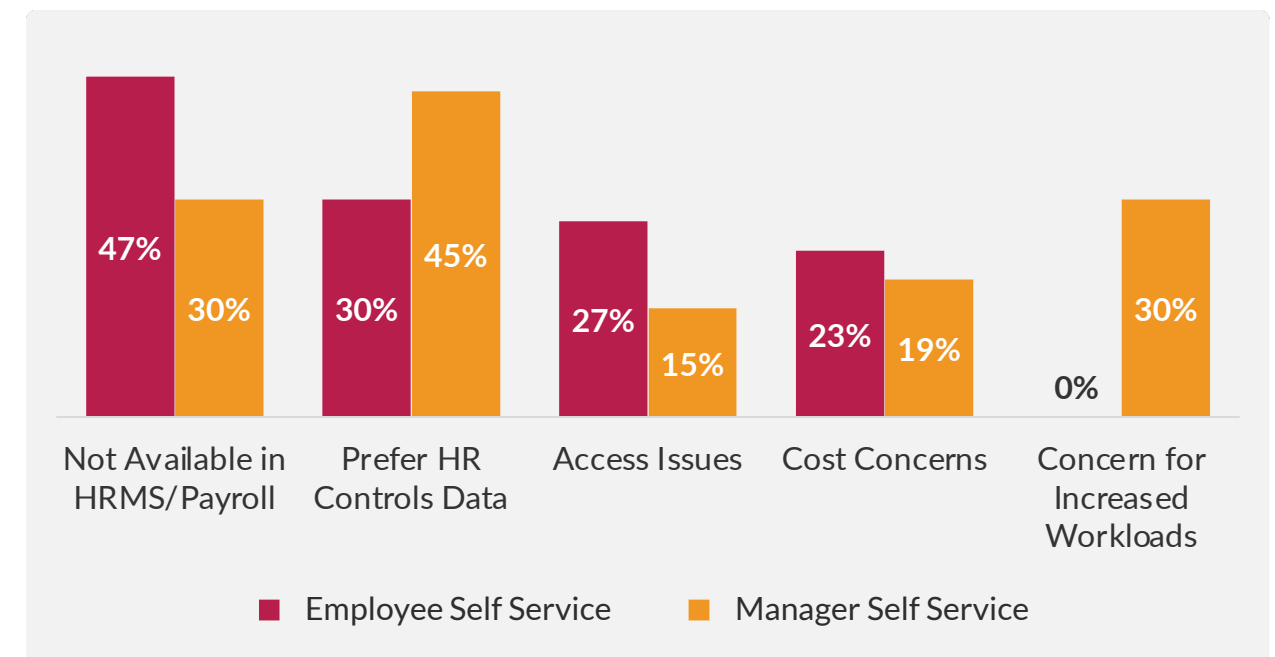
If these service delivery applications are hard to use or poorly adopted, or not even deployed for multiple reasons as seen in **Figure 66** – it's difficult to create a data-driven HR function.

Our data highlights that HR Service Delivery applications are purchased in multiple ways, depending on the organization's vision for their workforce experience. Currently, organizations blend multiple applications to create their desired HR Service Delivery experience, and usually select one of three types of applications as their primary service delivery application:

- Core HRMS – 82%

- HR Help Desk - 12%

- Collaboration/Communications - 6%

As seen in **Figure 67**, HRMS environments seem to have the most convenient solutions which is probably why 82% of respondents identified them as their primary HRSD application, but we also see a lower-than-average User Experience and Vendor Satisfaction rating with many of these applications, with multiple organizations mentioning a lack of flexibility, upcharges, and reporting issues. This is possibly why 36% of organizations are planning to replace their current HR Service Delivery solutions.

FIGURE 67: HR SERVICE DELIVERY REPLACEMENT PLANS

HR SERVICE	54%	10%	24%	12%

- No Change
- Assessing Options
- Yes, Decision Made
- Yes, In RFP
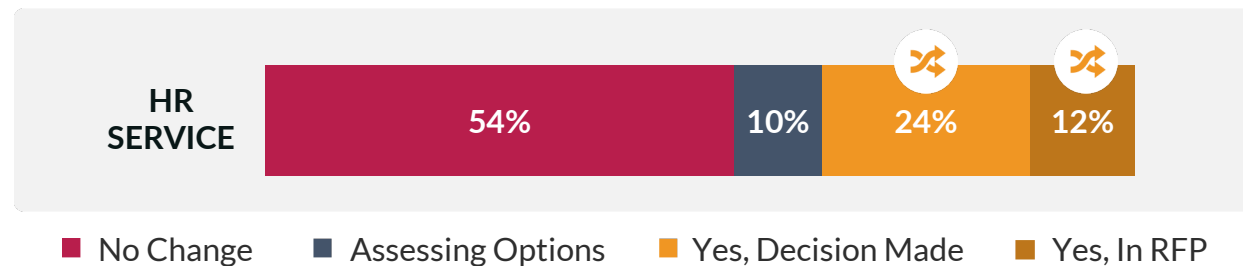
CORE HRMS CUSTOMER QUOTES:

It is difficult to use for any kind of analyses - pulling data out is a mess because it is not a [standard] database. It does not do well at all at reporting and analysis..

Healthcare, 9000+ EE

HR HELP DESK CUSTOMER QUOTES:

Not all the plugins seem to work as they should, there are always some challenges, i.e., integration with SharePoint or Adobe Sign.

Manufacturing, 10000+ EE

COLLABORATION SOLUTION CUSTOMER QUOTES:

It could be our issue, but employees either don't know it exists or can't seem to find what they need. It is difficult to administer, the content easily goes out of date, and users struggle to use it.

Retail, 1100+ EE

FIGURE 68: AVERAGE HR SERVICE DELIVERY FUNCTIONALITY IN USE WITHIN THE PRIMARY HR SERVICE DELIVERY SOLUTION

PRIMARY HRSD SOLUTION	Employee Self Service	Manager Self Service	Portal/ Communication	Content Management	Employee Help Desk	Surveys/ Feedback
HRMS	69%	45%	37%	27%	23%	14%
HR HELP DESK	30%	30%	50%	25%	100%	N/A
COLLABORATION	15%	20%	60%	35%	N/A	N/A

An organization's HR Services Delivery model and its vision for various levels of workforce experiences are two sides of the same coin. Our data shows that HR functions are always balancing two factors in their approach to creating a Total Workforce Experience – High-Touch or Low-Touch HR Service Delivery, with a Collaborative or Self-Reliant workforce experience, against the business and personal outcomes they want that experience to achieve.

For example, implementing a low-touch service delivery model for all employees that creates a self-service experience might achieve the desired business outcome of reducing HR costs. But it could also create a personal experience of high workloads and isolation for first-time supervisors. HR technology should not be used to just deliver HR services but to also gather data and feedback on the actual experiences, ensuring an environment that achieves both the business and personal outcomes desired by an organization.

FIGURE 69: HR SERVICE DELIVERY AND WORKFORCE EXPERIENCE MODEL

High Touch

Business Outcome

Experience Collaboration

Service Delivery

- Wellness
- Learning
- Performance
- Rewards
- Career/Mobility
- Onboarding

- Talent Solutions
- Engagement Point Solutions
- Work Tech

- Relationships
- Journeys
- Collaboration

- Employee Self-Service (Workflows)
- Manager Self-Service (Workflows)
- Portal/Communication
- Help Desks/Chat Bots
- Survey/Feedback Tools

- ERPS/HRMS
- HR Service Delivery
- Time Management

- HR Front Door
- Self-Reliance
- Work Flexibility

Workforce Experience

Low Touch

Personal Outcomes

Experience Self Service

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FIGURE 70: HR SERVICE DELIVERY MODELS ADOPTED

Model	In Use	Assessing Needs	No Plans
HR Generalists	55%	17%	28%
Self-Service Applications	51%	17%	32%
HR Business Partners	46%	18%	36%
Shared Service Centers	25%	22%	53%
Centers of Excellence	23%	19%	58%
DigitalChatbots	16%	23%	61%

■ In Use ■ Assessing Needs ■ No Plans
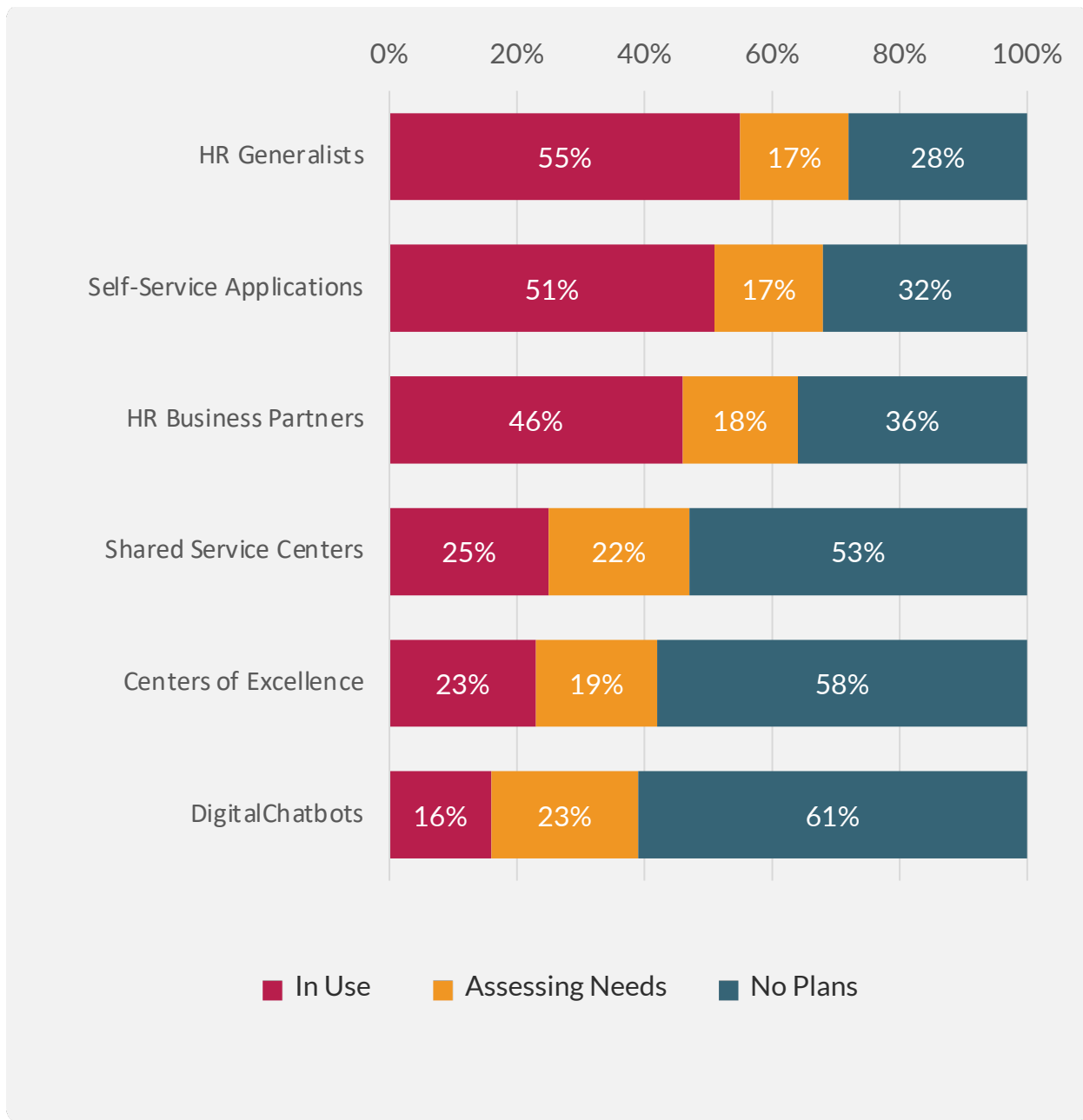
HR Service Delivery models tend to be viewed as topics for Enterprise organizations, but every HR function has a service delivery model whether it is clearly defined or simply an understanding of how HR should function within an organization. Service Delivery models generally describe the services to be provided, and usually include the infrastructure and management needed to provide those services. Sophisticated service delivery models are documented, with clearly defined stakeholders and service level agreements.

The most common elements of today's HR Service Delivery models include:

- HR Generalists
- Self-Service Applications
- HR Business Partners
- HR Shared Service Centers
- Centers of Excellence
- Digital Assistants or Chatbots

Even with a slightly larger set of SMB organizations participating this year, more than 50% of respondents have already implemented some form of HR generalists and self-service solutions as seen in **Figure 70**– this aligns with the increasing investments we are seeing in self-service technology and HR content management tools. We also continue to see growing investments in Shared Service Centers and Digital Chatbots with over 20% of organizations assessing their needs in these categories – both models tightly connected to enterprise-wide technology solutions.

HR technology sits solidly in the middle of these service delivery models providing a vehicle through which the experiences can be tailored into workflows, journeys, front doors, accessible information, and feedback. It is also a great avenue for setting cultural expectations, rewarding behaviors, and engaging the workforce.

FIGURE 71: HRSD VENDOR SOLUTION ADOPTION, ENTERPRISE

E **>5000+EE**

	Today Adoption Level	Expected Growth	12 Month Adoption Level
Workday Help	7.47%	⬆	9.04%
ServiceNow	5.50%	↗	6.29%
Microsoft Sharepoint	5.11%	↗	5.89%
Microsoft Viva/ Teams	4.52%	➡	4.91%
In-House/ Intranet	3.73%	↗	4.52%
Dovetail	3.54%	↗	4.13%
Qualtrics	3.34%	↗	3.93%
DocuSign	3.14%	↗	3.93%
Oracle PeopleSoft	2.16%	➡	2.36%
Salesforce.com	2.16%	➡	2.16%
SAP SF Employee Central	2.16%	➡	2.55%
Survey Monkey Momentive	2.16%	➡	2.36%
Ceridian Dayforce	1.96%	↗	2.75%
Infor HCM	1.96%	↗	2.55%
Perceptyx	1.96%	➡	1.96%
Neocase HR	1.77%	➡	2.16%
Workday Peakon Employee Voice	1.77%	➡	1.77%
UKG Employee Voice	1.77%	➡	2.16%
Willis Towers Watson - AskHR	1.77%	➡	1.96%
Atlassian Jira	1.57%	↗	2.16%
Cherwell	1.57%	↗	2.36%
SAP Solution Manager	1.57%	➡	1.96%
Zendesk	1.38%	↗	1.96%
LBi Software	1.18%	↗	1.96%
Oracle HCM	1.18%	➡	1.38%

The HR Service Delivery Vendor adoption chart is expressed as a percentage of the total survey responses achieved for each vendor solution and broken down by organization size (**see Figures 71, 72, 73**). Please note, these charts are not market-size data.

E HR SERVCE DELIVERY ADOPTION - ANALYST INSIGHTS:

Enterprise organizations use a multitude of HR applications to deliver on their HR Service Delivery needs and are the most likely group to have a primary HR Service Delivery application that is not the Core HRMS application. Due to the increase in applications identified as solutions in this category by buyers – we are seeing relatively lower adoption percentages from last year, but the expectations for growth are still quite high across the application list, even with more vendors entering the space.

Workday achieved the highest level of both current and future adoption with their Workday Help application launched in 2021. We believe some of these numbers include buyers who view the entire Workday application as their primary HR Service Delivery application and may not specifically have turned on the Help module, but it was defined as the Help module in the question.

ServiceNow continues to leverage its IT relationships to increase HR adoption and is currently the 2nd most likely solution used by Enterprise respondents. Similarly, Microsoft is rapidly gaining adoption across its Office 365 install base, and if SharePoint and Viva's numbers were combined, they would be #1. Other notable applications in this category include Dovetail, Qualtrics, and DocuSign all receiving high User Experience (UX) and Vendor Satisfaction (VS) ratings and expected increases in adoption.

Expected Growth Legend

⬆ Substantial Growth
↗ Slight Growth
➡ Flat
↘ Slight Decline
⬇ Substantial Decline

Expected growth calculation is based on the difference between Today and 12 Month adoption plans, in addition to data points from future replacement plans, assessment plans, and RFP inclusions.

Note: These data sets do not equal 100%, respondents often have multiple applications, and responses below 2% in Today or 12-month adoption levels have been removed.

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FIGURE 72: HRSD VENDOR SOLUTION ADOPTION, MID-MARKET

M 🏢 500 - 5000 EE	Today Adoption Level	Expected Growth	12 Month Adoption Level
Workday Help	6.07%	⬆	9.38%
ServiceNow	5.60%	↗	6.23%
In-House/ Intranet	5.51%	⬆	7.17%
Microsoft Sharepoint	4.78%	⬆	6.99%
Ceridian Dayforce	4.04%	⬆	6.99%
Microsoft Viva/ Teams	4.04%	⬆	5.88%
UKG HRSD	3.86%	⬆	5.15%
DocuSign	3.31%	⬆	6.07%
UKG Employee Voice	3.13%	⬆	5.15%
Survey Monkey Momentive	2.94%	⬆	4.96%
ADP Workforce Now	2.57%	⬆	6.07%
Qualtrics	2.57%	⬆	4.60%
Deltek	2.02%	⬆	4.23%
Atlassian Jira	1.84%	⬆	5.33%
Dovetail	1.84%	⬆	4.60%
Generic IT Help Desk	1.84%	⬆	3.86%
Zendesk	1.84%	⬆	4.41%
Culture Amp	1.65%	⬆	4.04%
Oracle HCM	1.65%	⬆	4.41%
Freshworks Freshdesk	1.47%	⬆	3.68%
Paycor	1.47%	⬆	3.49%
Lattice	1.47%	➡	2.94%
Remedy	1.47%	⬆	3.94%
ADP HCM	1.29%	⬆	3.86%
Perceptyx	1.29%	⬆	3.86%
SAP SF Employee Central	1.29%	⬆	3.86%
ApplaudHR	1.10%	⬆	3.49%
Infor HCM	1.10%	⬆	3.68%

M HR SERVICE DELIVERY ADOPTION - ANALYST INSIGHTS:

We continue to see the greatest opportunity for growth in this category with Mid-Market sized organizations, between 500 and 5000 Employees - 27 Vendor Solutions identified have 3% or more current or future adoption in this category.

Workday Help also holds the top current and future adoption level for our survey participants in this category, but it is closely followed by ServiceNow and In-House solutions. Microsoft is also seeing rapid growth in this category but has more competition from core HRMS solutions offered by organizations like Workday, Ceridian, or UKG.

Increased adoption levels are considerable for almost every solution in this category with ADP Workforce Now, Atlassian Jira, and Workday Help seeing the highest expected growth percentage. As we noted earlier, we are seeing a combination of core HRMS, collaboration solutions, and help desk solutions all seeing similar levels of high growth in this category.

The high percentage of organizations still leveraging In-House developed solutions in this category is an indication that current solutions are still missing major functionality and user experience expectations, or the current solutions aren't priced at a level that would make the In-House development and maintenance efforts more expensive.

Expected Growth Legend

⬆ Substantial Growth

↗ Slight Growth

➡ Flat

↘ Slight Decline

⬇ Substantial Decline

Expected growth calculation is based on the difference between Today and 12 Month adoption plans, in addition to data points from future replacement plans, assessment plans, and RFP inclusions.

Note: These data sets do not equal 100%, respondents often have multiple applications, and responses below 2% in Today or 12-month adoption levels have been removed.

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FIGURE 73: HRSD VENDOSMBUTION ADOPTION, SMB

S 🏢 <500 EE	Today Adoption Level	Expected Growth	12 Month Adoption Level
isolved	6.74%	↑	9.57%
Other, please specify	6.74%	↗	7.62%
Microsoft Sharepoint	4.79%	↑	8.51%
ADP Workforce Now	4.61%	↑	7.45%
In-House/ Intranet	4.26%	↑	6.91%
Microsoft Viva/ Teams	3.72%	↑	7.09%
Ceridian Dayforce	3.55%	↑	6.74%
Survey Monkey Momentive	3.37%	↑	6.91%
DocuSign	3.01%	↑	6.38%
BambooHR	2.66%	↑	6.56%
Paycor	2.30%	↑	5.50%
ThinkHR Mineral	2.30%	↑	5.50%
Workday	2.13%	↑	5.85%
Zendesk	2.13%	↑	4.61%
ADP HCM	1.95%	↑	5.14%
Atlassian Jira	1.95%	↑	5.50%
ADP Run	1.77%	↑	5.50%
Oracle HCM	1.77%	↑	5.32%
Paychex Flex	1.77%	↑	4.79%
Paycom	1.77%	↑	4.26%
Paylocity	1.77%	↑	3.55%
UKG HRSD	1.60%	↑	4.26%
Generic IT Help Desk	1.42%	↑	5.14%
Lattice	1.42%	↑	4.96%
LBi Software	1.42%	↑	4.61%
Limeade	1.42%	↑	4.61%
ApplaudHR	1.24%	↑	4.26%
Freshworks Freshdesk	1.24%	↑	3.90%

S 🏢 <500 EE	Today Adoption Level	Expected Growth	12 Month Adoption Level
Workday Peakon	1.24%	↑	3.72%
Qualtrics	1.24%	↑	4.26%
SAGE People	1.24%	↑	4.26%
Salesforce.com	1.24%	↑	3.19%
SAP SF Employee Central	1.24%	↑	3.90%
ServiceNow	1.24%	↑	4.26%
Cherwell	1.06%	↑	3.37%
Culture Amp	1.06%	↑	3.72%
Deltek	1.06%	↑	4.08%
Namely	1.06%	↑	5.14%
Dovetail	1.06%	↑	3.10%
UKG Employee Voice	1.06%	↑	3.72%
Infor HCM	0.89%	↑	4.08%
WorkHuman	0.89%	↑	3.19%

Expected Growth Legend

↑ Substantial Growth
↗ Slight Growth
➡ Flat
↘ Slight Decline
↓ Substantial Decline

Expected growth calculation is based on the difference between Today and 12 Month adoption plans, in addition to data points from future replacement plans, assessment plans, and RFP inclusions.

Note: These data sets do not equal 100%, respondents often have multiple applications, and responses below 2% in Today or 12-month adoption levels have been removed.

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S SMB HR SERVICE DELIVERY ADOPTION - ANALYST INSIGHTS:

The SMB HR Service Delivery space is highly fractured, with over 30 different vendors selected by 3% or more of our data set for current or future use. Almost every solution is seeing increases in this category, but here Core HRMS solutions have the highest combined increases and are most likely to be used as a single solution for almost all functionality in this category.

Once again due to the large number of solutions identified in this category, the overall adoption percentages are lower than last year. Even with 30 solutions identified in this category, the Other and In-House solution categories are two of the largest selected choices, with only isolved, Microsoft, and ADP Workforce Now seeing similar large adoption numbers. Both isolved and ADP have invested in improving their employee and manager self-service solutions, along with offering both native and easy marketplace solutions for content management, employee feedback, and light portal environments. This flexibility tends to make them more viable for this category than some of the direct SMB core HRMS competitors in the market.

The highest levels of expected growth once again are split across multiple solution types with Microsoft, Workday (Core HRMS in this case), ADP Run, and Generic IT Help Desks, all-seeing almost 4% growth expectations. We often dismiss SMBs as not having the necessary complexity to require document management, case management, or employee feedback solutions but, with their smaller HR functions, they tend to achieve the greatest outcomes from streamlining their processes, automating content updates, and digitizing help and support for employees and managers.

As **Figure 73** shows on the previous page, the HR Service Delivery landscape is growing more fragmented with solutions and vendors that offer a wide range of features. This year we have 51 vendor solutions selected by 2% or more of our survey population across the various size categories. Most vendors competing in this space view these capabilities as a secondary set of features to their original entry points into Enterprise or HR system environments.

Big differentiators now include:

- Cost
- Accessibility
- Ease of use and configuration
- Accessibility, including mobile capabilities
- Reporting and Intelligent features

The most common Other category (vendors that did not reach 2% or more in our data set) includes a mix of enterprise and niche players. On average, 5% of organizations use a vendor in the Other category; the most often mentioned solutions are:

15Five/Emplify	IBM Maximo
Cornerstone	Medallia
Darwinbox	PeopleSphere
Engagedly	Quantum Workplace
Engage ESM	QuestionPro
HiBob	Survey Sparrow
Microsoft Glint	Zonka

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Each year we ask survey respondents to rank the quality of their system User Experience and Vendor Satisfaction on a scale of 1-5, and we average those ratings for each solution. This year the overall HRSD categories' average scores sit at 3.54 (UX) and 3.52 (VS), about 5% lower than last year's HRSD averages. There were 38 vendor solutions that received the minimum validated customer ratings to make our **HRSD VOC** chart this year.

Due to the evolving buying patterns in this category we've decided to separate the **HRSD Voice of the Customer (VOC) User Experience and Vendor Satisfaction charts** into three major functionality areas: **Help Desk/Case Management Solutions, Self-Service Solutions, and Engagement Solutions.**

HRSD HELP DESK SOLUTIONS: Buyers who make these applications their primary service delivery tools are often looking to create economies of scale, by serving more employees with fewer HR resources using streamlined processes and supported technology. Organizations often find that beyond the cost savings, these applications add real value in both improved employee and HR engagement, along with more environmental data for employee-focused decision making.

FIGURE 74: HRSD HELP DESK, VOICE OF THE CUSTOMER VENDOR SATISFACTION AND USER EXPERIENCE
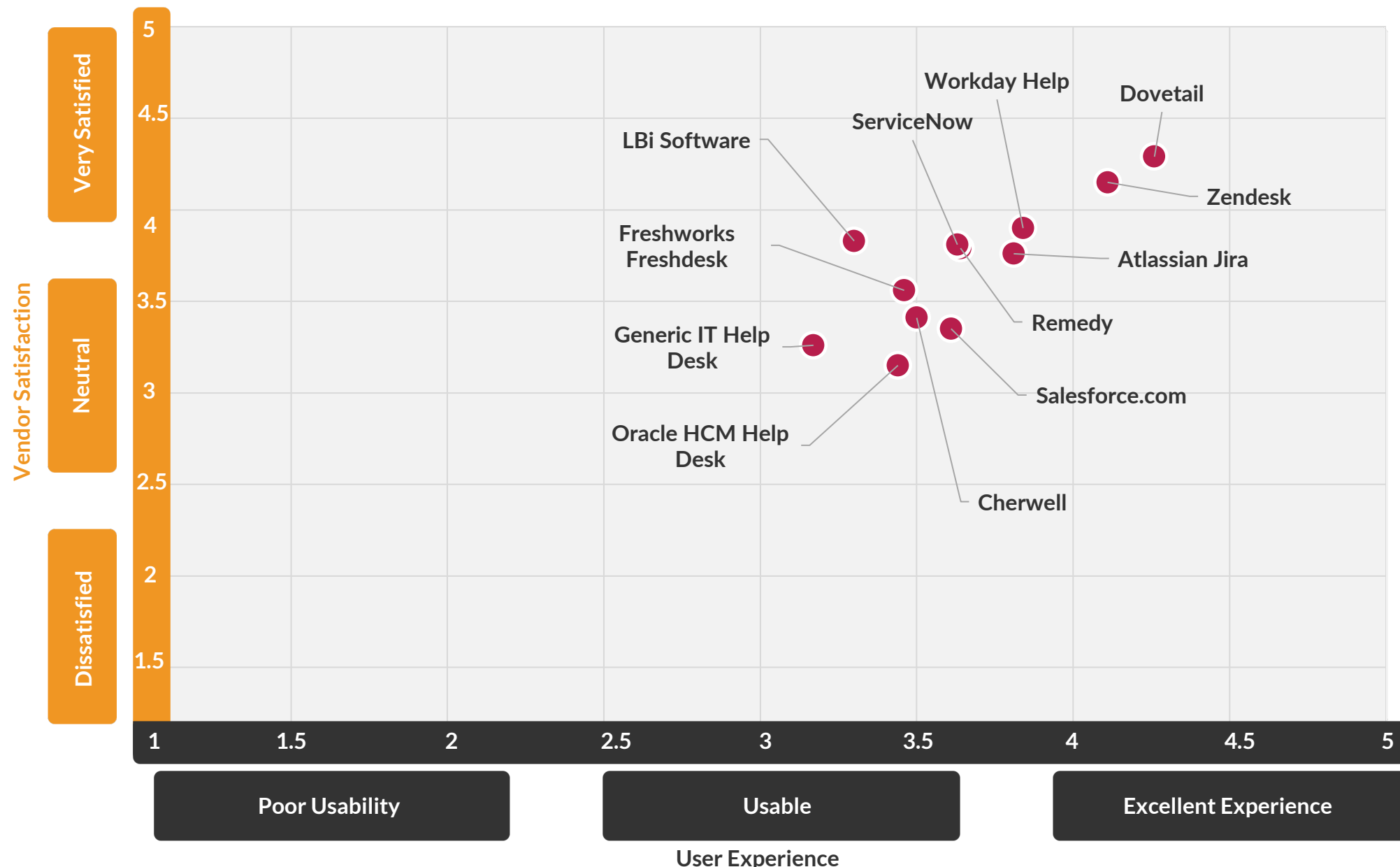
HRSD

HELP DESK 🎧

Major Factors driving Vendor Satisfaction and User Experience ratings include:

- Ease of use
- Ease of configuration
- Mobile capabilities
- Integrations

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HRSD SELF-SERVICE SOLUTIONS: This is a wide mix of HRMS, HR Service Delivery, and Portal technologies that provide solutions that allow HR to configure and setup workflows, help employees and managers complete HR and work-related processes, and gather necessary data from employees to complete those processes, communicate necessary information and documents. This is the most common set of solutions used by today's buyers to meet their HR Service Delivery needs and has several solutions that overlap with the HR Help Desk category. These applications tend to be more utilitarian in their features and buyers look for the most convenient and cost-effective solution to meet these needs.

FIGURE 75: HRSD SELF SERVICE, VOICE OF THE CUSTOMER VENDOR SATISFACTION AND USER EXPERIENCE
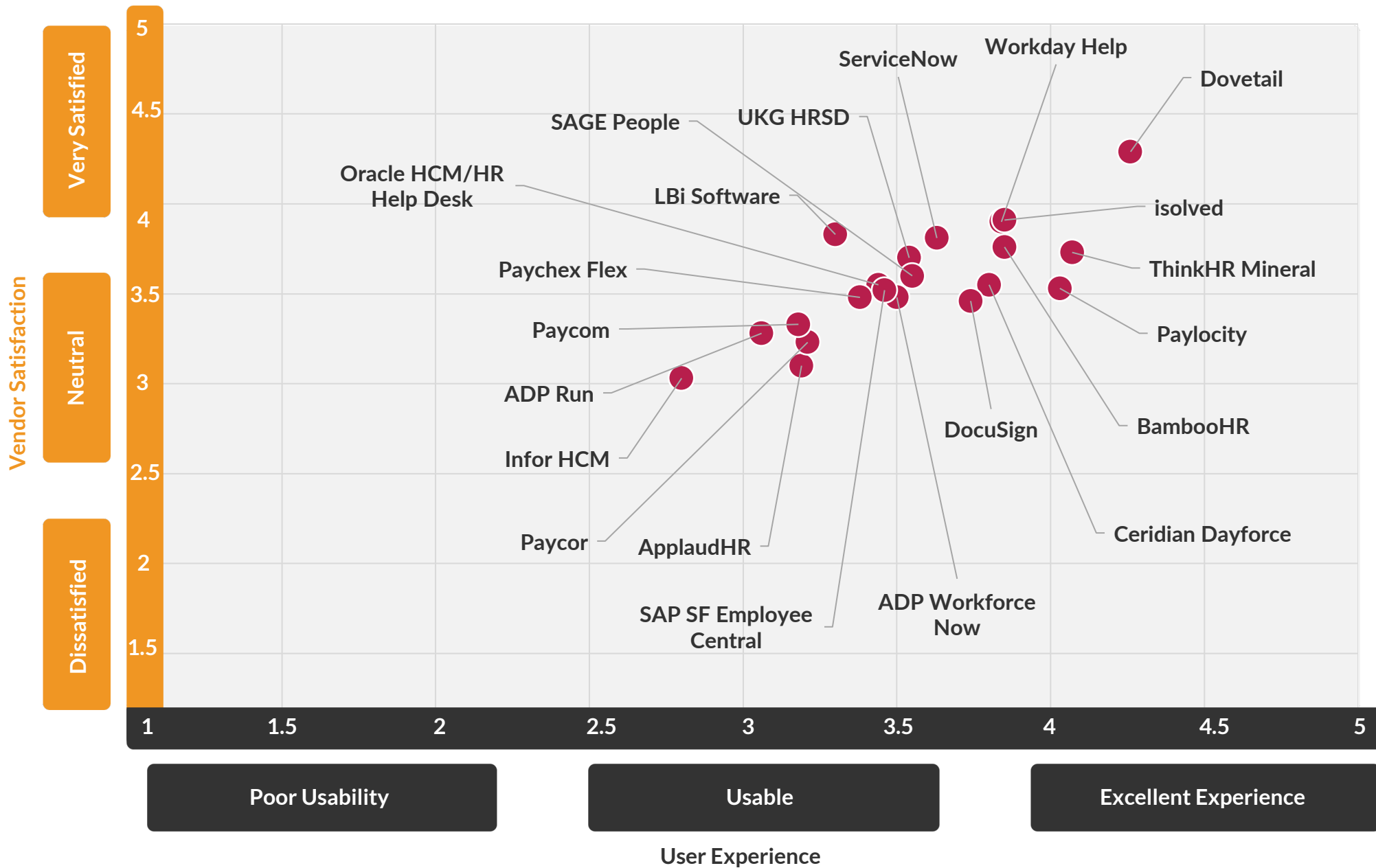
HRSD

SELF SERVICE

Major factors driving Vendor Satisfaction and User Experience ratings include:

- Cost
- Convenience
- Intuitive use
- Flexible workflows

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VOICE OF THE CUSTOMER HR SERVICE DELIVERY SYSTEMS

HRSD ENGAGEMENT SOLUTIONS: This category is an emerging set of solutions evolving in the HR Service Delivery ecosystem, with a focus on engagement, feedback, and in some cases employee performance. These applications range from traditional survey tools expanding into employee listening solutions to wellness or reward applications focusing on employee engagement. This is also the category we see traditional workforce productivity tools like Microsoft and Google entering the enterprise HR systems market, using their ability to gather constant information on work behaviors, team communications, and enterprise workflows to tailor workforce experiences and inform an organization's understanding of employee engagement. Although these solutions are often tightly connected to other HR application categories such as Talent Management or Time Management, our survey respondents currently identify their primary ownership or buying function as part of their HR service delivery or shared-services functions.

FIGURE 76: HRSD ENGAGEMENT, VOICE OF THE CUSTOMER VENDOR SATISFACTION AND USER EXPERIENCE

HRSD

ENGAGEMENT

Major Factors driving Vendor Satisfaction and User Experience ratings include:

- Accessibility
- Cost
- Reporting
- Mobile friendly

Chart labels: Microsoft Sharepoint, Workday Peakon Employee Voice, Lattice, In-House/Intranet, Microsoft Viva/Teams, Limeade, Qualtrics, ApplaudHR, Perceptyx, Culture Amp, Survey Monkey Momentive, UKG Employee Voice, UKG HRSD

Y-axis: Vendor Satisfaction — Very Satisfied, Neutral, Dissatisfied (1.5–5)
X-axis: User Experience — Poor Usability, Usable, Excellent Experience (1–5)

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Our aggregate Voice of the Customer (VoC) Vendor Satisfaction (VS) and User Experience (UX) charts are a valuable tool for obtaining a broad perspective of how the HR community is evaluating their current applications, Over the last 25 years of gathering and analyzing customer feedback, we have seen a wide range in customer ratings based on the global complexity and total workforce size managed within the application. These ranges are most evident in Payroll, HRMS, Time Management, and HR Service Delivery applications.

To provide more context to this data, we analyze the solutions that achieve the highest average rankings, from multi-sourced validated responses in three size categories. The solutions must have at least 15 or more responses in the respective size categories to qualify for this analysis.

Our Voice of the Customer Top Five ranking is hard-won and worth a bit of celebration. In **Figure 77,** we provide a snapshot of the solutions achieving the Top 5 average ratings, in **HR Service Delivery Systems** by size. We are also launching a series of Voice of the Customer badges for Vendors who achieve these notable ratings from their customers*.

*Full details of this analysis and further breakdowns of data by company size can be accessed through our research subscriptions, contact us at Research@SapientInsights.com for further information.

FIGURE 77: TOP FIVE VOC RATINGS BY WORKFORCE SIZE

ENTERPRISE, >5000 EE – HR SERVICE DELIVERY SYSTEMS

	User Experience	Vendor Satisfaction
Top, #1	**Dovetail**	**Dovetail**
Top	Workday Help	Workday Help
Top	DocuSign	ServiceNow
Top	Qualtrics	SAP SuccessFactors EC
Top	ServiceNow	Microsoft SharePoint

MID-MARKET, 500 - 5000 EE – HR SERVICE DELIVERY SYSTEMS

	User Experience	Vendor Satisfaction
Top, #1	**Microsoft Viva**	**Microsoft Viva**
Top	Qualtrics	Workday Help
Top	Dovetail	Dovetail
Top	Workday Help	Qualtrics
Top	Culture Amp	UKG HRSD

SMB, <500 EE – HR SERVICE DELIVERY SYSTEMS

	User Experience	Vendor Satisfaction
Top, #1	**Zendesk**	**Microsoft Viva**
Top	Microsoft Viva	isolved
Top	Mineral	ADP Workforce Now
Top	DocuSign	Zendesk
Top	isolved	Mineral

As HR Service Delivery systems become more standardized and buyers become clearer on their expectations and needs, the Vendor Satisfaction and User Experience ratings will start to balance. Currently vender ratings are widely dispersed.

The top factors given for low Vendor Satisfaction and User Experience ratings:

- Difficult to use
- Poor customer service
- Cost concerns
- Difficult configuration
- Lack of mobile tools

> *I feel slightly thrown to the wolves regarding how our training went with implementing this new system. For the cost, I feel we should get more help.*
>
> Healthcare, 197+ EE

The top factors given for high Vendor Satisfaction ratings:

- Great customer support
- Knowledgeable implementors
- Checkpoints and adoption meetings
- Partner communities

The top factors given for high User Experience ratings include:

- Ease of use by Employees, HR, and IT
- Continued improvements and updates
- Accessibility and convenience

ENTERPRISE   **HR SERVICE DELIVERY UX AND VS RATINGS:**

Although one of the smaller vendors in the HR Service Delivery category, Dovetail has achieved the highest scores in User Experience and Vendor Satisfaction in aggregate and at the enterprise level for the last two years. Over the last several years this organization invested heavily in upgrading its platform and focused customer care on helping buyers achieve specific outcomes.

DOVETAIL CUSTOMER QUOTES:

> *They changed how we handle cases and calls creating an improved user experience and extremely improved efficiencies that we didn't have before. They truly understand the HR function and built their product around that understanding.*
>
> Healthcare, 30000+ EE

Workday Help achieved the second highest ratings in User Experience and Vender Satisfaction ratings for enterprise-level organizations, along with the highest level of expected growth in adoption for this size category. Workday Help was made generally available in 2020 amid the initial COVID-19 crisis, along with Workday Journeys, and Workday People Analytics. The rapid uptake by existing Workday customers isn't surprising when you look at a buyer's desire to find convenient, accessible, and user-friendly applications to improve the employee experience while reducing HR workloads.

The final application to achieve top-five status in User Experience and Vendor Satisfaction for the Enterprise HR Service Delivery category is ServiceNow. This solution has seen several years of increasing adoption in this HR category, leveraging existing customer relationships with organizations already using their IT help desk, asset management, and workflow applications. Buyers looking for convenience, a focus on multi-application integrations, and standardized experiences across IT and HR shared service solutions often find this a convenient and cost-effective service delivery tool.

Additional applications achieving high ratings in this category are a diverse group of solutions, including DocuSign, Qualtrics, SAP SuccessFactors, and Microsoft SharePoint. All solutions tout streamlined user experiences with reduced HR workloads.

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MID-MARKET — HR SERVICE DELIVERY UX AND VS RATINGS:

Although Microsoft Viva as a combined application is relatively new, launched in early 2021 as Microsoft's Engagement platform, it brings together a dispirit set of Microsoft Teams and 365 applications already in use for communications, knowledge sharing, learning, workflows, and environmental employee listening. As a free add-on for most Microsoft 365 buyers, it has quickly become a valuable tool for HR functions. Achieving the highest User Experience and Vendor Satisfaction ratings for Mid-Market organizations emphasizes the impact Microsoft can have when entering a market.

MICROSOFT VIVA CUSTOMER QUOTES:

This was a life saver during COVID and is a key communication tool today. Cloud-based, mobile-friendly, also easily syncs with SharePoint & distributed employee laptops.

Manufacturing, 1800+ EE

In the Mid-Market category, we also continue to see Workday Help, Dovetail, and Qualtrics all receive high ratings in both User Experience and Vendor Satisfaction. Although usually purchased for very specific needs,, when used creatively, these applications have multiple overlapping features that many mid-market buyers find valuable extensions of their initial vendor purchase, such as workflow tools, forms, communication tools, and user analytics.

Culture Amp and UKG HRSD round out the top five list of solutions in the Mid-Market category. Culture Amp has been slowly positioning itself as a broad engagement platform, with capabilities in employee listening, performance management, and knowledge-sharing, In contrast, UKG's HRSD is a more traditional HR Service Delivery solution focused on information sharing, process automation, and file sharing.

SMB — HR SERVICE DELIVERY UX AND VS RATINGS:

This category of solutions can be challenging for SMB buyers, who desperately need more HR automation and self-service tools to meet increasingly diverse employee needs with far fewer HR resources than larger organizations.

It isn't surprising that buyers gave top UX and VS ratings to a wide mix of solutions that range from traditional customer helpdesk solutions to standard core HRMS solutions.

ZENDESK CUSTOMER QUOTES:

Terrific tool--meets our needs and is a lot of value for the money. Awesome resource--reporting capabilities are top-notch.

Hospitality, 480+ EE

Zendesk received top User Experience ratings, making the case that treating employees as well as you treat your customers isn't a bad idea – as Zendesk is a popular Customer Help Desk solution. Additionally, Microsoft Viva received top marks in Vendor Satisfaction, highlighting that SMBs value packages and support that goes beyond HR functionality.

Zendesk, Microsoft Viva, Mineral, and isolved all received Top Five ratings in UX and VS for SMB organizations. Mineral is an HR services and technology offering that focuses on compliance needs for the SMB market. They offer a mix of internal applications with partner solutions to create a tailored environment for SMB organizations focused on simplifying HR processes, work-flowing compliance processes, knowledge sharing, and content management. Although a traditional HRMS, isolved offers a broad employee and manager self-service solution and workflow tools that are invaluable to first-time HR technology buyers.

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The HR Service Delivery category is rapidly evolving and at the center of the conversation about today's Employee Experience creating the need for solutions that achieve real outcomes and address business needs – 55% of organizations feel their primary HR Service Delivery application "**meets their business needs most of the time," and 15% feel it "always meets their needs."**

Only 15% of organizations are confident that their primary HR Service Delivery Solutions are Always meeting their Employee Experience and Business Needs

So why are organizations struggling with these solutions – over 40% of organizations stated that the top reasons were both reporting capabilities and functionality gaps, Currently these applications continue to be viewed as incomplete with room for improvements.

TOP HR SERVICE DELIVERY GAPS IN MEETING BUSINESS NEEDS

HR Service Delivery Applications

- **Reporting Functionality 40%**
- Gaps in overall functionality 40%

Another way to look at this question is to assess the current Employee Experience an organization believes is being achieved by its HR Systems and processes. As seen in **Figure 78**, in aggregate when we asked this question a little over 30% felt they achieving a culture of collaboration and teamwork, with the remaining organizations almost evenly split across various experiences from standards to setting consumer-grade expectations. On the next page in **Figure 79**, we look at this analysis by the top primary HR Service Delivery solutions identified by survey participants.

FIGURE 78: DESCRIPTION THAT BEST FITS YOUR CURRENT HR SYSTEMS EMPLOYEE EXPERIENCE

Other	Consumer Grade	Culture of diversity & belonging	Self reliance	Manager-led culture	Innovation & Work Flexibility	Standards & Policies	Collaboration & Teamwork
4%	5%	10%	10%	11%	12%	16%	32%

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When we look at this analysis of the current Employee Experience, HR technology buyers feel they are achieving with the primary HR Service Delivery solutions they selected – we find that many solutions seem to achieve a unique set of outcomes. Collaboration and Teamwork are number one for the bulk of vendor solutions, but the second and third most highly selected Employee Experiences are much more diverse and widely spread across the options. We did not see major patterns based on the size of employees served, or if the solution was primarily an HRMS solution or a stand-alone help desk or communications point solution.

FIGURE 79: TOP 3 CURRENT EMPLOYEE EXPERIENCE DESCRIPTION BASED ON THE PRIMARY HR SERVICE DELIVERY VENDOR SELECTED

Top Primary HR Service Delivery Solutions		Collaboration and Teamwork	Standards / Policy	Manager-Led	Self-Reliance	Diversity & Belonging	Innovation / Work Flexibility	Consumer Grade Experience
Workday / Workday Help		1		2	3			
Oracle HCM				1		2	3	
SuccessFactors EC		1		3	2			
Ceridian Dayforce		1	3		2			
UKG HRSD		1	2				3	
ADP Workforce Now		1	2				3	
Paylocity		1		3	2			
Paycom		1			2			3
Paycor				3	1			2
BambooHR		2	1		3			
isolved		1	2			3		
ServiceNow		3	1				2	
Dovetail		1				2	3	
Microsoft Sharepoint/Viva		2			3		1	
In-House / Developed		1	2			3		

(Rows Workday through isolved labeled: **CORE HRMS SORTED BY AVG EE SIZE**; Rows ServiceNow through In-House / Developed labeled: **OTHER APPS**)

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Competition continues to increase in this application area as point solutions expand on their platform offerings and HR Suites continue to invest in more HR Service Delivery focused functionality. We are seeing extensive work being done in almost all solution providers on Employee and Manager Self-Service experiences, including workflow tools, and employee listening solutions that may eventually bring the HR Service Delivery tools in line with HRMS environments, or create a separate category focused on employee experiences only.

A major goal for many organizations is to figure out how to increase adoption in hopes of increasing the data accuracy and frequency of the information they are gathering from employees to improve their experience and ensure engagement.

Additional emerging trends to watch in HR Service Delivery applications include:

- Voice initiation/chatbots
- Intelligent services and integration
- Collaboration and cohort creations
- Contingent and remote workflows
- Two-way communications, constant interactions
- HR communication and standards, based on ESG requirements
- Separation of front and back-end architecture (headless microservices)

Organizations of all workforce sizes, industries, and regional makeups are now leveraging HR technology as a critical business solution. As a community, we have a real opportunity to leverage these technologies to support both business outcomes and workforce experiences.

CUSTOMER QUOTES:

[Vendor] does well with pushing documents for signature, and you can post an announcement, but not overall a great tool. We mostly use it for lower priority/nice-to-have/optional-read communications to employees.

Construction, 4500+ EE

CUSTOMER QUOTES:

I can call with the same question or concern 3 or more different times and get 3 or more different answers. Setting user permissions is complicated.

Professional Services, 100+ EE

CUSTOMER QUOTES:

Support is sometimes lacking knowledge of our specific configuration and so unable to help us as quickly as needed. Not all solutions are available on the mobile app.

Financial Services, 900+ EE

These are just a few of the 5,000 + comments we received from respondents on ways their current systems or vendors struggle to support their business outcomes. These are great topics to include in your RFP assessment process.

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VOICE OF THE CUSTOMER
TIME MANAGEMENT

SECTION 8

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VOICE OF THE CUSTOMER TIME MANAGEMENT SYSTEMS

Time Management applications help an organization manage when and where work is accomplished and have the unique requirement of spanning past, present, and future workforce data sets. Sometimes called workforce management or labor management systems, these highly complex solutions track the hours worked, location, schedules, time off, and sometimes the actual tasks completed.

Our Voice of the Customer section of the paper is based directly on feedback, ratings, and comments from customers of these applications. For more details on our methodology for all Voice of the Customer charts and research, see our Research and Methodology section of this paper.

Scheduling

We are able to schedule multiple shifts, process time off requests, and manage timesheets with additional pay codes.

Professional Services, 1600+ EE

Time Clocks

Ability to configure clocks and time plans together saves us hours of extra work/.

Hospitality, 222000+ EE

HOW THESE SYSTEMS MAKE A DIFFERENCE!

Labor Budgeting

Labor budgeting is a lifesaver – we have a clear picture of what we need in resources and certifications mapped out months in advance, so when storms hit we are ready.

Energy/Utilities, 465+ EE
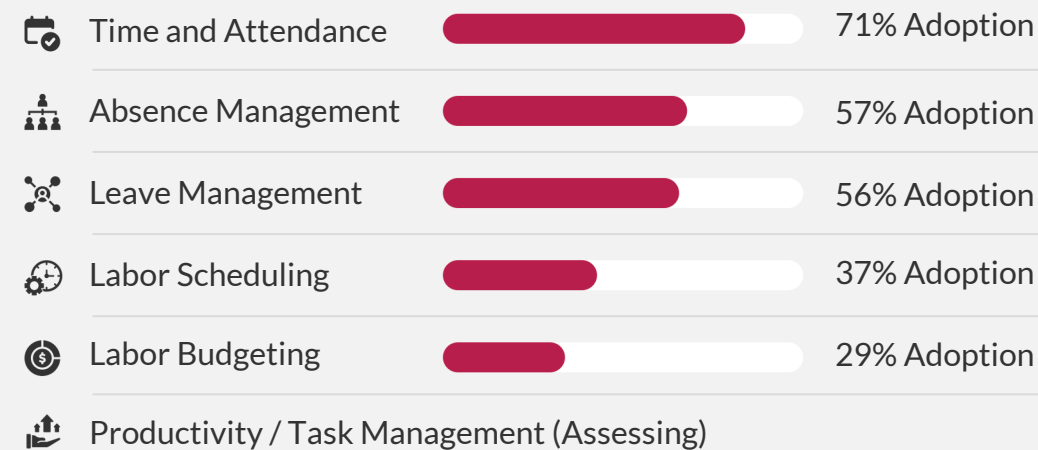
Absence Management

It is so easy to extract data from and we can respond to management with analysis quickly

Government, 9900+ EE

Applications we track in this category include:

Application	Adoption
Time and Attendance	71% Adoption
Absence Management	57% Adoption
Leave Management	56% Adoption
Labor Scheduling	37% Adoption
Labor Budgeting	29% Adoption
Productivity / Task Management (Assessing)	

Time and Attendance

Saved time in time punches and approving timecards. Reduced mistakes.

Education, 1400+ EE

Leave Management

The phone app makes applying for and approving leave really quick and easy.

Education, 1400+ EE

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TIME MANAGEMENT SYSTEMS

The applications that fall under a Time Management solution should do more than just track and optimize work: They should also ensure that an organization is safe, ethical, and innovative in managing both resources and activities. The industry is fairly clear on the individual applications that traditionally fall into this HR systems category:

Traditional functionality managed in Time Management solutions include:

- ○ Time and Attendance
- ○ Absence Management
- ○ Leave Management
- ○ Workforce/Labor Scheduling
- ○ Workforce/Labor Forecasting

Emerging trends in data and functionality include:

- ○ Time Management for contingent labor
- ○ Project and activity tracking
- ○ Schedules based on skills or certifications
- ○ Position, skills, and activity forecasting
- ○ Mobile and environmental data tracking

Organizations can adopt Time Management applications as individual modules from separate niche solution providers or as a complete time management or workforce management solution from a single solution provider. As such, we look at this category holistically as a complete time management solution. This research includes customer feedback on the complete time management solution, also referred to as an organization's primary time solution. The most highly adopted application in this category is Time and Attendance applications as seen in **Figure 80**, where over 80% of Mid-Market and Enterprise organizations have adopted some form of Time and Attendance application, and over 50% of SMB organizations have one in place.

FIGURE 80: TIME AND ATTENDANCE ADOPTION BY SIZE

L >5000+EE: In Use 80% | 12-24 Months 14% | 3% | 3%

M 500 – 5000 EE: In Use 80% | 12-24 Months 10% | 5% | 5%

S < 500 EE: In Use 51% | 12-24 Months 19% | Assessing Need 14% | No Plans 16%

- ■ In Use
- ■ 12-24 Months
- ■ Assessing Need
- ■ No Plans
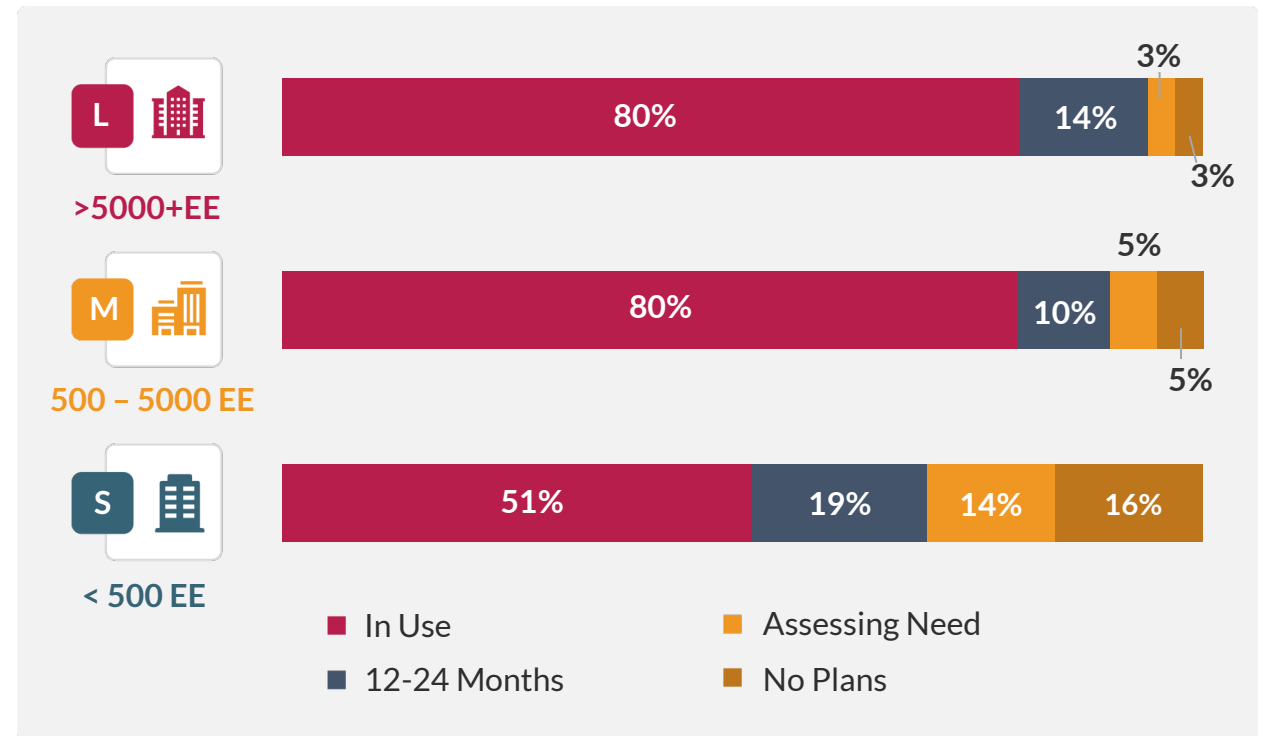
FIGURE 81: TIME MANAGEMENT REPLACEMENT PLANS
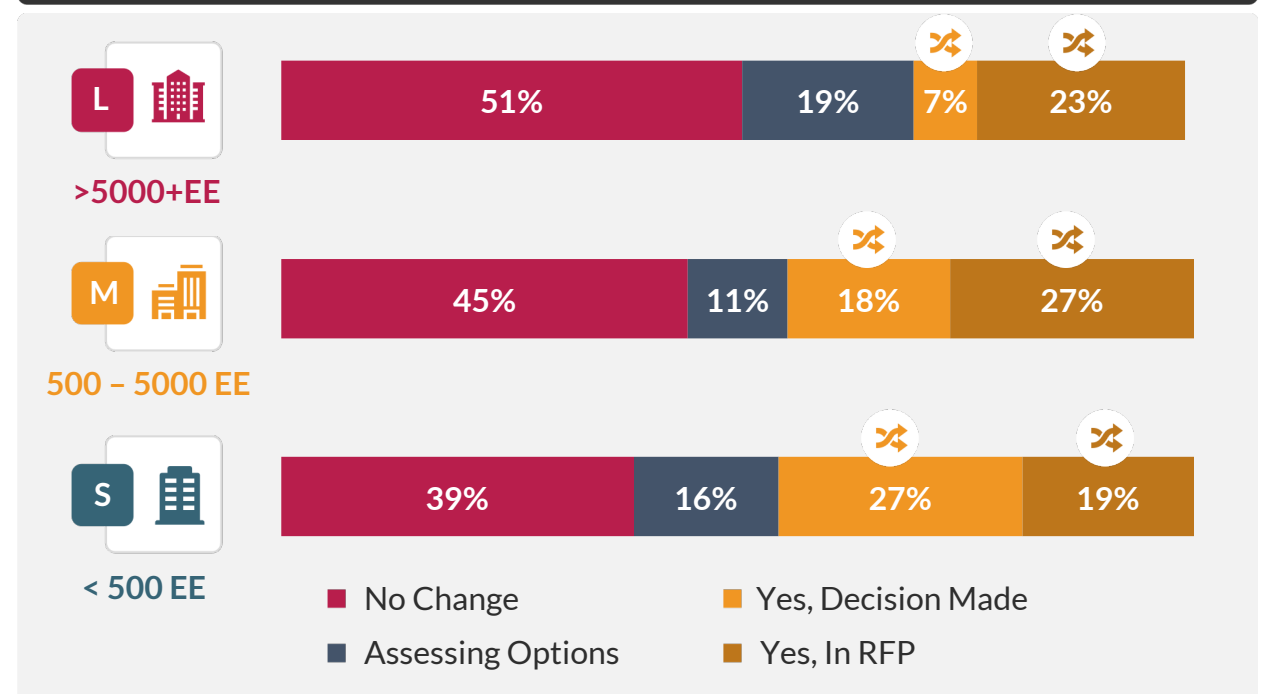
L >5000+EE: No Change 51% | Assessing Options 19% | Yes, Decision Made 7% | Yes, In RFP 23%

M 500 – 5000 EE: No Change 45% | Assessing Options 11% | Yes, Decision Made 18% | Yes, In RFP 27%

S < 500 EE: No Change 39% | Assessing Options 16% | Yes, Decision Made 27% | Yes, In RFP 19%

- ■ No Change
- ■ Assessing Options
- ■ Yes, Decision Made
- ■ Yes, In RFP

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Time management applications are purchased in multiple ways, depending on the organization's enterprise systems strategy and critical requirements. An organization may choose to purchase an application that's offered as a part of an existing/new ERP or Operations Suite, or a Payroll/HRMS Suite, or Time Management Suite or a standalone Point Solution provider.

FIGURE 82: TIME MANAGEMENT PURCHASE APPROACH

Time Purchasing Approach	Today	Average Years Owned	12 Months
ERP/Operations Suite[1]	31%	7.3	35%
Payroll/HRMS Suite	39%	5.25	39%
Time Suite/Point Solution	30%	6.2	26%

As seen in **Figure 82**, Time Management solutions are currently split almost evenly across ERP, Payroll/HRMS, and Time Point solutions for their purchasing models. Much like last year we are expecting to see in 2023 participants increasing the adoption of ERP environments that include an HRMS or Operations module. Many large ERP/HRMS solutions that previously chose to partner with point solutions have now begun to invest heavily in building out their own full set of Time Management applications, driving the market in this direction for increased adoption.

Time Management applications tend to be some of the longest held HR applications but as you can see in **Figure 82** the current average ownership years is slightly lower now than Payroll. This is a market in transition as over 45% of survey respondents have already decided to replace their current Time Management applications in the next 12 – 24 months, and another 14% are assessing their needs.

1. Enterprise Resource Planning (ERP) is a category of enterprise software that typically integrates financials, HR, manufacturing, order processing and customer relationship management.

ERP/OPERATIONS SUITE CUSTOMER QUOTES:

Global, Scalable, and Integrated.

High Tech, 2100+ EE

PAYROLL/HRMS SUITE CUSTOMER QUOTES:

We are able to schedule multiple shifts, process time off requests, and manage timesheets with additional pay codes. It allows for rich time and attendance data.

Business Professional, 1600+ EE

TIME MANGEMENT SUITE CUSTOMER QUOTES:

It accurately collects in and out punches.

Agricultural, 8500+ EE

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The Time Management Vendor adoption chart is expressed as a percentage of total responses achieved for each vendor solution, viewed by organization size (**see Figures 83, 84, 85**). Please note: These charts are not market-size data. They are best used to view the predominant vendors in each company size category and to identify trends in future adoption.

FIGURE 83: TIME MANAGEMENT VENDOR ADOPTION, ENTERPRISE

E 🏢 >5000+EE	Today Adoption Level	Expected Growth	12 Month Adoption Level
Workday	18.75%	⬆	22.36%
UKG/ Kronos Central	9.53%	➡	9.77%
ADP eTime	7.21%	⬆	9.62%
Ceridian Dayforce	7.21%	➡	7.69%
In-House	5.29%	↗	6.01%
Other, please specify	5.05%	➡	5.53%
Workforce Management Software	4.57%	⬆	6.25%
SAP HCM	4.13%	➡	4.33%
UKG Dimensions	3.61%	⬆	5.51%
ADP Vantage	2.64%	⬆	4.09%
Oracle PeopleSoft	2.16%	⬆	3.61%
Infor HCM	1.92%	⬆	3.37%
UKG Pro	1.84%	⬆	2.94%
Deltek	1.68%	⬆	2.88%
Oracle HCM	1.66%	⬆	3.31%
Operational System - POS, Sales	1.50%	⬆	3.31%
TCP TimeClock+	1.20%	⬆	3.31%

E TIME MANAGEMENT VENDOR ADOPTION - ANALYST INSIGHTS:

Enterprise organizations are lagging slightly behind SMB and Mid-Market organizations in plans to replace these systems with just 30% of organizations planning to make a move in the next 12 to 24 months, and 19% assessing needs. Time and Attendance applications are some of the most difficult HR systems to replace, with daily employee use, timeclock investments, and integrations with Payroll, HRMS, and Operation systems.

The biggest driver in Time Management replacement plans is the continued push by both buyers and vendors to move clients from older On-premise solutions in UKG Central, SAP HCM, and Oracle Peoplesoft. UKG formally announced that they will end all support for UKG Central by 2027, along with older AS4500 time clocks. This is an aggressive timeline, but necessary to move the industry forward and address security risks. Oracle and SAP have continued to extend End of Life timelines for their on-premise applications.

UKG is expecting the bulk of its customers will move to their new Cloud UKG Dimensions platform - and the higher-than-expected adoption plans confirm many are planning on making this move. These plans may also impact the large number of organizations on ADP eTime which is based on the original Kronos Central product.

Workday is seeing some of the highest levels of growth at the enterprise level, especially since they rounded out their offering in 2021 with the launch of a highly anticipated Scheduling solution.

Expected Growth Legend

⬆ Substantial Growth
↗ Slight Growth
➡ Flat
↘ Slight Decline
⬇ Substantial Decline

Expected growth calculation is based on the difference between Today and 12 Month adoption plans, in addition to data points from future replacement plans, assessment plans, and RFP inclusions.

Note: These data sets do not equal 100%, respondents often have multiple applications, and responses below 2% in Today or 12-month adoption levels have been removed.

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FIGURE 84: TIME MANAGEMENT VENDOR ADOPTION, MID-MARKET

M 500 - 5000 EE	Today Adoption Level	Expected Growth	12 Month Adoption Level
Ceridian Dayforce	9.02%	↑	11.34%
Other, please specify	7.73%	↑	8.76%
Workday	7.47%	↑	12.11%
UKG Pro	6.96%	↑	9.28%
ADP eTime	6.70%	↑	10.05%
UKG/Kronos Central	6.84%	→	6.94%
ADP Workforce Now	5.15%	↑	7.73%
In-House	3.35%	↑	5.93%
SAP HCM	3.00%	→	3.35%
UKG Dimensions	2.58%	↑	5.67%
ADP Vantage	2.58%	↑	5.15%
Paycom	2.58%	↑	4.64%
isolved	2.58%	↑	4.12%
Deltek	2.32%	↑	5.15%
Infor HCM	2.06%	↑	4.64%
Workforce Management Software	2.06%	↑	4.12%
Ellucian Banner	2.06%	↑	3.61%
ADP Next Gen HCM	1.80%	↑	5.15%
WhenIWork	1.80%	↑	3.87%
Oracle HCM	1.80%	↑	3.09%
UKG Ready	1.55%	↑	3.09%
Fourth Hot Schedules	1.29%	↑	3.87%
SAGE People	1.29%	↑	3.61%
Operational System - POS, Sales	1.03%	↑	3.87%

M TIME MANAGEMENT VENDOR ADOPTION - ANALYST INSIGHTS:

In the Mid-Market category, 45% of organizations have already made the decision to replace their existing Time Management systems, with another 11% assessing their options. At this level, we are seeing high levels of increased adoption across almost all solutions that are not the older on-premise options. As organizations shift from SMB solutions to new Mid-Market solutions better equipped for complex needs, SMB solutions turn around and gain more greenfield buyers.

Ceridian Dayforce and Workforce Management Software had solid adoption levels at the Enterprise level, but in Mid-Market Ceridian Dayforce easily achieves the highest adoption level. Looking forward they are also seeing high levels of growth from both existing and new customers, with only Workday seeing higher 12-month outlooks – mostly from existing customers.

Other high-growth solutions include UKG Pro, ADP eTime, ADP Workforce Now, ADP Next Gen HCM, UKG Dimensions, and Deltek (although we believe there will be some growth for ADP eTime, we believe the bulk of this growth will likely be transferred to other ADP products).

Some newer entrants into this Mid-Market space and worth keeping an eye on include Hotschedules, Deltek, and isolved – and some interesting growth for the SMB solution WhenIWork.

Expected Growth Legend

↑ Substantial Growth
↗ Slight Growth
→ Flat
↘ Slight Decline
↓ Substantial Decline

Expected growth calculation is based on the difference between Today and 12 Month adoption plans, in addition to data points from future replacement plans, assessment plans, and RFP inclusions.

Note: These data sets do not equal 100%, respondents often have multiple applications, and responses below 2% in Today or 12-month adoption levels have been removed.

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FIGURE 85: TIME MANAGEMENT VENDOR ADOPTION, SMB

S 🏢 <500 EE	Today Adoption Level	Expected Growth	12 Month Adoption Level
Other	15.36%	↗	16.15%
ADP eTime	8.33%	↑	12.24%
isolved	8.33%	↑	10.68%
In-House	7.81%	↑	10.94%
Ceridian Dayforce	5.21%	↑	7.03%
UKG Pro	4.60%	↑	7.73%
ADP Workforce Now	4.43%	↑	7.29%
Paycor	4.30%	↑	7.43%
Paychex	3.56%	↑	5.65%
TCP TimeClock+	3.56%	↑	5.39%
UKG Ready	3.26%	↑	4.56%
ADP Next Gen HCM	3.13%	↑	5.21%
Ellucian Banner	2.86%	↑	4.69%
Paylocity	2.34%	↑	5.21%
Workday	2.34%	↑	5.21%
Oracle HCM	2.34%	↑	4.69%
BambooHR	2.34%	↗	3.13%
Deltek	2.08%	↑	3.65%
Infor HCM	2.08%	↑	4.17%
ADP Vantage	1.82%	↑	5.21%
SAGE People	1.82%	↑	3.91%
Tyler Technologies	1.82%	↑	3.91%
Workforce Management Software	1.56%	↑	4.43%
Namely	1.56%	↑	3.91%
Paycom	1.56%	↑	3.39%

S 🏢 <500 EE	Today Adoption Level	Expected Growth	12 Month Adoption Level
Operational System - POS, Sales	1.30%	↑	4.69%
Fourth Hot Schedules	1.30%	↑	3.13%
UKG Dimensions	1.04%	↑	3.39%
Swipeclock WorkforceHub	1.04%	↑	2.86%
WhenIWork	0.78%	↑	3.13%

Expected Growth Legend

↑ Substantial Growth
↗ Slight Growth
→ Flat
↘ Slight Decline
↓ Substantial Decline

Expected growth calculation is based on the difference between Today and 12 Month adoption plans, in addition to data points from future replacement plans, assessment plans, and RFP inclusions.

Note: These data sets do not equal 100%, respondents often have multiple applications, and responses below 2% in Today or 12-month adoption levels have been removed.

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S TIME MANAGEMENT VENDOR ADOPTION - ANALYST INSIGHTS:

The SMB market has the highest expectations for changing out their existing Time Management solutions with 46% planning to make a change within the next 12 to 24 months, and 16% assessing their needs. That's a whopping 62% considering a major system change – why? The reasons are many, but most seem to be quickly outgrowing their initial systems and regulations requiring more reporting and transparency in attendance and scheduling is pushing buyers to look for solutions that not only scale with them technically but offer valuable compliance service to ensure they scale in compliance as well. This is a crowded space for SMBs with hundreds of light solutions being offered as embedded solutions in operation software for point of sale, manufacturing, or project work.

The solutions on this list tend to be more sophisticated, with clear connections to other HR datasets. Here again, we see growth in almost all solution offerings, and our Other category still has the highest adoption level in this category. In named solutions, ADP eTime currently holds the highest adoption level in the SMB category but once again we wonder if buyers selected the correct ADP solution or if they will be quickly moving to new ADP solutions. isolved continues to dominate this SMB space in our data set with high adoption numbers in Time Management as well, closely followed by the highly concerning in-house solution for such compliance-heavy process work.

Rounding out the top adopted solutions includes Ceridian Dayforce, UKG Pro, and ADP Workforce Now. All of these solutions are seeing high levels of adoption growth in the next 12 months as well. We are also seeing expected increases in adoption for Paycor, Paychex, TCP Timeclock +, and UKG Ready.

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As **Figure 85** shows on the previous page, the Time Management landscape is going through multiple changes. This year we have 30 vendor solutions selected by 3% or more of our survey population across the various size categories. The vendors competing in this space are still building out critical functionality to compete across the entire spectrum of applications.

Big differentiators now include:

- Global capabilities
- Scalability
- Integration tools or Marketplaces
- Mobile capabilities
- Intelligent features*

The Other category (vendors that did not reach 3% or more in our data set) includes several industry-focused HRMS solutions and newer and more internationally focused HRMS solutions. On average, 8% of organizations use a vendor in the Other category; the most often mentioned solutions are:

- Anaplan
- Hubstaff
- Insperity
- Darwinbox
- Reflexis
- Rippling
- Insperity
- Unum
- NeoGov
- Ramco
- Tyler Technologies

Another major factor when purchasing time management applications is the decisions concerning the use and purchase of physical time clocks to allow for time entry. Several vendors are discontinuing long-standing clocks that no longer work with newer applications – these include UKG, Ceridian Dayforce, and TCP.

Of the 80% of organizations that have a time and attendance app in use, just 16% choose to not have a timeclock of some format for entering time worked. Those organizations that leverage timeclock equipment, on average, provide 1.92 different ways to clock into an organization, with web-based continuing to be the #1 approach (**see Figure 86**).

FIGURE 86: TIMECLOCK ADOPTION & DEPLOYMENT MODEL
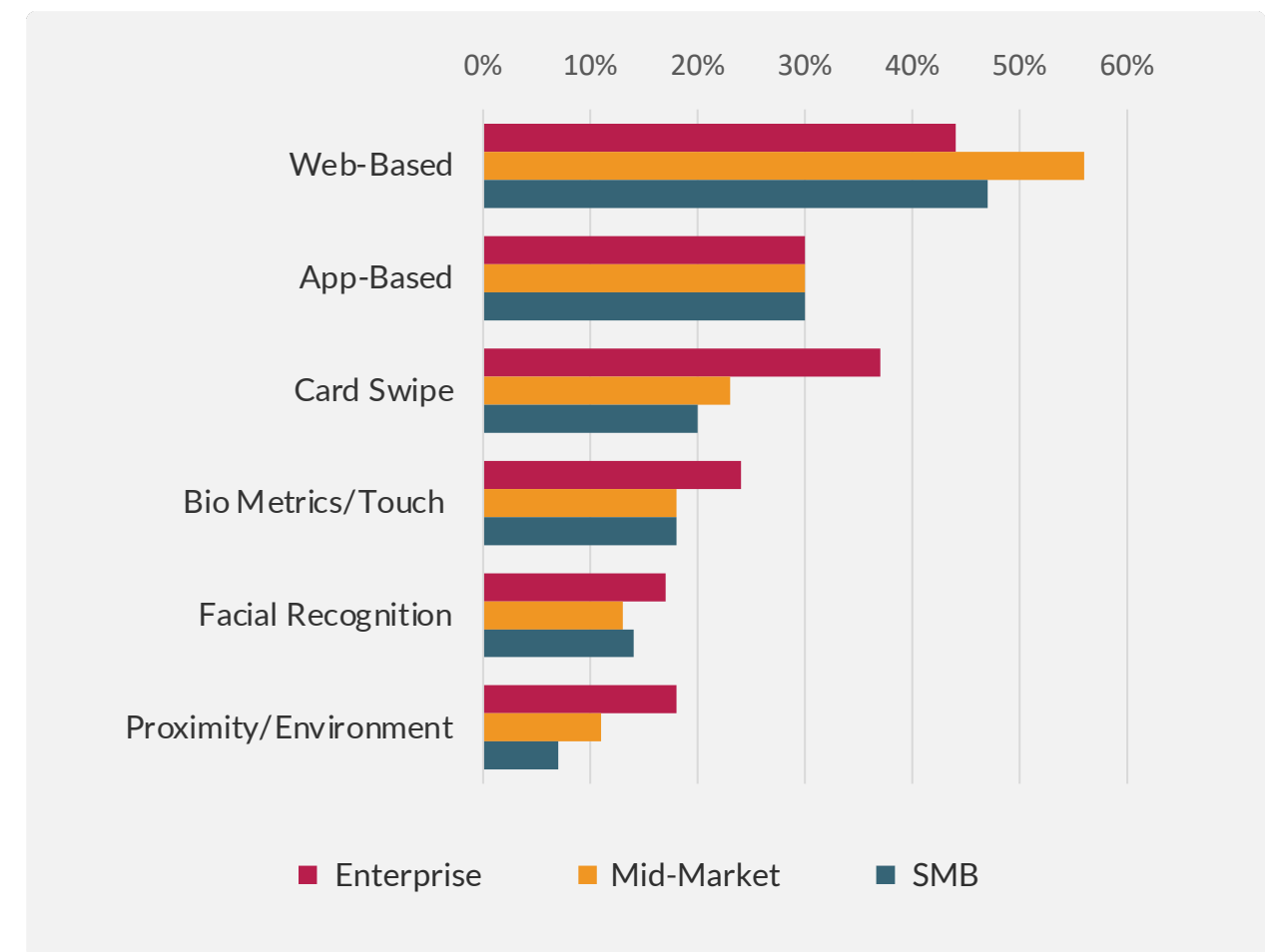
*By intelligent features, we refer to such technologies as machine learning, artificial intelligence, etc.

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Our annual **TIME MANAGEMENT Voice of the Customer (VoC) User Experience and Vendor Satisfaction chart** showcases the wide difference across applications in this category. Each year we ask survey respondents to rank the quality of their system User Experience and Vendor Relationship on a scale of 1-5, and we average those ratings for each solution. This year the overall HRMS categories average scores sit at 3.26 (UX) and 3.35 (VS), 7% lower than last year's Time Management averages. Buyers are starting to realize the critical role their Time Management applications play in HR's goals to be data-driven and employee experience-focused when achieving outcomes. 23 vendor solutions received the minimum validated customer ratings to make our **TIME MANAGEMENT VoC** chart this year.

FIGURE 87: TIME MANAGEMENT, VOC VENDOR SATISFACTION AND USER EXPERIENCE CHART

Vendor Satisfaction (y-axis): Very Satisfied (5, 4.5, 4), Neutral (3.5, 3, 2.5), Dissatisfied (2, 1.5)

User Experience (x-axis, 1 to 5): Poor Usability — Usable — Excellent Experience

Vendors plotted: ADP WF Now, UKG Pro, Workday, isolved, Swipeclock WFHub, Paycor, UKG Central, TCP TC+, UKG Dimensions, SAP HCM, Oracle HCM, Ceridian Dayforce, ADP Vantage, UKG Ready, Workforce Mgmt SF, Paychex, OPS - POS, Sales, Infor HCM, Paylocity, Deltek, ADP eTime, 4th Hot Schedules, Paycom

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Major Factors driving Vendor Satisfaction and User Experience ratings include:

- Ease of Configuration
- Innovation
- Integrations
- Reliability

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Our aggregate Voice of the Customer (VoC) Vendor Satisfaction (VS) and User Experience (UX) charts are a valuable tool for obtaining a broad perspective of how the HR community is evaluating their current applications, Over the last 25 years of gathering and analyzing customer feedback, we have seen a wide range in customer ratings based on the global complexity and total workforce size managed within the application. These ranges are most evident in Payroll, HRMS, Time Management, and HR Service Delivery applications.

To provide more context to this data, we analyze the solutions that achieve the highest average rankings, from multi-sourced validated responses in three size categories. The solutions must have at least 15 or more responses in the respective size categories to qualify for this analysis.

Our Voice of the Customer Top Five ranking is hard-won and worth a bit of celebration. In **Figure 88,** we provide a snapshot of the solutions achieving the Top 5 average ratings, in **Time Management Systems** by size. We are also launching a series of Voice of the Customer badges for Vendors who achieve these notable ratings from their customers*.

*Full details of this analysis and further breakdowns of data by company size can be accessed through our research subscriptions, contact us at Research@SapientInsights.com for further information.

FIGURE 88: TOP FIVE VOC RATINGS BY WORKFORCE SIZE

ENTERPRISE, >5000 EE – TIME MANAGEMENT SYSTEMS

	User Experience	Vendor Satisfaction
Top, #1	**Workday**	**Workday**
Top	UKG Dimensions	Ceridian Dayforce
Top	Ceridian Dayforce	UKG Dimensions
Top	Workforce Management Software	ADP eTime
Top	Infor HCM	UKG Central

MID-MARKET, 500 - 5000 EE – TIME MANAGEMENT SYSTEMS

	User Experience	Vendor Satisfaction
Top, #1	**UKG Dimensions**	**UKG Dimensions**
Top	UKG Pro	UKG Pro
Top	Ceridian Dayforce	Workday
Top	Workday	Ceridian Dayforce
Top	Workforce Management Software	ADP Workforce Now

SMB, <500 EE – TIME MANAGEMENT SYSTEMS

	User Experience	Vendor Satisfaction
Top, #1	**isolved**	**isolved**
Top	Ceridian Dayforce	BambooHR
Top	BambooHR	Ceridian Dayforce
Top	UKG Ready	ADP Run
Top	ADP Run	ADP Workforce Now

FIRST

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#1 User Experience

TIME MANAGEMENT SYSTEMS
Enterprise Market

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Top 5 Vendor Satisfaction

TIME MANAGEMENT SYSTEMS
Enterprise Market

2022-2023

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As Time Management Systems continue to increase in importance to strategic HR functions, we continue to see a focus on both the innovation and global capabilities for these applications.

The top factors given for low Vendor Satisfaction and User Experience ratings:

- Cost
- Lack of innovation
- Admin support
- Scalability issues
- Security issues

> *Lack of responsiveness regarding submitted feedback after updates adversely impact reports and time tracking.*
>
> Government, 4500+ EE

The top factors given for high Vendor Satisfaction (VS) ratings:

- Integration and streamlined processes
- Immediate calculations and data
- Responsiveness to requests
- Relationship across vendors

The top factors given for high User Experience ratings include:

- Mobile accessibility
- Intuitive user experience
- Easy customization

ENTERPRISE **TIME MANAGEMENT UX AND VS RATINGS:**

With the release of their scheduling functionality in 2021 Workday now offers a complete Time Management/Workforce Management package for Enterprise buyers. Those buyers seemed to be quite pleased with both the User Experience and Vendor Relationship giving them top ratings at this level. Customer comments centered around knowledgeable support, responsiveness, and the value of seeing the data all in one place. As Workday pushes to bring Time Management/Workforce Management discussions into the realm of the CHRO we expect this to help elevate the whole industry into considering the strategic value of these critical tools.

WORKDAY CUSTOMER QUOTES:

> *Responsiveness and thoroughness of support staff are critical, and the amount and quality of self-help resources are helpful. Ability to change things when needed without a great degree of difficulty.*
>
> Government, 2500+ EE

Also achieving top 5 status for both User Experience and Vendor Satisfaction ratings at the Enterprise level were UKG Dimensions and Ceridian Dayforce. Both of these solutions have some of the highest innovation levels in their products, and buyers are generally very happy once they've made the transition to these products from older or less complex solutions.

Workforce Management and Infor HCM also achieved higher User Experience ratings – but lower Vendor Satisfaction ratings which are critical in this space where services and compliance are critical. Customer comments focused on customer service issues for both of these organizations. It is worth noting that these solutions are invested in meeting the needs of their customer based on highly regulated industries and the healthcare market.

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VOICE OF THE CUSTOMER TIME MANAGEMENT SYSTEMS

MID-MARKET   TIME MANAGEMENT UX AND VS RATINGS:

UKG achieved the top 2 spots on the Mid Market ratings. UKG Dimensions achieved top ratings for both User Experience and Vendor Satisfaction in Mid-Market with most of their customer comments focusing on their innovation and high levels of configurability.

UKG Pro received the second highest ratings, and this product still has several options buyers could be using for Time Management, but UKG is quickly moving to a single offering model where UKG Pro will become the umbrella term for their Enterprise and Mid-Market offerings, and the title of Dimension will be going away.

UKG's recent efforts to meet workers where they are at includes integrations with Microsoft and Google and opening their platform up for extended development.

UKG DIMENSIONS CUSTOMER QUOTES:

New platform, Cloud Based - mobile is great and it is truly best in class! It provides the capability to deal with legislative changes and organizational needs quickly with our own configurations and programming.

Manufacturing, 8000+ EE

Falling just behind the UKG products and achieving both Top Five User Experience and Vendor Satisfaction is Workday and Ceridian Dayforce, both with highly loyal customers especially at the Mid-Market levels. Finally rounding out the top five are Workforce Management Software in User Experience and ADP Workforce Now picking up higher ratings for Vendor Satisfaction.

SMB   TIME MANAGEMENT UX AND VS RATINGS:

In Time Management we continue to see SMB's breakout leader in UX and VS as isolved. With high attachment rates from existing clients and a large channel sales model, their growing customer base is thrilled with the level of ease and automation found in their products. This solution seems to be a particular time saver for customers with higher ratings.

ISOLVED CUSTOMER QUOTES:

The system is intuitive, it is very easy to train new employees, and if we have issues, their customer service is top notch.

Financials, 46+ EE

Additionally, we are seeing BambooHR, Ceridian, and ADP Run achieving higher than average UX and VS scores this year, and all three have been focused on expanding capabilities over the last few years – meeting the growing SMB market expectations for more sophisticated technology. We also saw UKG Ready and ADP Workforce Now achieving higher ratings in this category.

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One of the most interesting findings this year in our **55 X 25 Strategic HR Analysis - was that one of the top correlations to a strategic HR function was having a Time Management application that "***Always***" met an organization's business needs.** Today 63% of organizations feel their current Time Management application *"Meets Their Business Needs Most Of The Time,"* and just 13% feel it *"Always Meets Their Needs."*

> Only **13%** of organizations feel their Time Management applications "Always" meets Business Needs- impacting HR outcomes.

Time Management applications are complex – as challenging to implement as payroll applications – and replaced only when an organization is challenged with an application's limitations or often times vendors force the change by discontinuing older applications.

TOP TIME MANAGEMENT GAPS IN MEETING BUSINESS NEEDS

Time Applications

- Reporting functionality 36%
- Gap in overall functionality 35%

As seen in **Figure 89**, we provide a quick report out on the percentage of survey respondents that noted their specific Time Management solution Always or Most of the time meets their current business needs. In Time Management applications, these ratings are often slightly different from the UX and VS top vendors, as an application that meets business needs may not always have the best experience or customer care. Still, they are closely aligned as we see UKG Dimensions topping the list, followed by UKG Pro, isolved, Ceridian Dayforce, and Workday rounding out the top 5.

*By intelligent features, we refer to such technologies as machine learning, artificial intelligence, etc.

FIGURE 89: DOES YOUR TIME MANAGEMENT MEET CURRENT BUSINESS NEEDS?

Chart categories (top to bottom): UKG Dimensions, UKG Pro, isolved, Ceridian Dayforce, Workday, ADP Vantage, UKG/ Kronos Central, Paychex, ADP eTime, Oracle PeopleSoft, Deltek, Infor HCM, Workforce Management Software, ADP Workforce Now, Oracle HCM, In-House, Paycom
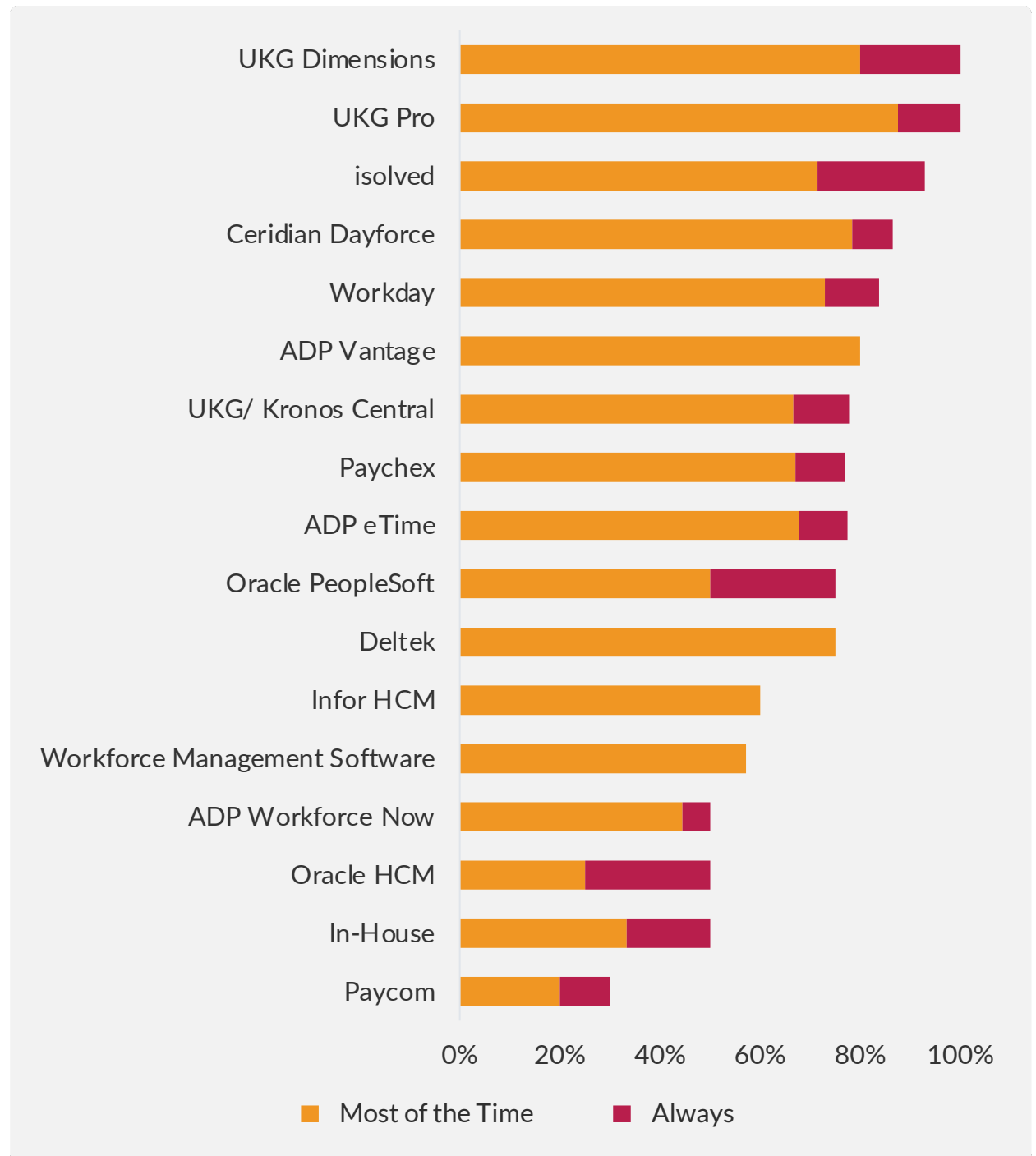
Legend: ■ Most of the Time ■ Always

FIGURE 90: ARE YOU PLANNING TO CHANGE YOUR CURRENT TIME MANAGEMENT APPLICATION?

Legend: No Plans to Change | Changing Soon | Assessing

Categories (top to bottom): Workday, Ceridian Dayforce, UKG Pro, isolved, UKG Dimensions, Workforce Mgmt Sft, ADP eTime, SAP HCM, UKG/Kronos Central, Deltek, ADP WF Now, WhenIWork, UKG Ready, Ellucian Banner, ADP Vantage, BambooHR, Paylocity, Oracle HCM, SAGE People, Infor HCM, Paychex, Paycom, Paycor, 4th Hot Schedules, TCP TimeClock+, Swipeclock WFHub, Oracle PeopleSoft

The major focus in this category is on upcoming replacements, with over 50% of organizations planning to replace their Time Management systems in the next 12 to 24 months. In this scenario it is helpful to understand which solutions are the stickiest and least likely to be replaced by current owners. Major drivers for movement to a new solution for buyers include:

- Moving from on-premise to cloud
- Scalability needs
- Global needs
- Integrations with payroll, HRMS, and operations
- Innovation and improved security

As you can see in **Figure 90**, an organization's plans to change its Time Management systems can vary greatly by the Vendor solution that is owned. In this category, it also closely correlates to solutions that achieve the highest UX and VS satisfaction ratings as well. Workday is once again leading the way in customer retention of our survey respondents, followed by Ceridian Dayforce, UKG Pro, isolved, and UKG Dimensions. Customers frequently mention customer service and innovation as value propositions for staying with their current solutions.

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Competition is changing for time management applications — from both enterprise HR systems providers and niche players — and innovation in this area means very real productivity outcomes and life-changing employee impacts. These processes are tightly connected to operational functions. We are beginning to see a slow, but important awakening in understanding that these processes are a critical element in the strategic HR function. We believe the next frontier of employee engagement and workforce optimization will be in this application area. Time management apps touch everyone in the organization and hold an immense amount of data. Emerging technology organizations looking for data sets to use with their new machine learning tools are finding time management apps a valuable trove of historical data. Several emerging trends to watch in the time management space include:

Additional emerging trends to watch in Time Management applications include:

- Voice recognition check-in
- Intelligent scheduling and forecasting
- Team-based scheduling and tracking
- Contingent/remote worker scheduling
- Health and location tracking
- Work/productivity burn-out monitors
- Separation of front and back-end architecture (headless microservices)

Organizations of all workforce sizes, industries, and regional makeups are now leveraging HR technology as a critical business solution. As a community, we have a real opportunity to leverage these technologies to support both our business outcomes and workforce expectations. Here are just a few of the 5,000 + comments we received from respondents on ways their current technology could make their lives, and their employees' lives better. These are great questions to ask when assessing your next time management application.

CUSTOMER QUOTES:

Terminology used in our organization is not the same as what is used in [vendor]for Time Management, so it is difficult when trying to explain to a representative what is needed or what the issue is with the application.

Healthcare, 1000+ EE

CUSTOMER QUOTES:

Schedules and Timesheets do not always "talk" to one another, causing gaps in data. Features that are available in some modules aren't mirrored in others

Business Professional, 1600+ EE

CUSTOMER QUOTES:

Compliance is a problem - seems like they are always behind. No standard reports for compliance is a real issue.

Financial Services, 1500+ EE

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VOICE OF THE CUSTOMER TALENT MANAGEMENT

SECTION 9

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VOICE OF THE CUSTOMER TALENT MANAGEMENT SYSTEMS

Talent Management applications help an organization manage details about who does the work, often categorized in modules that mirror the employee lifecycle. Reaching beyond existing employees, these applications may also touch talent pools, candidates, and workforce alumni groups that sit outside an organization.

Our Voice of the Customer (VoC) section of the paper is based directly on feedback, ratings, and comments from customers of these applications. For more details on our methodology for all Voice of the Customer charts and research, see our Research and Methodology section of the paper.

Learning

This tool has really helped with Safety and compliance issues and gives employees opportunities to gain new skills.

Construction, 5000+ EE

Performance

Ensures employees have a place to capture their growth and promotion opportunities

Government, 1100+ EE

HOW THESE SYSTEMS MAKE A DIFFERENCE!

Recruiting

This is a game changer for our company. We were using spreadsheets and outlook to manage recruiting, and now it is a one-stop shop.

Healthcare, 100+ EE
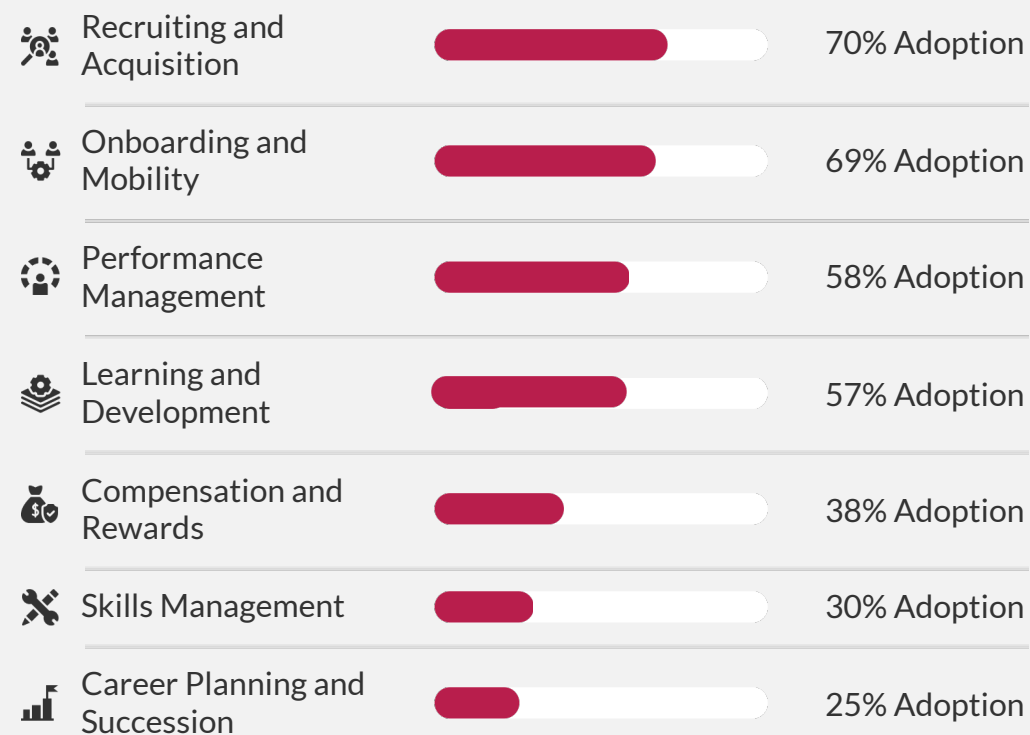
Compensation

Matching our financial performance with compensation encourages team members to be innovative & creative when handling new business.

Non-Profit, 500+ EE

Applications we track in this category include:

Application	Adoption
Recruiting and Acquisition	70% Adoption
Onboarding and Mobility	69% Adoption
Performance Management	58% Adoption
Learning and Development	57% Adoption
Compensation and Rewards	38% Adoption
Skills Management	30% Adoption
Career Planning and Succession	25% Adoption

Skills

Accessibility and ease of updating skills makes them more usable and valuable.

Government, 2500+ EE

Onboarding

Outreach throughout onboarding creates a smooth transition and fewer fall offs.

Financial Services, 5500+ EE

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TALENT MANAGEMENT SYSTEMS

The applications that fall under Talent Management do more than just improve the processes and workflows of the employee lifecycle: they should ensure that an organization views every person as an individual while providing tools to help manage their acquisition, performance, development, compensation, and career in a way that works uniquely for them. The industry is fairly clear on the individual apps that fall into this category.

Traditional applications that fall into Talent Management Systems include:

- Recruiting/Talent Acquisition
- Onboarding/Offboarding
- Performance Solutions
- Learning Solutions
- Compensation/Rewards
- Career/Succession Solutions
- Skills/Competency Solutions

Recruiting and onboarding tend to be the most highly adopted and first acquired of all Talent Management applications, as seen in **Figure 91** on the first page 70% of organizations are leveraging one of these applications. We've seen a slight drop in overall adoption numbers as SMB organizations continue to participate in our research – but SMB buyers are acquiring Talent Management applications at a rapid pace as employee skills and capabilities become a major factor in the organizational resiliency needed when pivoting to new business models is required.

This year we also saw **Skills Management solutions jump ahead of Career or Succession Planning solutions in adoption**, as we noted last year 41% of organizations were assessing or planning adoption in this category and we did see a **30% jump in overall adoption**. This year 20% of respondents stated they have actively budgeted in the next 12 -36 months for a Skills Management solution.

FIGURE 91: TALENT SOLUTION CHANGE PLANS

Learning and Development: 52% No Change | 15% Assessing Options | 18% Yes, Decision Made | 15% Yes, In RFP

Recruiting and Acquisition: 68% No Change | 12% Assessing Options | 14% Yes, Decision Made | 6% Yes, In RFP

Performance Management: 70% No Change | 13% Assessing Options | 11% Yes, Decision Made | 6% Yes, In RFP

Compensation: 78% No Change | 10% Assessing Options | 8% Yes, Decision Made | 4% Yes, In RFP

Legend:
- ■ No Change
- ■ Assessing Options
- ■ Yes, Decision Made
- ■ Yes, In RFP

The Talent Management solutions have the lowest plans for assessment and replacement this year, compared to categories like Payroll, Time Management, HR Analytics, and Planning applications. The only application area outside of normal replacement patterns is Learning with 33% of organizations planning to replace their solution in 12 – 24 months as seen in **Figure 91.**

Talent Management applications are purchased in multiple ways, depending on the organization's enterprise systems strategy and required functionality. Talent Management applications are purchased as either:

- Modules within existing /new ERP suites
- Modules within an HCM/payroll suite
- Modules within a talent suite
- Best of Breed HR point solutions

We also find that many organizations initially select a point solution with deep best-of-breed functionality but, over time, these solutions are sometimes acquired by larger ERP and HCM vendors. Examples of this in the Talent Management space are SAP acquiring SuccessFactors or Oracle acquiring Taleo.

As seen in **Figure 92**, for Recruiting or Learning applications, the bulk of customers are still using best-of-breed point solutions, with expected increases in ERP and HRMS suite adoption over the next year. One minor surprise from last year was the increase in talent suite adoptions. This was in part due to a large number of acquisitions and consolidations that took place this year for these categories. Performance applications are now more likely to be purchased as part of Talent, HRSM, or ERP solutions.

We also noted the average years of ownership for each purchasing approach in **Figure 93**, providing some sense of how long buyers are keeping their solutions in these different environments and at what point vendors can expect clients to possibly begin assessing fit and requirements again after the initial purchase.

*Full adoption details and breakdowns of data by company size can be accessed through our research subscriptions, contact us at Research@SapientInsights.com for further information.

FIGURE 92: CURRENT AND FUTURE PURCHASING APPROACHES

Recruiting Purchasing Approach	Today	Average Years Owned	12 Months
ERP/HRMS Suite	30%	4.2	31%
HRMS/Payroll Suite	25%	4.92	27%
Talent Management Suite	3%	4.52	2%
Recruiting Point Solution	42%	3.62	40%

Learning Purchasing Approach	Today	Average Years Owned	12 Months
ERP/HRMS Suite	23%	7.21	25%
HRMS/Payroll Suite	20%	6.2	21%
Talent Management Suite	15%	8.59	16%
Learning Point Solution	37%	6.5	36%

Performance Purchasing Approach	Today	Average Years Owned	12 Months
ERP/HRMS Suite	29%	7.91	30%
HRMS/Payroll Suite	36%	5.63	37%
Talent Management Suite	25%	6.81	24%
Performance Point Solution	10%	4.21	9%

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LEARNING SOLUTION SYSTEMS

This year the **Learning Solutions Voice of the Customer (VoC) User Experience and Vendor Satisfaction chart** showcases how diverse this category has become and how few applications are achieving very high UX and VS ratings in this category. In previous years we had only asked about an organization's Learning Management System (LMS), but for the last several years we've known that buyers were creating their own Learning environments from multiple solutions – and so this year's survey asked respondents to rank the User Experience (UX) and Vendor Satisfaction (VS) for all the Learning Solutions they were using to achieve outcomes. The average scores for this category were at 3.31 (UX) and 3.65 (VS), 11% lower in UX than last year. There were 25 vendor solutions that received the minimum validated customer ratings to make our Learning Solutions VoC chart this year.

FIGURE 93: LEARNING SOLUTIONS, VOC VENDOR SATISFACTION AND USER EXPERIENCE CHART

Vendor Satisfaction axis: Very Satisfied (5, 4.5, 4), Neutral (3.5, 3, 2.5), Dissatisfied (2, 1.5)

User Experience axis: Poor Usability (1, 1.5, 2), Usable (2.5, 3, 3.5), Excellent Experience (4, 4.5, 5)

Vendors labeled: Cornerstone, Mineral, CoachHub, Workday, Paycor, Schoox, TalentLMS, iSolved, MSFT LI Learning, Cornerstone SumTotal, WalkMe, Compliance Wire, HealthStream, Oracle HCM, UKG Pro (Schoox), Skillsoft, Ceridian DF (Docebo), BAI Compliance Training, Cornerstone Saba, Absorb, Degreed, MSFT Viva Learning, Paycom, SAP SuccessFactor, ADP Vantage

LEARNING SYSTEMS

Vendors with high ratings that did not have enough responses to make the chart

- Litmos LMS
- Cegid TalentSoft
- Docebo
- LTG Bridge
- LearnUpon

LEARNING SOLUTION SYSTEMS

Our aggregate Voice of the Customer (VoC) Vendor Satisfaction (VS) and User Experience (UX) charts are valuable tools for obtaining a broad perspective of how the HR community is evaluating their current applications, The solutions in our Top 5 analysis must have at least 30 or more multi-sourced validated responses in our aggregate data set to qualify for this analysis. Hearing directly from validated and multi-sourced customers that buy, maintain, and use these applications to achieve organizational outcomes is a rare opportunity.

Over the last 25 years of gathering and analyzing customer feedback, we have found that our Voice of the Customer Top Five rankings is hard-won and worth a bit of celebration. In **Figure 94**, we provide a snapshot of the solutions achieving the Top 5 average ratings in **Learning Systems**, and this year we are launching a series of Voice of the Customer badges for Vendors who achieve these notable ratings from their customers.*
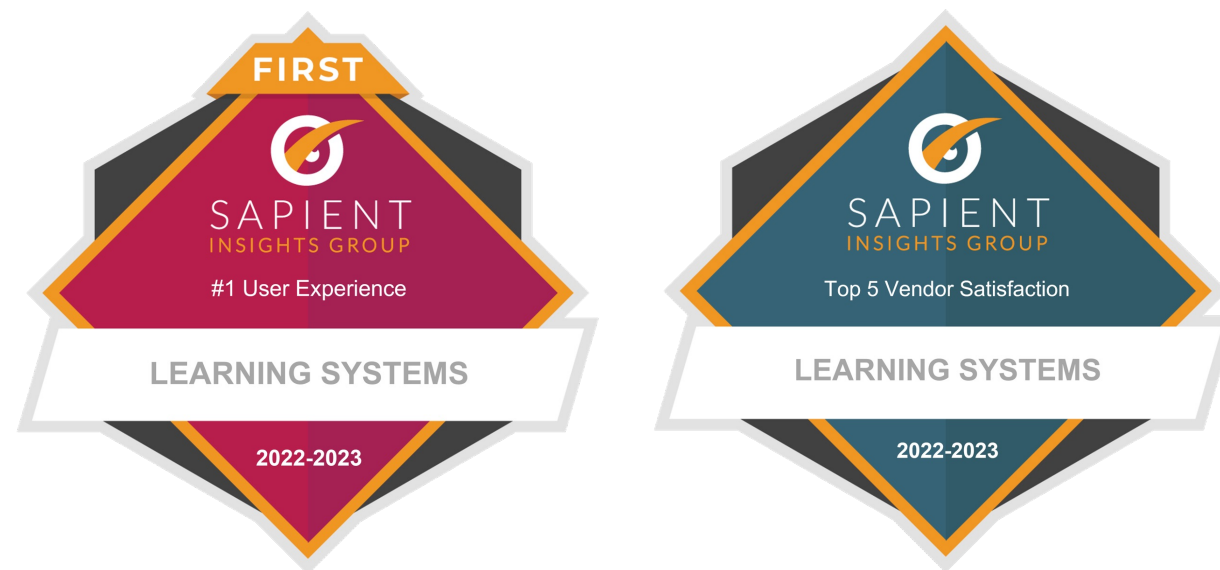
FIGURE 94: TOP FIVE VOICE OF THE CUSTOMER RATINGS

AGGREGATE - LEARNING SYSTEMS		
	User Experience	**Vendor Satisfaction**
Top, #1	**WalkMe**	**CoachHub**
Top	Microsoft LinkedIn Learning	Schoox
Top	UKG Pro (Schoox)	Mineral
Top	Oracle HCM	Workday
Top	CoachHub	Paycor

WALKME CUSTOMER QUOTES:

They work with us to identify use cases and provide guidance on the solution. The data is invaluable in understanding where we need to address process and system issues.

Financial, 7500+ EE

COACH HUB CUSTOMER QUOTES:

It is an awesome technology for coaching needs, and it comes with a wide networks of coaches that can support our needs in a virtual environment.

Manufacturing, 19000+ EE

*Full details of this analysis and further breakdowns of data by company size can be accessed through our research subscriptions, contact us at Research@SapientInsights.com for further information.

LEARNING SOLUTION SYSTEMS

As the Learning Solutions market has evolved from basic eLearning delivery mechanisms to a diverse group of multi-level learning solutions, we see buyers expecting much more from their existing solution providers and showing their frustration with existing platforms in lower UX and VS ratings.

The top factors given for low Vendor Satisfaction and User Experience ratings:

- Poor usability
- Cost concerns
- Implementation issues
- Customer service
- Reporting

> *Does not meet business specific training needs. Used primarily for enterprise compliance training. User experience is lacking.*
>
> Financial Services, 5,800+ EE

The top factors given for high Vendor Satisfaction ratings:

- Vendor responsiveness
- Easy maintenance
- Strong user communities
- Relationship across vendors

The top factors given for high User Experience ratings include:

- Integrated workflows and data
- Intuitive, Ease of use
- Robust functionality

AGGREGATE — LEARNING UX AND VS RATINGS, ANALYST INSIGHTS:

As we noted, this is the first year that we've opened this question up to all Learning Solutions supporting an organization's learning needs, and the mix of customer-named vendors expanded greatly. The two vendors who achieved the top User Experience rating, WalkMe, and the top Vendor Satisfaction rating, CoachHub – both sit outside of the traditional Learning Management and content landscape but are critical parts of many organizations learning solutions today.

WalkMe is a digital adoption solution that is deployed to provide performance support across multiple systems. The organization has rapidly grown in the last few years to service over 2,000 customers, with 31% of fortune 500 organizations.

Since starting in 2018 CoachHub has managed to turn a primarily service-based business model into a full-blown digital coaching platform, designed to make coaching accessible for every level of employee. The solution offers both the platform and the coaches, with assessment-based matching, coaching process automation, and a digital coaching model. CoachHub not only received #1 in VS but also achieved Top 5 status in UX.

The only other Learning solution to garner a spot on both the Top 5 UX and VS ratings, was Schoox, with a little help from their partnership with UKG Pro. Schoox is a standalone LMS solution with a modern approach to curating and designing learning. UKG Pro offers learning through an embedded version of Schoox with deep integrations, which creates a positive user experience for their clients.

Other solutions to achieve a Top 5 rating includes three HRMS embedded Learning Solutions - Oracle HCM, Workday, and Paycor as well as Microsoft's LinkedIn Learning and SMB compliance LMS Mineral. Oracle, Workday, and Paycor have all invested heavily in their native learning platforms and are rapidly developing solutions that are competing effectively in functionality levels against the standalone LMS environments.

It is also worth noting that Cornerstone did not achieve a Top 5 rating this year in Learning, but recent ownership changes and several rounds of major acquisitions not only created one of the world's largest Learning solution providers - it also created massive change for customers. New Cornerstone leadership seems focused on rebuilding their leadership role in the Learning space and improving customer services.

RECRUITING SOLUTION SYSTEMS

This year **Recruiting Solutions Voice of the Customer (VoC) User Experience and Vendor Satisfaction chart** highlights the current range of solutions in this category from deep point solutions to embedded HRMS/Payroll modules. In previous years we had only asked about an organization's Applicant Tracking System (ATS), but like Learning, we've seen an explosion of recruiting solutions being adopted to achieve current hiring outcomes – and so this year's survey asked respondents to rank the User Experience (UX) and Vendor Satisfaction (VS) for all the recruiting solutions they were using to achieve outcomes. The average scores for this category were 3.46 (UX) and 3.53 (VS), 9% lower than last year's. There were 22 vendor solutions that received the minimum validated customer ratings to make our Recruiting Solutions VoC chart this year.

FIGURE 95: RECRUITING SOLUTIONS, VOC VENDOR SATISFACTION AND USER EXPERIENCE CHART
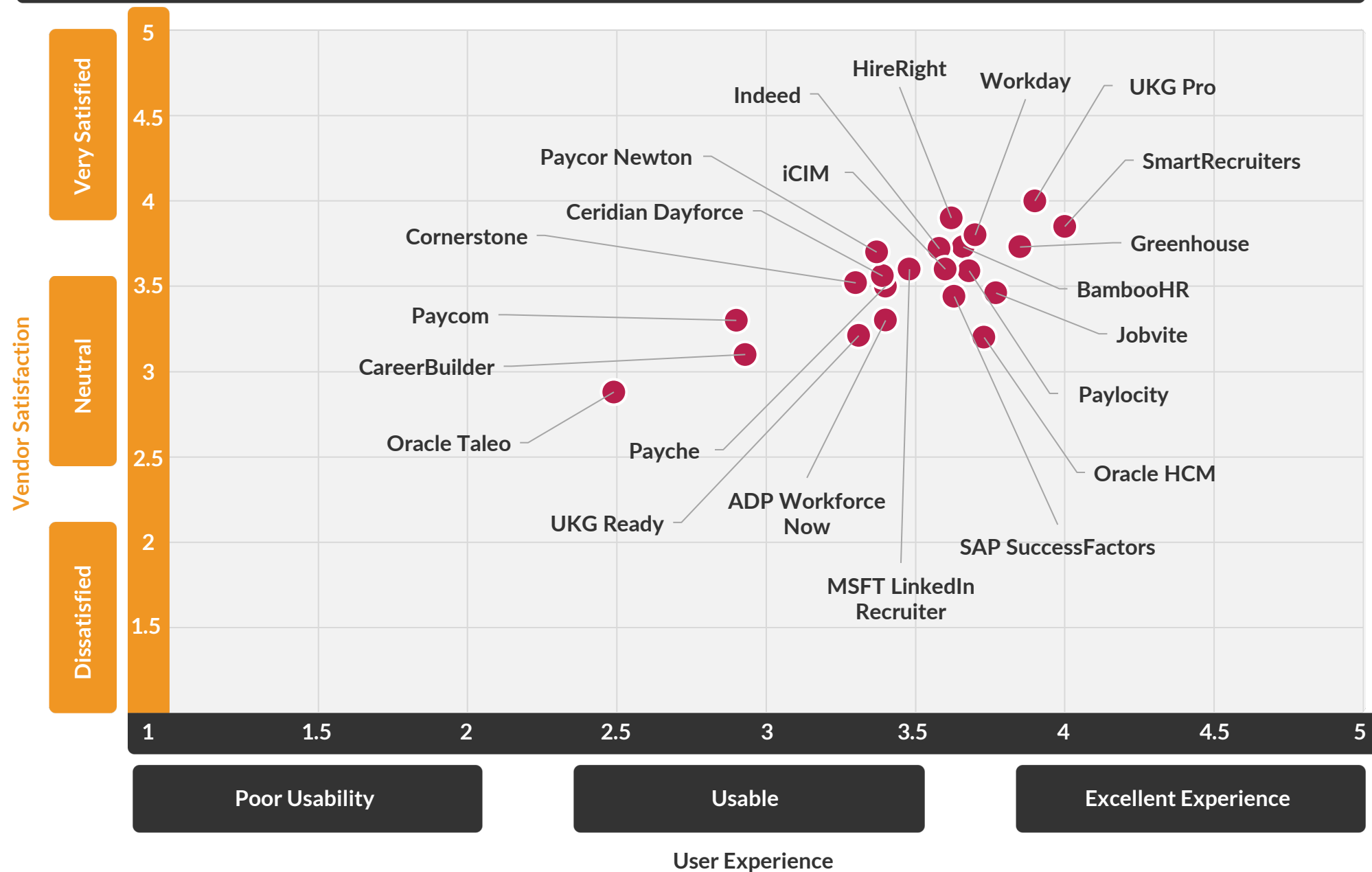
RECRUITING SYSTEMS

Vendors with high ratings that did not have enough responses to make the chart

- eightfold.ai
- Phenom People
- Lever
- Workable
- LTG Breezy HR

RECRUITING SOLUTION SYSTEMS

Voice of the Customer Top Five rankings is hard-won and worth a bit of celebration. In **Figure 96**, we provide a snapshot of the solutions achieving Top 5 average ratings from multi-sourced customer responses in **Recruiting and Onboarding Systems**.

Sapient Insights is launching a series of Voice of the Customer badges for Vendors who achieve these notable ratings from their customers.*

FIRST
SAPIENT INSIGHTS GROUP
#1 User Experience
RECRUITMENT SYSTEMS
2022-2023

SAPIENT INSIGHTS GROUP
Top 5 Vendor Satisfaction
RECRUITMENT SYSTEMS
2022-2023

FIRST
SAPIENT INSIGHTS GROUP
#1 User Experience
ONBOARDING SYSTEMS
2022-2023

SAPIENT INSIGHTS GROUP
Top 5 Vendor Satisfaction
ONBOARDING SYSTEMS
2022-2023
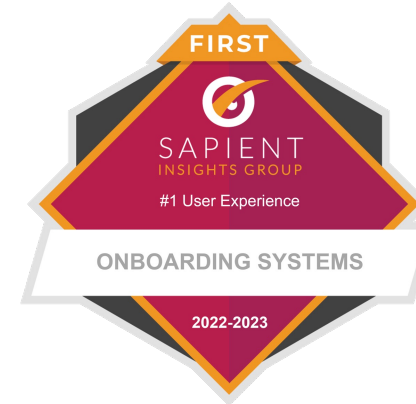
SMARTRECRUITERS CUSTOMER QUOTES:

Very simple and easy to use. Not overburdened with features or unnecessary steps/statuses.

Telecom, 2000+ EE

UKG PRO CUSTOMER QUOTES:

We love the seamless integration between Recruiting, Onboarding and then over to Core. Also, that Recruiting sends jobs to job boards organically.

Entertainment, 1000+ EE

FIGURE 96: TOP FIVE VOICE OF THE CUSTOMER RATINGS

AGGREGATE - RECRUITING SOLUTIONS		
	User Experience	**Vendor Satisfaction**
Top, #1	**SmartRecruiters**	**UKG Pro**
Top	UKG Pro	HireRight
Top	Greenhouse	SmartRecruiters
Top	Jobvite	Workday
Top	Oracle HCM	Greenhouse

AGGREGATE - ONBOARDING SOLUTIONS		
	User Experience	**Vendor Satisfaction**
Top, #1	**UKG Pro**	**UKG Pro**
Top	Greenhouse	Workday
Top	Oracle HCM	BambooHR
Top	Bamboo HR	Cornerstone
Top	Workday	Paycor

*Full details of this analysis and further breakdowns of data by company size can be accessed through our research subscriptions, contact us at Research@SapientInsights.com for further information.

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RECRUITING SOLUTION SYSTEMS

As the Recruiting Solutions market has changed from a focus on candidate data capturing and compliance, to expectations for full Hiring suites that include CRMS, AI matching tools, assessments, background tools, and even onboarding solutions this is a market that always has lots of innovation and change.

The top factors given for low Vendor Satisfaction and User Experience ratings:

- Reentering data
- Lost information
- Integration issues
- Customer Service
- Cost concerns

> *Customer support quality has decreased over the past couple of years, requires multiple "add ons" to optimize recruiting*
>
> Professional Services, 2300+ EE

The top factors given for high Vendor Satisfaction ratings:

- Vendor responsiveness
- Innovations and updates
- Strong user communities
- Relationship across vendors

The top factors given for high User Experience ratings include:

- Integrations and Single Systems
- Easy and flexible configurations
- Workflows and organization

AGGREGATE RECRUITING UX AND VS RATINGS, ANALYST INSIGHTS:

Similar to other HR Technology categories, Recruiting Solutions tend to be deep point solutions or more broadly embedded HR/Payroll modules. Our Top 5 customer-rated User Experience and Vendor Satisfaction solutions in Recruiting and Onboarding clearly highlight this dynamic.

SmartRecruiters is a well-known Recruiting point solution with over 4,000 customers leveraging it for recruiting purposes. It achieved the #1 UX spot with buyers mentioning its ease of use and clear outputs. They were also in the Top 5 VS ratings too. This solution also offers a full suite of recruiting solutions such as ATS, CRM, AI recruiting, job distribution, and onboarding.

Our #1 Vendor Satisfaction rating was achieved by UKG Pro along with the #2 spot-on User Experience scores. UKG Pro's recruiting software isn't the most sophisticated recruiting solution on the market, but buyers truly appreciate the continuous data flow from candidate to employee, ease of use, and responsive service levels. UKG Pro also achieved the #1 UX and VS ranking for Onboarding with much of the same feedback.

Other top-performing point solutions were Greenhouse and Jobvite, both seen as industry-leading point solutions. Greenhouse achieved Top 5 ratings in both UX and VS categories, with lots of customer comments focused on automation, flexibility, and good workflows. Our final point solution in the Top 5 Vendor Satisfaction rating is HireRight a lone Background and Screening solution that buyers felt gave great customer service and played a critical role in their hiring outcomes.

The last two highlights in our Top 5 listing, are embedded recruiting solutions in ERP/HRMS solutions. Oracle HCM achieved a Top 5 User Experience rating and Workday achieved a Top 5 Vendor Satisfaction rating. This is a positive achievement for both organizations as they have invested heavily in improving the experience of their native Recruiting modules while building stronger relationships with the Recruiting communities. Workday notably achieved Top 5 ratings in Onboarding as well, with customers commenting on the value of the integrated solution.

PERFORMANCE SOLUTION SYSTEMS

This year's **Performance Solutions Voice of the Customer (VoC) User Experience and Vendor Satisfaction chart** portrays an HR Technology category that is trying to find its identity once again. We had more organizations select In-House or Other solutions in this category than any other HR Systems area – and a limited number of solutions achieved the required number of responses for this chart of the wide range of products being used. We asked organizations to rate the User Experience (UX) and Vendor Satisfaction (VS) for all of their Performance Management solutions. The average scores for this category were at 3.64 (UX) and 3.62 (VS), 5% lower than last year's. There were 16 vendor solutions that received the minimum validated customer ratings to make our Performance Solutions VoC chart this year.

FIGURE 97: PERFORMANCE SOLUTIONS, VOC VENDOR SATISFACTION AND USER EXPERIENCE CHART
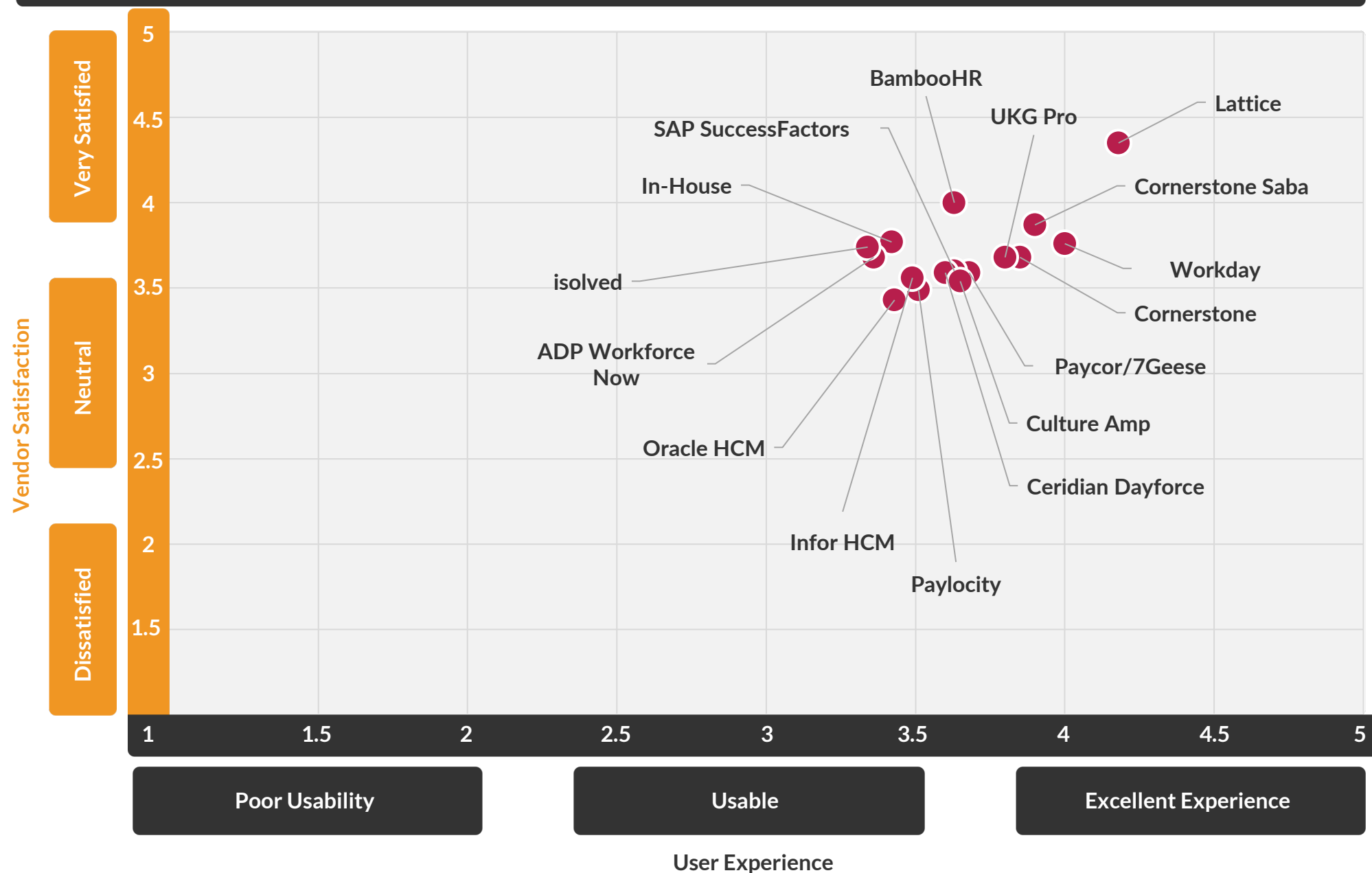
PERFORMANCE SYSTEMS

Vendors with high ratings that did not have enough responses to make the chart

- Cegid TalentSoft
- HiBob
- Paychex
- Betterworks
- LTG PeopleFluent

PERFORMANCE SOLUTION SYSTEMS

Voice of the Customer Top Five rankings is hard-won and worth a bit of celebration. In **Figure 98**, we provide a snapshot of the solutions achieving Top 5 average ratings from multi-sourced customer responses in **Performance Management and Compensation**.

Sapient Insights is launching a series of Voice of the Customer badges for Vendors who achieve these notable ratings from their customers.*

FIRST
SAPIENT INSIGHTS GROUP
#1 User Experience
PERFORMANCE MANAGEMENT SYSTEMS
2022-2023

SAPIENT INSIGHTS GROUP
Top 5 Vendor Satisfaction
PERFORMANCE MANAGEMENT SYSTEMS
2022-2023

FIRST
SAPIENT INSIGHTS GROUP
#1 User Experience
COMPENSATION SYSTEMS
2022-2023

SAPIENT INSIGHTS GROUP
Top 5 Vendor Satisfaction
COMPENSATION SYSTEMS
2022-2023
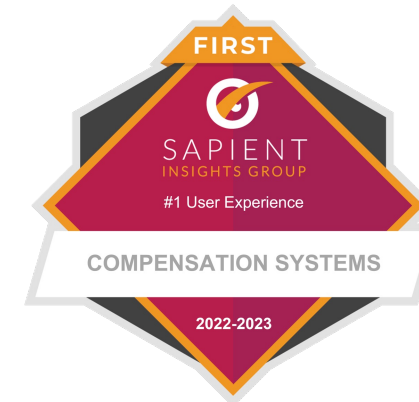
LATTICE CUSTOMER QUOTES:

Innovative, Easy workflows for employee and manage. Customer Service is great!

Manufacturing, 700+ EE

PAYFACTORS CUSTOMER QUOTES:

Easy to use. Everyone is responsive and helpful. Always adding new features. Love the range of data available

Professional Services, 2000+ EE

FIGURE 98: TOP FIVE VOICE OF THE CUSTOMER RATINGS

AGGREGATE - PERFORMANCE MANAGEMENT SOLUTIONS		
	User Experience	**Vendor Satisfaction**
Top, #1	**Lattice**	**Lattice**
Top	BambooHR	Workday
Top	Cornerstone Saba	Cornerstone Saba
Top	Workday	Cornerstone
Top	isolved	UKG Pro

AGGREGATE - COMPENSATION MANAGEMENT SOLUTIONS		
	User Experience	**Vendor Satisfaction**
Top, #1	**Payscale/Insight Benchmarking**	**Payfactors Payscale**
Top	Salary.com CompAnalyst	MarketPay Payscale
Top	Payfactors Payscale	Salary.com CompAnalyst
Top	Ceridian Dayforce	Payscale/Insight Benchmarking
Top	Workday	Workday

*Full details of this analysis and further breakdowns of data by company size can be accessed through our research subscriptions, contact us at Research@SapientInsights.com for further information.

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PERFORMANCE SOLUTION SYSTEMS

Organizations have been questioning the approach to Performance Management for years. Our data shows that organizations continue to pivot from highly structured to unstructured models, while trying to find a balance between continuous feedback, and an annual assessment that can be used for fair compensation decisions.

The top factors given for low Vendor Satisfaction and User Experience ratings:

- Not flexible
- Process is confusing
- Lack of Innovation
- No Skills Connection
- No Compensation Connection

> *Disconnection of Learning, skills, goals, to ongoing reviews, to annual performance period is a real issue.*
>
> Financial Services, 7300+ EE

The top factors given for high Vendor Satisfaction ratings:

- Vendor responsiveness
- Available training
- Innovations and Updates
- Knowledgeable support

The top factors given for high User Experience ratings include:

- Connectivity to HRMS, skills, compensation, profiles
- User friendly, highly adopted
- Highly configurable, multiple PM processes

AGGREGATE | **PERFORMANCE UX AND VS RATINGS, ANALYST INSIGHTS:**

Our Top 5 customer-rated User Experience and Vendor Satisfaction solutions in Performance Management and Compensation Management provides a clear picture of how the general Talent Management solutions space has evolved over the last few years, from innovative point solutions to bundled talent solutions, and continued acquisitions by larger providers. We see a clear convergence of Performance solutions and Compensation solutions in the coming future, especially based on our respondents' expectations for connectivity between these applications.

In Performance Management, our #1 rated application in both User Experience and Vendor Satisfaction was Lattice a performance-focused talent solution that started in 2016 and now has 4,500 clients and a full suite of solutions that also includes goals, development, feedback, and recently added compensation module for the manager and employee level. Buyers' comments are focused on ease of use and innovation.

Cornerstone Saba and Workday also ended in the Top 5 ratings for both User Experience and Vendor Satisfaction but for very different reasons. Cornerstone Saba is now part of the larger Cornerstone line of products, and its customers were focused on ease of use, robust configuration options, and responsive service. Workday's clients focused on the overall vendor relationship and the value of integration with profiles and compensation.

Wrapping up our Top 5 ratings are isolved and BambooHR, two HRMS solutions focused exclusively on the SMB market, with light performance management offerings. UKG Pro also achieved a Top 5 Vendor Satisfaction rating for their Performance Management solution, which includes management nudges and feedback in their process. We are definitely seeing more interest in Performance Management solutions for the sub-500 organizations – who are thrilled to move away from paper-based performance management but are also looking for tighter connections with compensation management.

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COMPENSATION SOLUTION SYSTEMS

There are two distinct types of Compensation Management applications:

- Manager/Employee focused - providing transparency, workflow tools, views of total rewards, and clear connections to performance data.

- Compensation Analyst/HR focused – compensation data, set-up of pay scales and bands, deep compensation data analysis for items like pay equity.

Adopted by just 38% of organizations, the traditional solutions were viewed primarily as solutions for larger Enterprise organizations, but in today's tight talent market where compensation is a major factor in winning and keeping employees, and amid the recent regulatory push for pay transparency we are seeing organizations at all levels assessing their needs.

| AGGREGATE | COMPENSATION UX AND VS RATINGS, ANALYST INSIGHTS: |

We found in our first analysis of User Experience and Vendor Satisfaction ratings we didn't quite have enough data for a full VoC Chart, but we were able to identify the Top 5 Solutions as rated by their customers.

Two Payscale solutions took the #1 rated spot for User Experience and Vendor Satisfaction rating. Over the last 18 months, Payscale has been on an acquisition spree – merging with Payfactors in 2021 and acquiring Curo Compensation and Agora solutions. The organization is rapidly working towards a total compensation platform. Customers commented most on ease of use and the range of data available.

The second point solution to make the Top 5 list for both User Experience and Vendor Satisfaction is Salary.com's CompAnalyst solution, a well-known consumer brand, they have also been working over the last few years to create a total compensation package, with data, survey access, pay framework, and equity analysis tools. Customers commented most on their innovation, reporting, and regional breakouts.

Workday was the only ERP/HRMS to achieve Top 5 status in both User Experience and Vendor Satisfaction as well for their Compensation module. Customer's positive comments focused on the value and time savings of having compensation and payroll in the same system, data that follows the employee, and ease of use. Workday does not offer Compensation surveys or benchmarking data but has been ahead of the curve in providing transparency and manager workflows for the compensation process.

FIGURE 99: COMPENSATION FUNCTIONALITY IN USE BY APPLICATION TYPE

In House
- Pay Equity Analysis: 47%
- Total Reward Info: 50%
- Pay Scale/Band Setup: 78%
- Survey / Benchmarking: 56%
- Manage Comp Process: 69%

Point Solution
- Pay Equity Analysis: 45%
- Total Reward Info: 2%
- Pay Scale/Band Setup: 46%
- Survey / Benchmarking: 75%
- Manage Comp Process: 16%

HRMS
- Pay Equity Analysis: 25%
- Total Reward Info: 53%
- Pay Scale/Band Setup: 50%
- Survey / Benchmarking: 28%
- Manage Comp Process: 75%

Legend:
- ■ Pay Equity Analysis
- ■ Total Reward Info
- ■ Pay Scale/Band Setup
- ■ Survey / Benchmarking
- ■ Manage Comp Process

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FIGURE 100: ADOPTION OF FORMAL INTERNAL MOBILITY PROCESS BY SIZE

- In Use
- Assessing Need
- No Plans

>5000+EE: 42% In Use, 26% Assessing Need, 32% No Plans

500 - 5000 EE: 30% In Use, 29% Assessing Need, 41% No Plans

<500 EE: 26% In Use, 26% Assessing Need, 48% No Plans
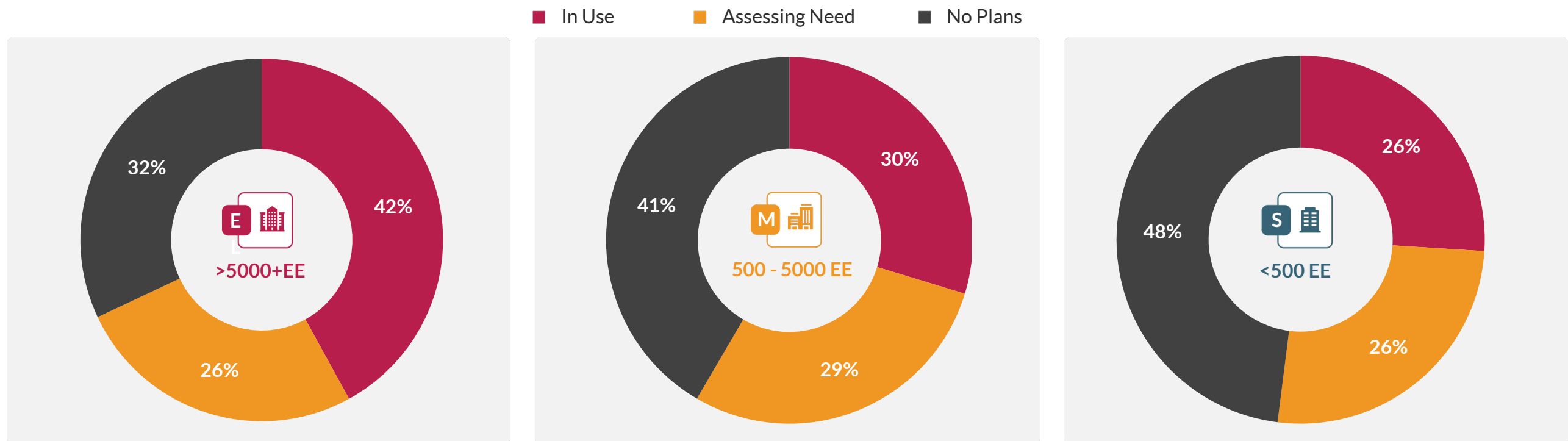
FIGURE 101: TOP REASONS ORGANIZATIONS HAVENT IMPLEMENTED INTERNAL MOBILITY PROCESS AND SOLUTIONS

Bar chart categories (top to bottom):
- Organizational Culture
- Lack of skills management
- No movement options
- Budget constraints
- Lack of upskilling resources
- Lack of management incentives
- Lack of career portal

Axis: 0%, 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%
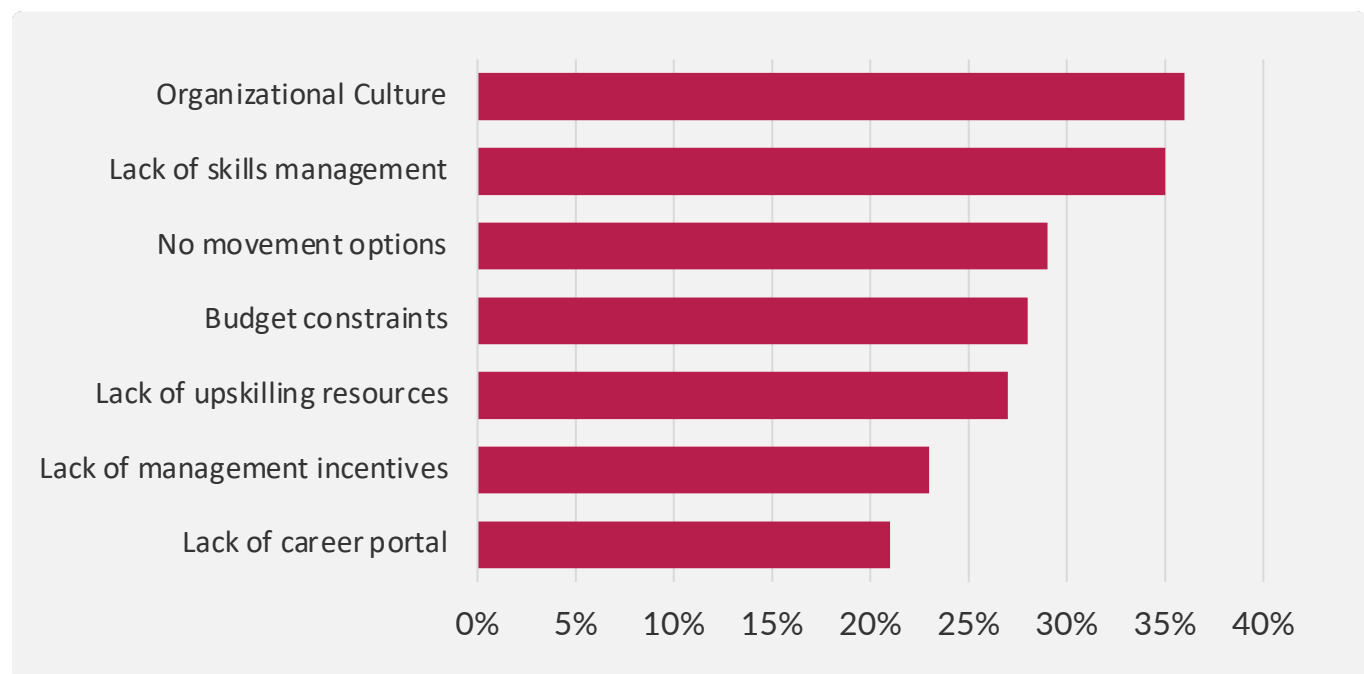
INTERNAL MOBILITY SOLUTIONS

Many discussions took place in 2021 and 2022 about increasing internal mobility capabilities and finally making it a real part of the overall HR systems environment. Last year just 22% of organizations stated they had a formal internal mobility program in place, and this year we did see an uptick to 31% of organizations, still a relatively low number.

When we look at this year's responses by size as seen in **Figure 100**, it is even more surprising to see that we are still under 50% of Enterprise organizations with an Internal Mobility process. The primary reason for not implementing an Internal Mobility program continues to be the very real issue of culture and skills management capabilities. As seen in **Figure 101** the lack of internal mobility technology is the very last problem for most organizations.

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Talent Management has always been a rapidly evolving HR Technology space, and it is easy to think of these solutions as the lighter side of HR. Our data shows that transformational approaches to Skills Management is tightly connected with increased business outcomes, and the adoption and use of everyone one of these applications plays a major role in defining, maintaining, and valuing the people and their skills within an organization. The future of these applications remain in the integration of data, and in the currency of skills, job roles, and performance metrics.

Additional emerging trends to watch in Talent Management applications include:

- Skills based hiring, promotion, and compensation
- Activity and environmental performance tracking
- Autonomous job definitions and team management models
- Neurodiversity work models
- Internal and external workforce mobility solutions
- New Compensation and Performance Management models

It is worth noting that Talent Management applications are still one of the most beloved application areas in the HR Technology space with over **70% of respondents stating that their current solutions "Always" or "Most of the Time" meet their business needs**. For those who don't feel it always meets their needs, gaps in specific functionality are still a major issue for about 40% of organizations, but this year we also saw a

Our goal is to continue to be Voice for the HR custom**30% uptick in organizations that feel Reporting is their biggest issue** and share their good feedback and opportunities for change. Here are just a few of the 5,000+ comments we received from respondents on other ways their current HR technology providers could help them achieve better outcomes. These are great ideas for questions in your next selection process.

PERFORMANCE CUSTOMER QUOTES:

Security is not setup the way the rest of the system is, no new things have been added in a long time. It's like they've put Performance on the back burner. It's frustrating because people want changes, and nothing is happening.

Financial Services, 10000+ EE

LEARNING CUSTOMER QUOTES:

{Vendor] has simple items that are become major tasks. Such as cancelling a course offering. When you cancel a class, it should automatically cancel the learners.

Healthcare, 4300+ EE

RECRUITING CUSTOMER QUOTES:

Extremely difficult to navigate the paid products area of the system, with messaging a nightmare of unnecessary layers to make [Vendor] more money while confusing their consumers. Customer service isn't much better.

High Tech, 300+ EE

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VOICE OF THE CUSTOMER
HR ANALYTICS & PLANNING

SECTION 10

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VOICE OF THE CUSTOMER, ANALYTICS & PLANNING SYSTEMS

The HR Analytics and Planning category is slowly beginning to mature from a disparate set of generic tools to a cohesive set of HR Analytics and Planning modules that can be acquired either within larger Business Intelligence platforms, embedded in existing HR systems, or combined in new stand-alone HR Intelligence and Analytics platforms.

Our Voice of the Customer (VoC) section of the paper is based directly on feedback, ratings, and comments from customers of these applications. For more details on our methodology for all Voice of the Customer charts and research, see our Research and Methodology section of this paper.

Workforce Planning
Labor cost trend analysis was critical in recent customer negotiations.

Agriculture, 8500+ EE

HOW THESE SYSTEMS MAKE A DIFFERENCE!

Generic Visualization Tool
Mobile app enabled a relatively low entry bar for the skills needed to create reports and visuals.

Retail, 7500+ EE

Embedded Analytics
The dashboards provide data we can actually use to make business decisions.

Non-Profit, 350+ EE

Applications we track in this category include:

Embedded HR Tech Analytics Applications		53% Adoption
Generic Analytics, Visualization, and Stats Tools		39% Adoption
Enterprise Business Intelligence Platforms		19% Adoption
HR Intelligence/ Analytics Platforms		19% Adoption
Workforce and Org Planning Applications		19% Adoption
Data Storage Applications: Warehouses and Lakes		15% Adoption
Data Mapping and Integration Tools – (Assessing)		

HR Analytics Platform
Dynamic metrics and visualization for the average non-technical end-user has allowed us to roll out data to managers.

Financial, 7000+ EE

Data Warehouse Solutions
Our in-house tool draws data from our data warehouse- simple but meets our needs

Financial, 900+ EE

Enterprise BI Platforms
Allows us real-time management of our data, and is better at showing users their current reality

Retail, 4000+ EE

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HR ANALYTICS AND PLANNING SYSTEMS

HR has a long tradition of collecting immense amounts of data that typically goes unused – and that perception has only intensified as HR increases the use of multiple HR systems, gathering twice as much data on employees today than we did just five years ago.

Traditional HR Analytics solutions consisted mostly of:

- Excel
- Generic visualization tools
- Embedded HR reporting tools
- Structured relational data warehouse solutions
- Complex analytics software, requiring programming

Each of these traditional HR Analytics solutions is still in use today, in fact over 90% of organizations state that they are still using Excel at some level for data cleaning, data analysis, and data visualization.

On a positive note, as this HR Systems category continues to mature, we are also seeing increased adoption of more sophisticated applications, platforms, and embedded HR solutions as noted below.

Emerging HR Analytics and Planning solutions:

- Standalone HR Intelligence/Analytics platforms
- Enterprise ERP Business Intelligence platforms
- Workforce and Organizational planning platforms
- Embedded HR Analytics, dashboard, and intelligent reporting
- Unstructured data lakes, data mapping, and data integration tools

With the maturity of any systems environment, it is common to start to see replacement plans of initial first-generation solutions. **This year 50% of survey respondents are either assessing their options or have already decided to replace their existing HR analytics and planning applications.** And as seen in **Figure 103**, this is most predominant in Mid-Market and SMB organizations where increasing needs for sophisticated workforce planning and HR data analysis are necessary to compete in changing work environments.

FIGURE 102: USING CORE HRMS DATA ANALYTICS MODULE

L 🏢 >5000+EE: **61%**

M 🏢 500 – 5000 EE: **55%**

S 🏢 < 500 EE: **43%**

42%
Pay an additional fee for this module
$
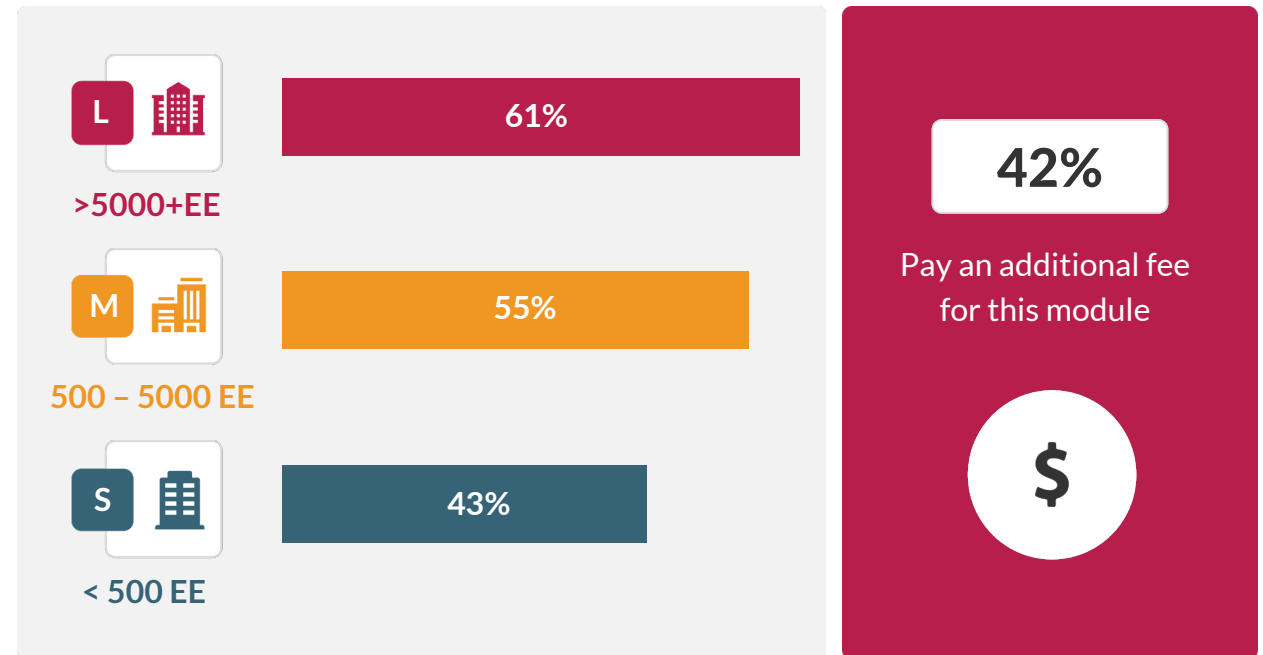
FIGURE 103: HR ANALYTICS AND PLANNING REPLACEMENT PLANS

L 🏢 >5000+EE: **57%** | **15%** | **14%** | **14.0%**

M 🏢 500 – 5000 EE: **53%** | **12%** | **16%** | **19.0%**

S 🏢 < 500 EE: **33%** | **5%** | **26%** | **36%**

- ■ No Change
- ■ Assessing Options
- ■ Yes, Decision Made
- ■ Yes, In RFP

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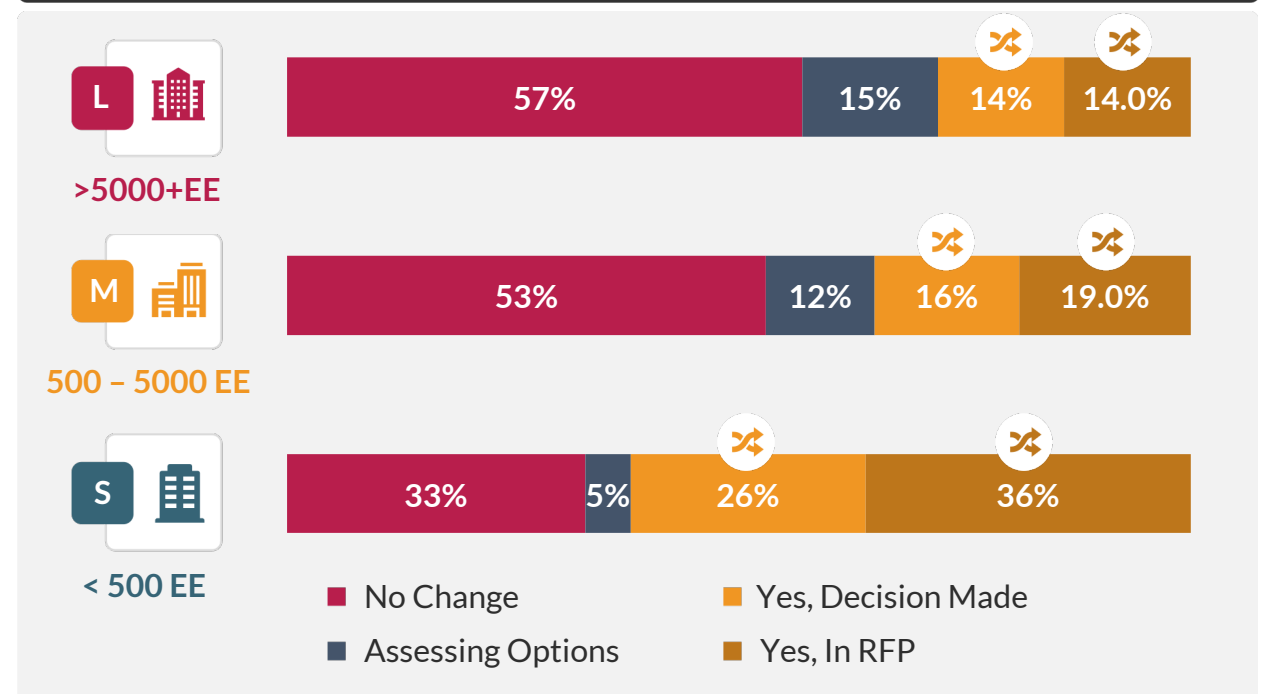
The HR Analytics and Planning Vendor Adoption chart is expressed as a percentage of total responses achieved for each vendor solution, viewed by organization size (**see Figures 104, 105, 106).** Please note: These charts are not market-size data. They are best used to view the predominant vendors in each size category and to identify trends in future adoption

FIGURE 104: HR ANALYTICS & PLANNING VENDOR SOLUTION ADOPTION, ENTERPRISE

E 🏢 >5000+EE	Today Adoption Level	Expected Growth	12 Month Adoption Level
In-House/Excel, R, Python	10.11%	↑	12.36%
Microsoft Power BI	9.55%	↑	14.04%
Tableau	7.88%	↗	11.80%
Workday Prism Analytics	7.87%	↑	15.17%
Workday People Analytics	6.18%	↑	10.67%
Visier People/Embedded	5.25%	↑	7.74%
Anaplan	4.20%	↑	6.18%
Workday Adaptive Planning	4.01%	↑	8.43%
SAP Business Objects	3.37%	→	3.20%
ADP DataCloud	2.91%	↑	8.43%
Google Analytics	2.81%	↑	8.99%
IBM Cognos	2.81%	→	3.20%
OneModel HR	2.75%	↑	5.06%
SAP Analytics Cloud	2.25%	↑	8.43%
SAP Crystal Reports	2.25%	↑	5.62%
ServiceNow Performance Analytics	2.25%	↑	5.62%
SAP SuccessFactors WFA	1.75%	↑	9.55%
Perceptyx	1.69%	↑	6.18%
Qualtrics	1.69%	↑	5.62%
ChartHop Gather	1.69%	↑	5.06%
Equifax Workforce Solutions	1.69%	↑	5.06%
Oracle Analytics Cloud	1.69%	↑	5.06%
TrustSphere	1.69%	↑	4.49%

E 🏢 >5000+EE	Today Adoption Level	Expected Growth	12 Month Adoption Level
Amazon QuickSight	1.12%	↑	7.30%
IBM WFPlanning & Talent Insights	1.12%	↑	6.74%
Domo	1.12%	↑	6.18%
UKG Employee Voice	1.12%	↑	5.06%
eightfold.ai	1.12%	↑	5.06%
Oracle - OTBI	1.12%	↑	4.49%
LightCast (Burningglass)	0.56%	↑	6.18%
OnwardsHR	0.56%	↑	6.18%
Crunchr	0.56%	↑	5.06%
SAS Viya/ Visual	0.56%	↑	5.06%
eQ8 Strategic WFP	0.00%	↑	4.49%

Expected Growth Legend

↑ Substantial Growth

↗ Slight Growth

→ Flat

↘ Slight Decline

↓ Substantial Decline

Expected growth calculation is based on the difference between Today and 12 Month adoption plans, in addition to data points from future replacement plans, assessment plans, and RFP inclusions.

Note: These data sets do not equal 100%, respondents often have multiple applications, and responses below 2% in Today or 12-month adoption levels have been removed.

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E — HR ANALYTICS & PLANNING ADOPTION - ANALYST INSIGHTS:

Over 64% of Enterprise organizations, those over 5,000 employees have a separate HR People Analytics function within their organization. On average these highly specialized functions leverage 4.5 different HR Analytics and Planning solutions to achieve their outcomes, usually a mixture of In-House programming, off-the-shelf solutions, and HR-specific platforms or modules within existing HR applications.

As we saw in 2022, In-House created solutions either developed within Excel or programmed in environments like R and Python continue to see the largest overall current adoption numbers in HR Analytics and Planning. The biggest difference this year is that we did not see the usual plans to decrease the use of in-house solutions as we've seen in the past, but rather an increase in adoption plans this year. As Enterprise organizations scramble to hire new graduates with Data Science backgrounds over the last year, we are specifically seeing many of them bringing their University level experience with R-related solutions to their new roles.

Beyond those in-house tools, Enterprise organizations had over 33 additional applications that achieved 3% or more adoption levels either today or in the next 12 months. The most we've ever had, and although we are seeing increasing plans for replacements – many applications were gaining as many new buyers as they were losing –so we were seeing very few drops in overall adoption.

The top five adopted HR Analytics and Planning applications remained steady from last year. Microsoft BI and Tableau continue topping the list, both generic analytics solutions that require specialized skill sets. These solutions have developed great loyalty among HR Analytics People functions looking for high levels of flexibility.

Closely following these commonly used tools, we are also seeing continued growth in embedded HR and ERP solutions, including Workday Prism Analytics and Workday People Analytics – both seeing high expectations for future adoption by existing Workday clients. Workday People Analytics solution is an embedded solution that surfaces people-related insights and data for leaders directly from the Workday environment, while Workday Prism Analytics is great at blending internal and external data sources for broader Business Intelligence.

Rounding out the top five adopted solutions for Enterprise organizations is the stand-alone platform Visier People Analytics. This solution also achieved the top UX and VS ratings for the entire HR Analytics and Planning category this year with high customer ratings. Visier has worked hard over the last few years to create a complete HR Analytics and Planning platform, adding functionality in data mapping, visualization, and benchmarking. They have also created strong partnerships with multiple ERP/HRMS/Payroll partners to provide packaged solutions for buyers.

Although almost all applications are seeing increases in adoption, notable increases for next year for Enterprise organizations are workforce planning solutions Anaplan, Workday Adaptive Planning, and SAP SuccessFactors Workforce Analytics. We are also seeing considerable expected growth for ADP DataCloud and SAP Analytics Cloud, with buyers noting interest in benchmarking opportunities within these applications.

A final note about the high Google analytics adoption plans, this seems to be tightly connected to recruiting analytics and candidate campaign management needs for most organizations.

VOICE OF THE CUSTOMER HR ANALYTICS & PLANNING SYSTEMS

FIGURE 105: HR ANALYTICS & PLANNING VENDOR SOLUTION ADOPTION, MID-MARKET

500 - 5000 EE	Today Adoption Level	Expected Growth	12 Month Adoption Level
In-House / Excel, R, Python	8.47%	↑	10.08%
Microsoft Power BI	7.66%	↑	10.48%
ADP DataCloud	5.65%	↑	11.29%
IBM Cognos	5.65%	↑	7.66%
Tableau	4.44%	↑	5.65%
Workday People Analytics	3.63%	↑	6.45%
UKG Pro Employee Voice	3.23%	↗	4.03%
Anaplan	2.82%	↑	6.05%
Amazon Quick Sight	2.42%	↑	5.65%
Domo	2.42%	↑	5.24%
TrustSphere	2.42%	↑	4.84%
Oracle Analytics Cloud	2.02%	↑	3.63%
Oracle OTBI	2.02%	↑	3.23%
SAP Crystal Reports	2.02%	↑	3.63%
Workday Adaptive Planning	2.02%	↑	5.65%
Workday Prism Analytics	2.02%	↑	3.63%
LightCast (Burning Glass)	1.61%	↑	3.63%
ChartHop Gather	1.61%	↑	4.84%
eightfold.ai	1.61%	↑	4.44%
Google Analytics	1.61%	↑	6.05%
Paycor Analytics (Visier)	1.61%	↑	3.23%
Qualtrics	1.61%	↑	3.63%
SAP Analytics Cloud	1.61%	↑	4.84%
SAP Business Objects	1.61%	↑	3.23%
Visier People/ Embedded	1.61%	↑	3.23%
Crunchr	1.21%	↑	4.44%

HR ANALYTICS & PLANNING ADOPTION - ANALYST INSIGHTS:

Mid-Market-sized organizations were using far fewer variations of applications, but we continue to see increased adoption in almost every category that has already achieved some level of higher adoption in this category. These across-the-board increases aren't surprising when you consider that Mid-Market organizations between 500 and 5000 employees, noted that HR Analytics was the 2nd highest category for planned increases in HR technology budgets for 2023.

The big breakout star in this year's HR Analytics and Planning adoption in the new Mid-Market category is ADP DataCloud. Formally launched in 2015 it has taken a few years for this platform to gain traction, but this is one of the first years we are seeing it not only increase in current-year adoption but see considerable plans for increased adoption. Microsoft Power BI continues to see high adoption levels in this category as does IBM Cognos, the reporting tool embedded within UKG Pro People Analytics.

Other solutions with notable plans for increasing adoption include Workday People Analytics, Anaplan, and Google Analytics all tools used in very different ways within HR analytics functions, from Anaplan's financial planning focus to Google analytics recruiting focus.

Expected Growth Legend

↑ Substantial Growth
↗ Slight Growth
→ Flat
↘ Slight Decline
↓ Substantial Decline

Expected growth calculation is based on the difference between Today and 12 Month adoption plans, in addition to data points from future replacement plans, assessment plans, and RFP inclusions.

Note: These data sets do not equal 100%, respondents often have multiple applications, and responses below 2% in Today or 12-month adoption levels have been removed.

FIGURE 106: HR ANALYTICS & PLANNING VENDOR SOLUTION ADOPTION, SMB

S 🏢 <500 EE	Today Adoption Level	Expected Growth	12 Month Adoption Level
In-House / Excel, R, Python	18.42%	→	18.89%
IBM Cognos	6.14%	↑	13.33%
Microsoft Power BI	7.02%	↑	13.33%
Other, please specify	7.02%	→	6.67%
UKG Employee Voice	5.68%	↑	11.11%
ADP Data Cloud	5.26%	↑	14.44%
Paycor Analytics (Visier)	4.95%	↑	11.11%
Domo	4.39%	↑	11.11%
Qualtrics	2.63%	↑	10.00%
OneModel HR	2.63%	↑	10.00%
Tableau	2.63%	↑	10.00%

Note: These data sets do not equal 100%, respondents often have multiple applications, and responses below 2% in Today or 12-month adoption levels have been removed.

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S HR ANALYTICS & PLANNING ADOPTION - ANALYST INSIGHTS:

Organizations under 500 employees are less likely to adopt any analytics application or module that isn't part of their current HRMS / Payroll solution. Currently, 43% of SMB organizations are using an embedded HRMS analytics module, but only 34% are paying extra for that embedded solution. Beyond embedded analytics packages, just 20% of SMB organizations are using some other application beyond Excel.

Adoption levels are a bit higher in this size category simply because there are fewer solutions being used across a very small sample size. In-House solutions including Excel or programming options continue to be the highest adopted solutions, but we are seeing other applications making some headway. Microsoft Power BI, Domo, and Tableau are getting some attention from SMB organizations that need cost-effective ways to analyze people data for workforce planning purposes.

SMB organizations are definitely looking towards their HRMS/Payroll solutions to provide solutions beyond standard reporting. Organizations like UKG, ADP, and Paycor have all invested in helping their SMB clients elevate SMB people data beyond standard compliance reporting with embedded solutions. It is also worth noting that Paycor is offering an embedded version of Visier, similar to IBM Cognos the reporting tool embedded within UKG Pro People Analytics, and both are achieving high customer UX and VS ratings. This highlights that customers are less interested in applications that are built on specific platforms, as long as the solutions have solid integrations and high usability levels for their very small HR functions.

Expected Growth Legend

↑ Substantial Growth
↗ Slight Growth
→ Flat
↘ Slight Decline
↓ Substantial Decline

Expected growth calculation is based on the difference between Today and 12 Month adoption plans, in addition to data points from future replacement plans, assessment plans, and RFP inclusions.

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As **Figure 106** shows on the previous page, the HR Analytics and Planning space is becoming crowded with solutions that are both generic and tailored. This year we have 34 vendor solutions selected by 3% or more of our survey population across the various size categories.

The Other category (vendors that did not reach 2% or more in our data set) includes several generic solutions and less-used niche solutions. On average, 11% of organizations use a vendor in the Other category or an In-House solution; the most often mentioned solutions are:

Big differentiators now include:

- Platforms that include multiple levels of functionality

- Data importing and exporting capabilities

- Benchmarking data sets (either existing or accessible)

- Easy of use, especially or reporting or visualization creations

- Intelligent features* including predictive, forecasting, and modeling

- Gartner CEB
- IBM SPSS
- Infor Birst
- IntelliHR
- MicroStrategy
- Orgvue

- Oracle EPM
- Sisense
- Snowflake
- TIBCO Spotfire
- UKG Pro People Analytics
- QlikView

We currently combine the analytics and planning applications into one area, as many organizations overlap the use of these tools. But we do, however, expect over time in the HR area that these two categories may eventually become more distinct platforms. Currently, the average organization is using 2.6 different HR Analytics and Planning Application solutions to meet all of their HR Analytics and Planning needs – increasing both the cost and complexity of these efforts.

*By intelligent features, we refer to such technologies as machine learning, artificial intelligence, etc.

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Our annual **HR Analytics and Planning Voice of the Customer (VoC) User Experience and Vendor Satisfaction chart** showcases how crowded this space is becoming for buyers. Each year we ask survey respondents to rank the quality of their system User Experience (UX) and Vendor Satisfaction (US) on a scale of 1-5, and we average those ratings for each solution. This year the HR Analytics and Planning categories' average scores sit at 3.22 (UX) and 3.48 (VS), 12% lower than last year's HR Analytics and Planning averages. This is the largest drop in UX and VS ratings across all categories, showing the frustration buyers are feeling with this category. There were 22 vendor solutions that received the minimum validated customer ratings to make our HR Analytics and Planning VoC chart this year.

FIGURE 107: ANALYTICS AND PLANNING, VOC VENDOR SATISFACTION AND USER EXPERIENCE CHART
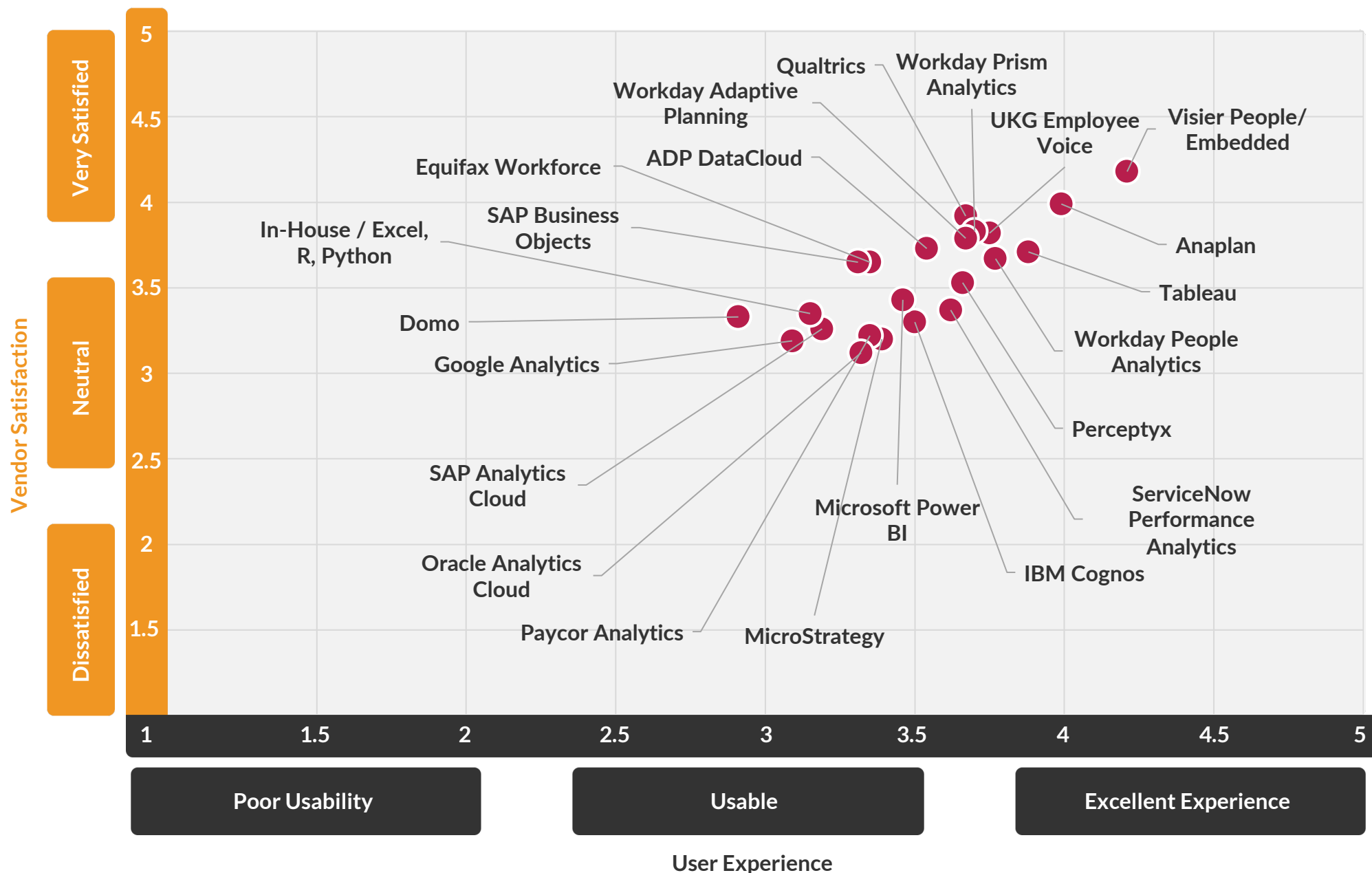
Analytics & Planning

Major factors driving Vendor Satisfaction and User Experience ratings include:

- Usability
- Reporting
- Integrations
- Training

Vendors plotted: Qualtrics, Workday Prism Analytics, Workday Adaptive Planning, ADP DataCloud, UKG Employee Voice, Visier People/Embedded, Equifax Workforce, SAP Business Objects, In-House / Excel, R, Python, Anaplan, Domo, Tableau, Google Analytics, Workday People Analytics, Perceptyx, SAP Analytics Cloud, Microsoft Power BI, ServiceNow Performance Analytics, Oracle Analytics Cloud, IBM Cognos, Paycor Analytics, MicroStrategy

User Experience axis: Poor Usability — Usable — Excellent Experience
Vendor Satisfaction axis: Dissatisfied — Neutral — Very Satisfied

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Our aggregate Voice of the Customer (VoC) Vendor Satisfaction (VS) and User Experience (UX) charts are valuable tools for obtaining a broad perspective of how the HR community is evaluating their current applications, The solutions in our Top 5 analysis must have at least 30 or more multi-sourced validated responses in our aggregate data set to qualify for this analysis. Hearing directly from validated and multi-sourced customers that buy, maintain, and use these applications to achieve organizational outcomes is a rare opportunity.

Over the last 25 years of gathering and analyzing customer feedback, we have found that our Voice of the Customer Top Five rankings is hard-won and worth a bit of celebration. In **Figure 108**, we provide a snapshot of the solutions achieving the Top 5 average ratings in **HR Analytics and Planning**, and this year we are launching a series of Voice of the Customer badges for Vendors who achieve these notable ratings from their customers.*

FIGURE 108: TOP FIVE VOICE OF THE CUSTOMER RATINGS

AGGREGATE - HR ANALYTICS AND PLANNING		
	User Experience	**Vendor Satisfaction**
Top, #1	**Visier**	**Visier**
Top	Anaplan	Anaplan
Top	Tableau	Qualtrics
Top	Workday People Analytics	Workday Prism Analytics
Top	UKG Employee Voice	UKG Employee Voice

VISIER CUSTOMER QUOTES:

Dynamic metrics and visualization for the average non-technical end-user. Allows us to roll out the solution to multiple levels.

Financial, 7000+ EE

*Full details of this analysis and further breakdowns of data by company size can be accessed through our research subscriptions, contact us at Research@SapientInsights.com for further information.

As the HR Analytics and Planning vendors begin to solidify a standard set of expected functionality, with interfaces that allow fewer technical users to input, access, and view valuable data, we expect to see adoption levels increase and entry-level cost points start to decrease. Current platform solutions were designed for large complex organizations with specialized HR analytics roles – but there is interest and appetite for solutions that will work at the Mid-Market and SMB levels.

The top factors given for low Vendor Satisfaction and User Experience ratings:

- Poor usability
- Low adoption
- Cost
- Global issues
- Data security concerns

CUSTOMER QUOTES:

Very difficult for the average HR employee to use, some fields aren't reportable without complex connections

Construction, 2300+ EE

The top factors given for high User Experience ratings:

- Ease of use, HR specific
- Integrations / Accessible external data
- Strong reporting or visualization
- Global capabilities

The top factors given for high Vendor Satisfaction ratings include:

- Data is packaged with action items/next steps
- Partnership-level relationship
- Available training

HR ANALYTICS AND PLANNING UX AND VS RATINGS – ANALYST INSIGHTS:

Sapient Insights started tracking the HR Analytics and Planning UX and VS data four years ago, and in that time, we've continued to see a few solutions consistently achieve the highest Voice of the Customer ratings including Visier, Qualtrics, Workday, and UKG. This year Visier not only took the leadership spot in both UX and VS scores but also achieved a considerable gap between their ratings and the next solutions. Our take on this is that Visier has been investing heavily in creating interfaces that make sense to all levels of HR and operations, simplifying their solution for Mid-Market and even SMB users accessing their Embedded solutions, and continuing to invest in multiple levels of customer service that is helping customers focus on the use of the data over simple reporting.

VISIER CUSTOMER QUOTES:

Responsive and helpful in shaping long term strategy as well as short term tactical needs.

Financial Services, 7000+ EE

Achieving the second highest UX and VS ratings this year is a newcomer to our dataset specializing in planning, Anaplan. The application is still heavily focused on Financial buyers but is starting to tailor the solution for HR needs and has recently brought in experienced talent from the HR product space to support this shift.

Workday achieved Top 5 UX ratings for Workday People Analytics this year, moving up from the middle of the pack last year. Launched in 2019, this solution has seen increased adoption and is viewed as an Embedded analytics offering. Workday Prism Analytics achieved a Top 5 VS rating this year, with a focus on bringing external data into the Workday environments providing more flexibility for users.

You might also be surprised to see **Qualtrics*** and UKG Employee Voice as survey tools landing in the Top 5 category for Analytics and Planning, but both solutions offer analytics capabilities within their surveying solutions that buyers find extremely valuable and are viewed as part of their HR analytics solutions.

*Disclosure: Qualtrics is our Primary Surveying and Data analysis tool for this research

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HR Analytics and Planning is still an evolving category of HR applications – and only 50% of organizations feel their primary application "meets their business needs most of the time," and just 11% feel it "always meets their needs."

Only 11% of Organizations are "**confident**" their primary HR Analytics and Planning solutions are meeting all of their business needs.

So why is confidence so low in these applications – the #1 reason continues to be functionality gaps, specifically visualization and cleaning capabilities. The 2nd biggest gap this year was reporting capabilities, highlighting a **30%** increase in this as a top gap from last year.

TOP HR ANALYTICS AND PLANNING GAPS IN MEETING BUSINESS NEEDS

Analytics and Planning

- **Gap in overall functionality 32%**
- Reporting functionality 30%

Another way to look at this question is to assess what organizations are currently using HR Analytics and Planning applications to achieve within their organization. As seen in **Figure 109**, in aggregate when we asked this question the top achievement continues to be Benchmarking HR Metrics, but we are seeing an increased focus on improving employee engagement and managing retention risks this year. On the next page in **Figure 110**, we look at this analysis by the top three achievements aligned with specific HR Analytics and Planning applications.

FIGURE 109: WHAT ARE THE HR ANALYTICS AND PLANNING APPLICATIONS BEING USED TO ACHIEVE?

Achievement	%
Benchmark HR Metrics	53%
Improve Employee Engagement	38%
Manage Retention Risks	38%
Manage HR Costs	37%
Identify/Attract Top Talent	36%
Optimize Workforce Productivity	27%
Increase Competitive Advantage	23%
Ensure Workforce Readiness and Skills	22%
Increase Customer Satisfaction	19%
Optimize Workforce Assignment	19%
Increase Innovation/Agility	16%

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When we look at this analysis of the top 3 categories survey respondents were using their HR Analytics and Planning applications for, we can definitely see patterns emerge based on the type of application being used. Improving Employee Engagement is a common theme across all application types and managing retention risks and benchmarking HR metrics were similar across generic analytics applications and HR-focused applications. With the increasing focus on skill-based HR decision making it's interesting to see that Planning and BI applications were most likely to be aligned with organizations that were focused on ensuring workforce readiness through skills along with increasing competitive advantages. We also see that Visier is the one application that is more aligned with innovation and productivity efforts. Understanding how and why these applications are being deployed is critical and should be a key factor in all selection conversations.

FIGURE 110: TOP 3 USES OF HR ANALYTICS AND PLANNING APPLICATIONS BY PRIMARY HR ANALYTICS AND PLANNING SOLUTIONS

	Generic Analytics Applications				Planning/BI Applications				Human Resources Focused Applications								Feedback Apps	
	Microsoft Power BI	Tableau	IBM Cognos	Google Analytics	Anaplan	Oracle Analytics Cloud	SAP Analytics Cloud	Workday Adaptive	Embedded HRMS	ADP Data Cloud	Paycor Analytics (Visier)	Visier People	Workday People Analytics	Workday Prism Analytics	SAP WF Analytics	In House	UKG Employee Voice	Qualtrics
Benchmark HR Metrics	1	1	2						1	2			1	2		2	2	
Manage HR Costs			3		3	2					1							
Optimize Workforce Assignment				2														
Manage Retention Risks	3		3		2				2			3		3	3	3	3	
Identify/ Attract Top Talent				3									3		2			
Improve Employee Engagement	2	2	1	1		1	1	1	3	3		1	2	1	1	1	1	1
Ensure Workforce Readiness and Skills					1	3	3	3										2
Increase Innovation/ Agility											1	2						
Increase Competitive Advantage/ Market Share							2	2										
Optimize Workforce Margins/ Productivity											1	1						3

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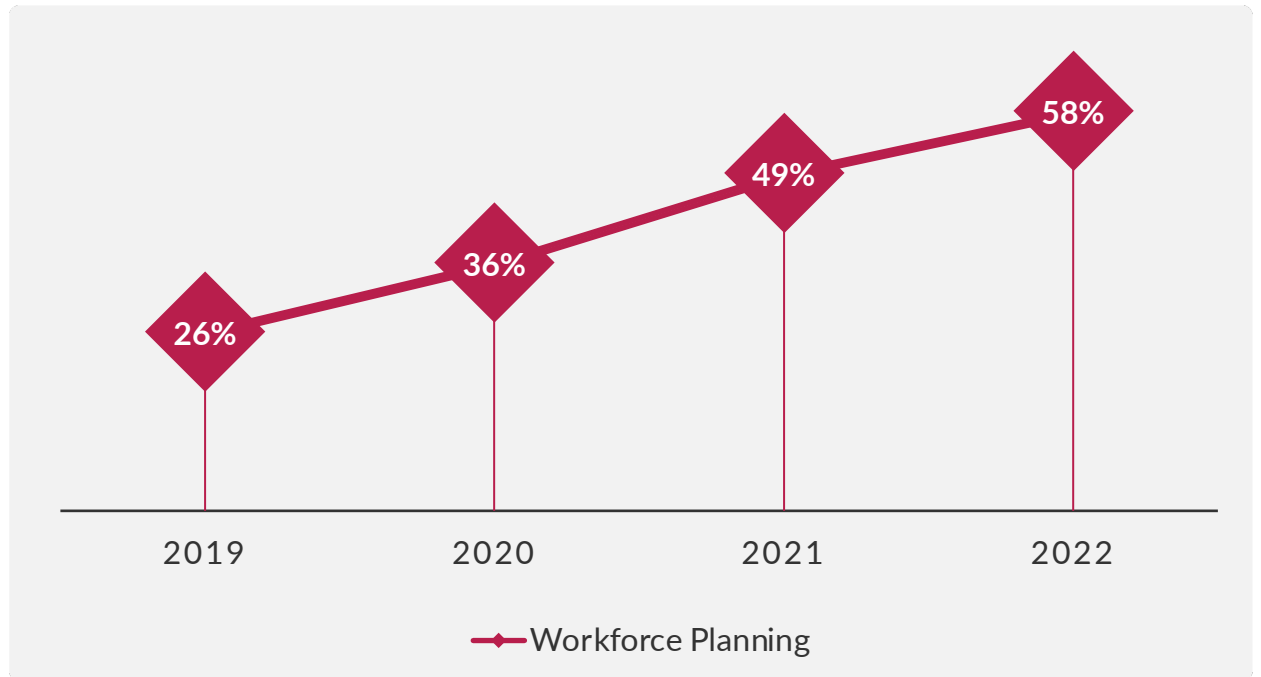
TOTAL WORKFORCE PLANNING

The Covid-19 pandemic and shifting work models, quickly followed by possible recession and economic hardships have made the ability to conduct Enterprise Workforce Planning critical for every organization, even SMBs. As seen in **Figure 112**, over the last four years, we've seen the percentage of organizations conducting some level of workforce planning efforts double and we expect this trend will continue to increase.

FIGURE 111: DATA INCLUDED IN WORKFORCE PLANNING EFFORTS

Data Type	Percentage
Business Unit Data	95%
Recruiting Headcount	90%
Regional Data	76%
Business Strategy Data	75%
Position Management Requirements	72%
Skills Analysis Data	59%
External Data	56%
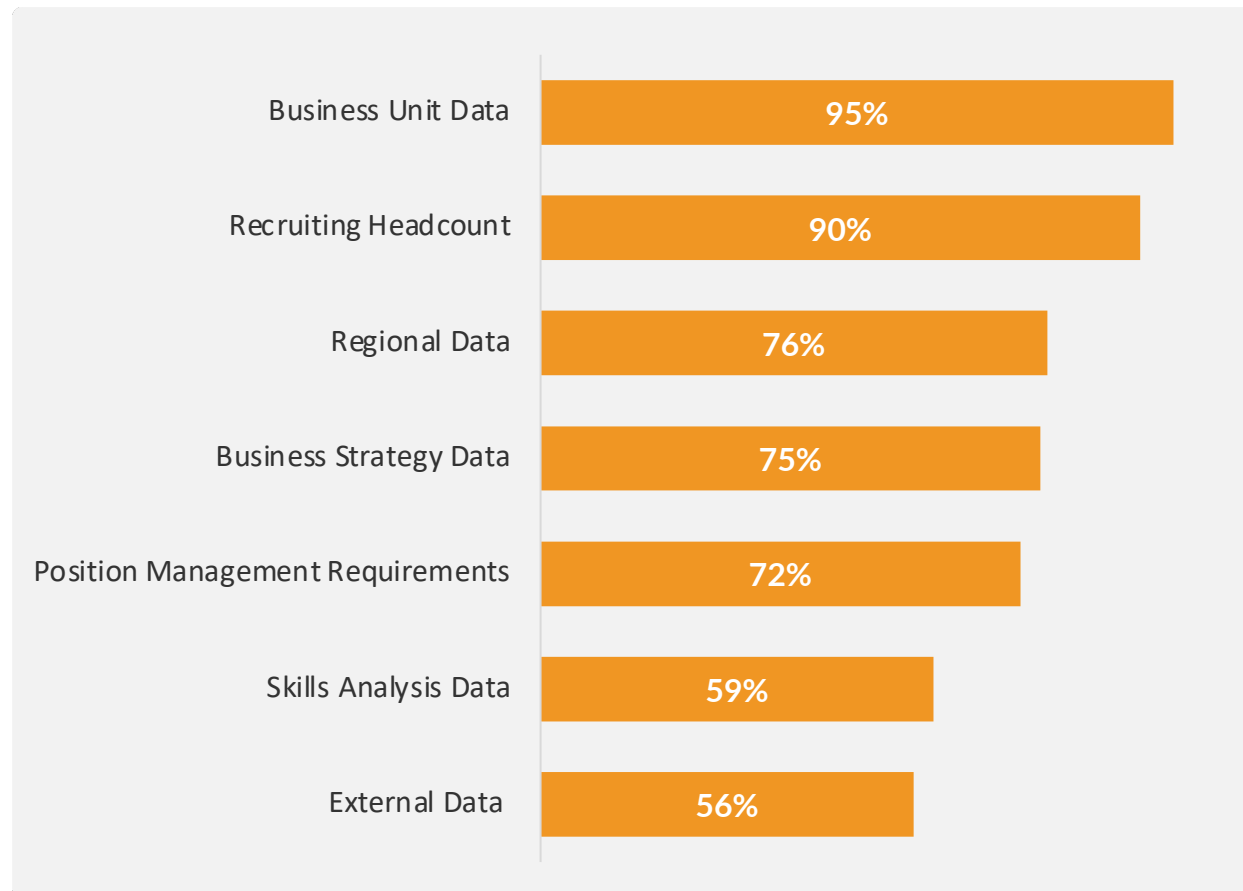
When workforce planning is conducted, we are seeing an increasing number of organizations use multiple datasets, with Skills Analysis and Position Management Requirements seeing the largest increases in use over last year's data.

FIGURE 112: ORGANIZATIONS CONDUCTING SOME LEVEL OF WORKFORCE PLANNING

Year	Workforce Planning
2019	26%
2020	36%
2021	49%
2022	58%

—◆— Workforce Planning

For the last few years, we've assessed the outcomes of those organizations that conduct any form of workforce planning against those that conduct no workforce planning at all, and each year we continue to see better talent, HR, and business outcomes from those who invest in workforce planning efforts. This year is no exception as seen below.

Workforce Planning Aligns with Double Digit Increases in Outcomes

14%	15%	10%
Higher Talent Outcomes	Higher HR Outcomes	Higher Business Outcomes

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This category is continuing to evolve rapidly. Buyers are looking for easier ways to integrate data, compare information, and share insights throughout the organization safely. Recent increases in new regulations and requirements for better reporting and data transparency, both in the US and globally, have created a need to increase our ability to report on all forms of workforce data. In 2020, the SEC mandates concerning public reporting of human capital metrics by companies subject to SEC reporting requirements were released and are now part of many organizations' common reporting practices. We've also seen an increasing number of regulations being submitted for people-related Artificial Intelligence decisions, compensation transparency, resourcing risk plans, and engagement levels.

Additional emerging trends to watch in HR Analytics and Planning applications include:

- Extended security – limiting access to data at the page, cell, and even filter levels
- Planning process workflows and predefined templates
- Embedded predictive analytics and machine learning applications
- Bias analysis, and cleaning of existing and new benchmarking/AI training datasets
- Data extraction, mapping, and integration platforms
- Sentiment analysis of non-categorized data
- HR standards benchmarking, based on ESG requirements

It is worth noting that this application area requires an extensive amount of training and education, and **28% of organizations said these systems aren't meeting their business needs due to a lack of Admin/HRIS Training and 27% said it was due to a lack of End-User Training and support.** The buyers felt the need for training was more critical than usability, cost, or improved customer service.

Here are just a few of the 5,000+ comments we received from survey participants on ways current technology providers can help them achieve better outcomes. These are great ideas for questions in your next selection process.

CUSTOMER QUOTES:

Its difficult to find a resource who could assist with practical use of the application. We have done a lot of self-teaching- and I know it is under-utilized because of this issue.

Healthcare, 38000+ EE

CUSTOMER QUOTES:

The [Vendors] team struggles to meet us as a customer where we are when talking through issues with them. Our analytics team spends a majority of its time teaching and re-teaching how to use the tool.

Hospitality, 29000+ EE

CUSTOMER QUOTES:

We were excited about the benchmarking, but we wanted to limit what the managers saw to certain things, but it was an all or nothing format. This didn't work or us, as we didn't want to make it more complicated for our managers.

Manufacturing, 350+ EE

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EMERGING HR TECHNOLOGY

SECTION 11

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EMERGING HR TECHNOLOGY

Emerging technologies are in the early stages of development – and are often simply tools, partial applications, or ideas percolating in the industry.

Nevertheless, it's important to monitor the progress and evolution of these ideas because many will have an impact on the future of HR applications and the move to intelligent HR systems.

> **Emerging technology topics and categories we tracked in 2022 include:**
>
> 🧠 Intelligent Tools and Platforms/ Artificial Intelligence
>
> 🧪 Data Strategies: Where, When, How, Why, Risks, Rewards
>
> ⚙️ Hybrid Work Environments and Technology
>
> 👥 Total Workforce Tools: Whole Self Applications
>
> 📦 Virtual Reality and the Metaverse
>
> 🏅 Environmental, Social, and Governance (ESG) Standards

We'll only be touching on a few of these topics in this paper and will be releasing several papers on each topic we've listed above through out 2023. Be sure to sign up at SapientInsights.com to make sure we notify you when that research is available.

Innovation in the business world comes in many formats, the least of which is simply **new and bigger** technology. The greatest innovations yet to be achieved are distinctly lacking in technological focus – particularly in the arena of Human Resources. Research areas such as neuroscience, psychology, and behavioral decision-making are more critical to tomorrow's HR innovations than specific technical skills are today. If those research areas make you a bit uncomfortable and nervous that is ok because real – life-changing innovations are generally outside of the comfort level of everyday organizations. As a final note, all emerging technologies have a place in history, but not all of them will have enterprise-wide impact or be of value to an organization over time.

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Whole Self / Flex Work Solutions

34% of organizations are managing Employee's Health and Safety data inside their HRMS - 41% use no system

ätlas

SPOTLYFE

Onwards HR
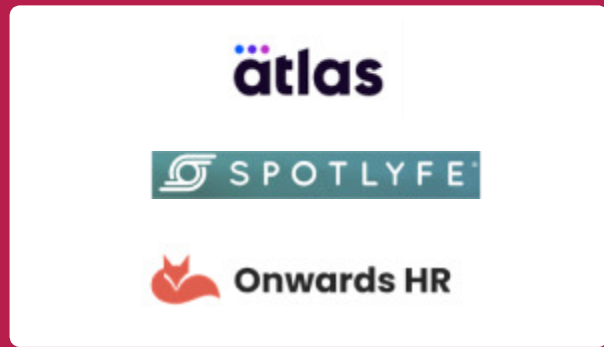
Front Line Worker Applications

4% of organizations say they are already using Virtual Reality/Metaverse – 13% are assessing

LEGION

harri

Nudge Technologies

16% of organizations are using Chatbots in HR Service Delivery, 14% are assessing the need

Compa

Nudge
An Axonify Company

External / Internal Benchmarking Data

23% of organizations have a non-compensation benchmarking solution in use

PUBLIC INSIGHT

DTN°

EMERGING TECHNOLOGY - ANALYST INSIGHTS:

Whole Self /Flex Work Solutions

Workforces that know the value of skills, knowledge, experience, and time – expect more from work. Will providing flexibility for employees at every phase of the employment lifecycle, create engagement and bottom-line value? If we enable employees to live and work abroad for a year, or achieve real balance across work and personal goals, will work outcomes improve? If times are tough, and layoffs are a reality, can we manage the process, so people feel respected and open to returning when the market changes?

Front Line Worker Applications

Workforce revolutions always start where workers feel the least heard and most frustrated, while still being told how important their performance is to the bottom line. This is the world of today's front-line workers – and any solution that can help reduce workloads, manage frustrations, and communicate respect and value could change the dynamics for this critical workforce, with a side benefit of increased outcomes.

Nudge Technologies

When an employee is making a critical decision, speaking to a client, or coaching a direct report– would a nudge at the right time improve outcomes? The science behind nudge technology is compelling and inherently risky for organizations that don't understand the connection between behaviors and outcomes. It is a rapidly emerging space.

External/Internal Benchmarking Data

A growing number of organizations are aggregating, organizing, and mapping all kinds of t data to be used for AI training as well as predictive analytics. Imagine the impact of high-probability Weather data that allows for road crew and resource scheduling for an entire winter season. What if global grain production data could forecast resourcing months in advance for food processing plants?

When looking forward to emerging technologies that are going to redefine the HR space, We tend to look for the solutions and categories that are filling fundamental needs for HR and the employees, often in a quiet unassuming manner. These applications are bought to fill very real needs, implemented, adopted, and improved over time.

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ENVIRONMENTAL, SOCIAL, AND GOVERNANCE METRICS (ESG)

Over the last several years, government leaders, boards, and even CEOs have all begun to question the wisdom of businesses focusing solely on shareholder returns and financial outcomes at all costs.

FIGURE 113: IMPACT OF HR SYSTEMS STRATEGY ON ESG METRICS

COMMUNITY / SOCIAL

Access to Career Development

| HR Systems Strategy = | **1.2X's** | More Likely to be Best Practice vs Reactive (r=.224) |

TRUST / GOVERNANCE

Fair Wage Gaps

| HR Systems Strategy = | **76%** | More Likely to be Transformative vs Reactive (r=.199) |

SUSTAINABILITY / ENVIRONMENT

Greenhouse Gas Emissions / Carbon Neutrality

| HR Systems Strategy = | **28%** | More Likely to be Best Practice vs Reactive (r=.149) |

In the broadest terms, ESG is a set of standards for a company's operations that socially conscious investors, as well as employees and customers, use to evaluate how a company performs as a steward of their communities. As organizations continue to expand their stated purpose beyond shareholder value, many leaders are publicly committing to creating a culture of accountability, education, self-reflection, and transparency as part of their ESG goals.

Whether it is under the public auspices of improving ESG metrics, broader social responsibility statements, or publicly posted values – organizations are spending more time than ever on the role of their businesses beyond financial outcomes. Human Resource leaders have a real opportunity to step into this conversation confidently, with both internal and external data that would be both valuable and relevant to executives, board members, and owners who are focused on ensuring their organizations not only stay compliant but ahead of public opinion and inline with any public statements the company is standing behind.

We asked a series of 16 ESG-related questions to understand how survey respondents felt their organizations are approaching these critical practice areas, asking them to rate them from:

1. Reactive: non-standardized, no current investment

2. Meets Compliance Standards: minimum investment, no plans to change approach

3. Evaluating Current Approach: increasing investment, evaluating current state

4. Utilizing Best Practices: standardized, best practice, benchmark-focused

5. Transformative: High levels of investments, contributes to competitive advantage, implementing innovative approaches.

Factors that have an impact on those ratings are size, headquarters region, and Industry. Outside of those factors, as seen in **Figure 113** we also found that organizations with an HR Systems Strategy in place did much better in critical areas such as employee development, fair wages, and carbon neutrality. We have more analysis to conduct in this area, but there is no doubt that this is a real leadership opportunity for HR leaders.

https://www.forbes.com/sites/forbeshumanresourcescouncil/2022/08/25/the-important-role-hr-plays-in-esg-strategy

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RESEARCH METHODOLOGY AND DEMOGRAPHICS SECTION

SECTION 12

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RESEARCH METHODOLOGY & DEMOGRAPHICS

SURVEY & RESEARCH HISTORY

The Sapient Insights 2022-2023 **HR Systems Survey White Paper,** 25th **Annual Edition**, is the latest installment in a continuous annual research effort that began in 1997 by The Hunter Group. It's now published under Sapient Insights Group.

Since its inception, the sponsoring organization has changed its name several times. However, this primary industry research continues **to follow a rigorous research methodology each year and is overseen by** well-known and trusted industry analysts. The Annual HR Systems Surveys and resulting published research continue to be invaluable resources that provide insights and guidance to business leaders around the world concerning their HR and finance technology decisions.

THE DEPTH & BREADTH OF THE RESEARCH

Each year, more than 2,000 organizations worldwide complete our systems surveys, providing us with valuable research data from companies of all sizes and industries. Survey participants come from multiple known industry distributors, with the majority from outside Sapient Insights Group's client base.

This outreach approach gives us a broad and varied audience for gathering data on tech adoption and usage metrics — while safeguarding against data bias toward any particular vendor or user community. The data is, therefore, representative of the overall HR tech community and its practices.

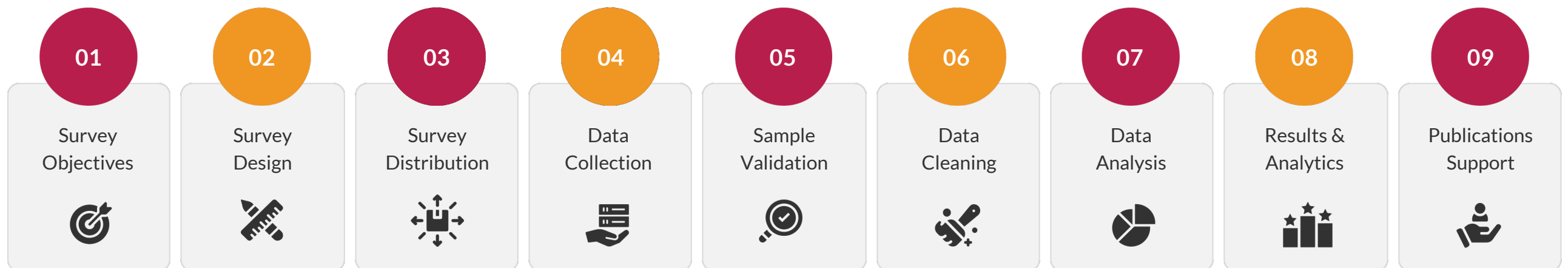**Target survey participants are HR and IT practitioners and leaders at the center of HR Technology decisions.**

Participants answer in-depth enterprise systems questions that cover multiple topic areas, including:

- Enterprise outcomes and business financials
- HR technology selection, replacement, and deployment plans
- HR technology integration and implementation practices
- HR resourcing and system budgets
- HR functional processes and social responsibility behaviors
- Customer feedback and satisfaction drivers for major HR applications

Target survey participants are HR, finance, IT, and shared services leaders and practitioners at the center of tech decisions, implementations, maintenance, and/or change management efforts. Each year, our annual reach provides a wealth of knowledge that we share within the HR and finance communities. Many executives and business leaders who focus on workforce and finance technology use these survey results to make better, more-informed business decisions.

Our **Survey Methodology** follows a rigorous nine-step process, independently verified by the Mercer Survey Quality Group. All participants are kept strictly anonymous, and only aggregate data is used in our analysis.

01	02	03	04	05	06	07	08	09
Survey Objectives	Survey Design	Survey Distribution	Data Collection	Sample Validation	Data Cleaning	Data Analysis	Results & Analytics	Publications Support

OUTCOME-FOCUSED HR METHODOLOGY

In our quest to conduct research that provides insights into the HR technology community's most challenging issues — such as adoption, cost, and value — we ask a wide range of questions concerning an organization's demographics, HR technology environment, and business/mission.

We also independently gather key financial metrics on publicly traded organizations. We use this data to deliver insights into the correlation of specific HR practices and technology to business and financial outcomes.

FINANCIAL OUTCOMES

Sapient Insights Group independently gathers the following financial metrics on each of our participating organizations from publicly available data:

- Revenue per Employee
- Operating Income Growth
- Profit per Employee
- Return on Equity

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VOICE OF THE CUSTOMER METHODOLOGY

The importance of an organization's relationship with their HR Technology solution provider is often overlooked and under-appreciated. A good solution provider relationship, built on respect, leads to better outcomes, less stress, and improvement opportunities for both parties. A solid solution provider relationship includes more than just appreciation and communication between the primary contacts; it also considers how well the solution meets the organization's business needs and is perceived by the end users.

For 25 application categories we ask participants to identify each solution:

- In use today
- Implementing in the next 12 – 36 months
- Replacing in the next 12 – 36 months

This data creates our Vendor Adoption charts (Sample Below), which only include applications that achieve 2% or more of the overall **in-use or planned-to-be-in-use** solution responses.

Payroll Adoption Levels	Today	Growth	12 Months
Sample Solution Provider	8.92%	↘	7.46%

Our research then gathers quantitative and qualitative data from survey participants on four key factors that impact the overall customer relationship for each of their identified solutions:

Meets Business Needs:

We ask our respondents to rate how effective their specific HR solution is at meeting their organization's current business needs from always to sometimes.

- Organizations that respond that the system always meets their needs, are asked additional questions about the impact of that application.
- Organizations that respond that the system does not meet their needs, are asked additional questions concerning the type of gaps and specific examples of those gaps.

User Experience:

We ask our respondents to rank the quality of their solution User Experience on a scale of 1-5 (poor to excellent) for all deployed applications. We specifically ask them to focus their answers on the applications end-user experience for all stakeholders; including IT, HR, Managers, and Employees.

Vendor Satisfaction:

We ask our respondents to rank the quality of their Vendor Relationship on a scale of 1-5 (very dissatisfied to very satisfied) for all deployed applications. We ask them to specifically focus on their relationship factors such as service levels, vendor communications, and alignment of product roadmap to their needs.

All survey participants are then asked additional open-ended questions to provide further details on the reasons they gave a specific rating to each solution on its User Experience and Vendor Satisfaction.

Based on these questions we provide an average User Experience and Vendor Satisfaction rating for every application that receives at least 20 responses from validated buyers. This data is used to create our Voice of the Customer (VoC) Charts of these 10 HR solutions:

- Core HRMS
- Benefits
- Payroll
- Time Management
- HR Service Delivery
- Learning
- Recruiting
- Performance Management
- Compensation Management
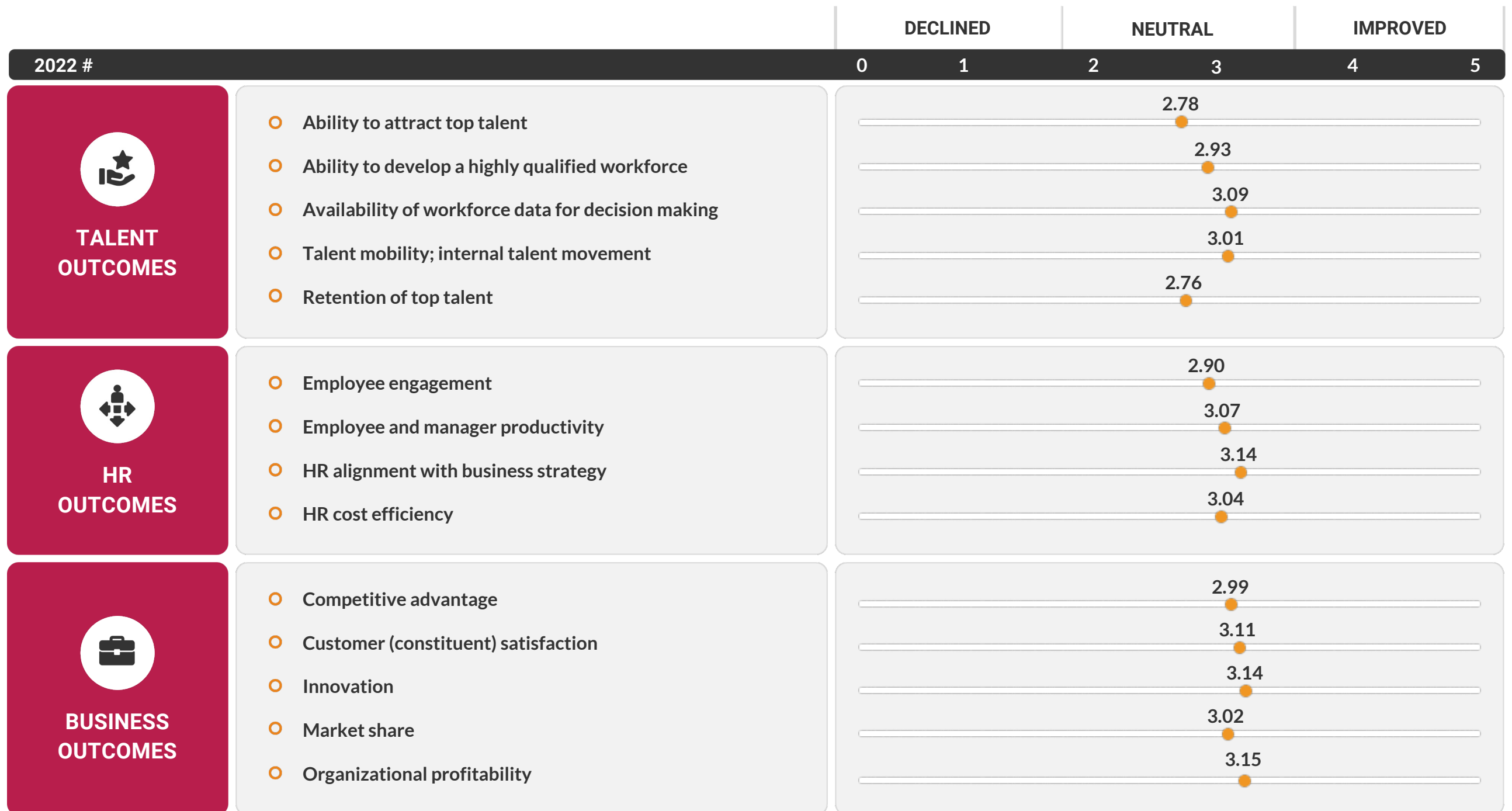- Analytics and Planning
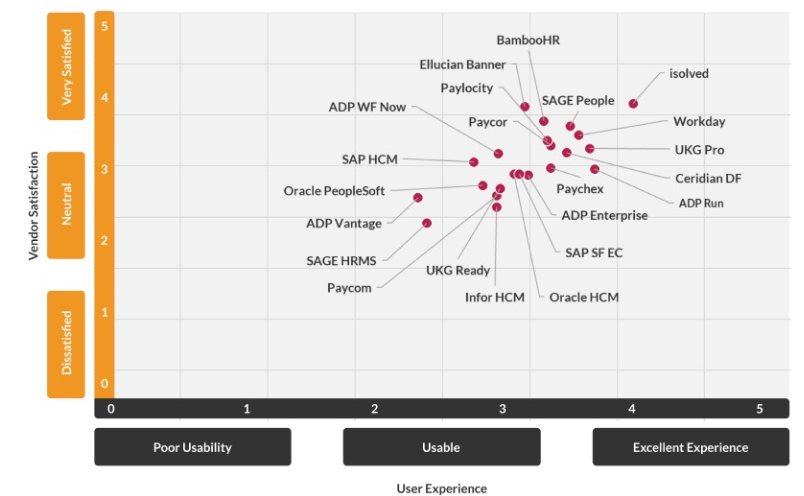
Our goal with all of the data in this section is to provide a broad overview of the Vendor Landscape for all buyers and HR Technology community members through Voice of the Customer as they assess their own current solutions and needs. More details on our Vendors who have achieved Top 5 User Experience and Vendor Satisfaction ratings for each HR Technology category and by size can be found on **our Voice of the Customer HR Systems Top 5 Performers Page.**

NON-FINANCIAL OUTCOMES

Our non-financial outcomes fall into three categories. Each survey respondent is asked to identify if, over the past year, its Talent, HR, and Business Outcomes declined, stayed the same, or improved on a scale of 1–5. Below are the aggregate scores for our survey respondents in 2022.

		DECLINED		NEUTRAL		IMPROVED	
2022 #		0	1	2	3	4	5
TALENT OUTCOMES	Ability to attract top talent				2.78		
	Ability to develop a highly qualified workforce				2.93		
	Availability of workforce data for decision making				3.09		
	Talent mobility; internal talent movement				3.01		
	Retention of top talent				2.76		
HR OUTCOMES	Employee engagement				2.90		
	Employee and manager productivity				3.07		
	HR alignment with business strategy				3.14		
	HR cost efficiency				3.04		
BUSINESS OUTCOMES	Competitive advantage				2.99		
	Customer (constituent) satisfaction				3.11		
	Innovation				3.14		
	Market share				3.02		
	Organizational profitability				3.15		

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ORGANIZATIONAL DEMOGRAPHICS OF SURVEY RESPONSES

The 25th Annual HR Systems Survey was conducted from May 9th through July 15th, 2022. The original survey had 5,100 initial responses, and our research methodology includes an extensive cleansing process to remove duplicate organization details and responses with known inaccuracies based on a series of data validation steps. This year's White Paper and research analysis are based on **2,515 unique organizations representing** a total workforce of **37 million employees and contingent workers.**

Global organizations represent **28% of our respondents**, with a workforce population in at least **one** additional country outside their headquarters location – a total of **698 organizations**. The average number of countries with additional employees outside of the headquarters location is **54 countries**. Also, **20% of our respondents** are headquartered outside the United States – a total of **503 organizations**.

2515	Unique Organizations
65	Countries
698	Global Organizations
54	**Average Number of Countries for Global Organizations**

Map percentages: 3%, 80%, 1%, 7%, 2%, 5%, 2%
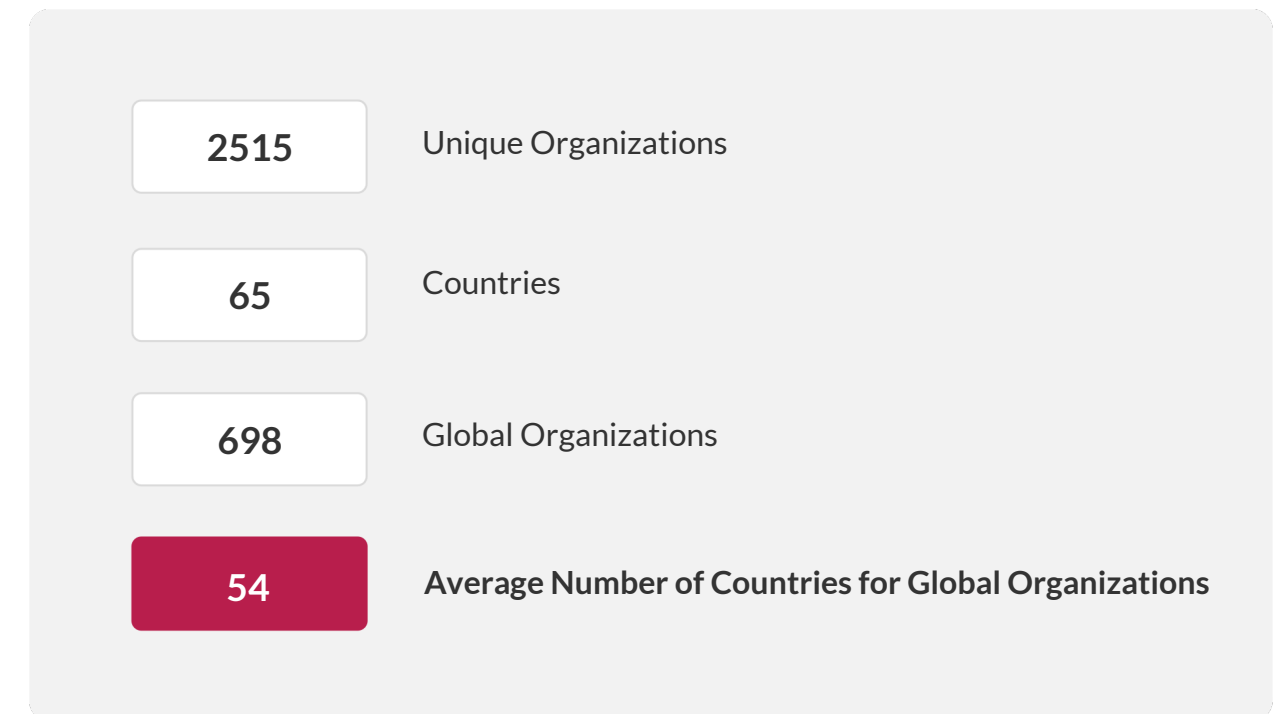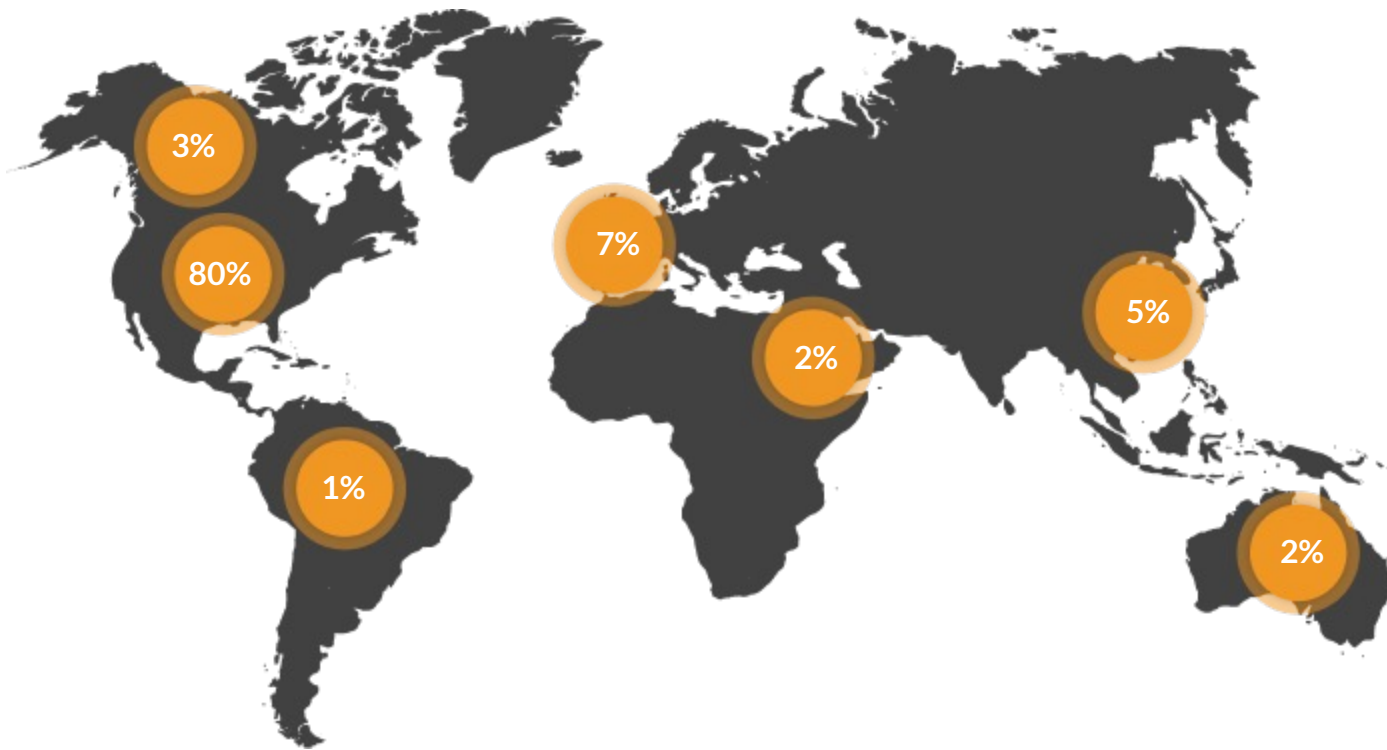
25% MORE PARTICIPATION IN THE 25TH YEAR!

Thank you! 2022-2023 Annual HR Systems Survey Participants

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The 2022–2023 data set includes organizations of all sizes across multiple industries. For purposes of this White Paper, we categorize our data into:
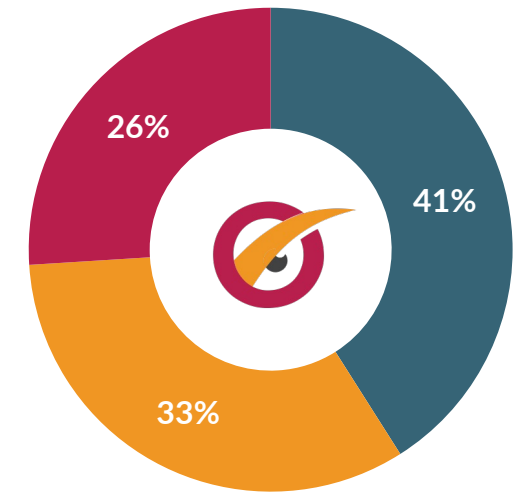
- Seven aggregate regional areas

- Three organization size categories

- Sixteen industry categories

- Five generational averages

- Six entity types

FIGURE 115: THREE ORGANIZATION SIZE CATEGORIES

- ● SMB
- ● Mid-Market
- ● Enterprise

41%
26%
33%

FIGURE 114: SEVEN AGGREGATE REGIONAL AREAS

Canada

Asia-Pacific

Europe

United States

Middle East/ South Africa

Australia/ New Zealand

Latin America

S	SMB	<500 Employees
M	Mid-Market	500-4,999 Employees
E	Enterprise	>5,000 Employees

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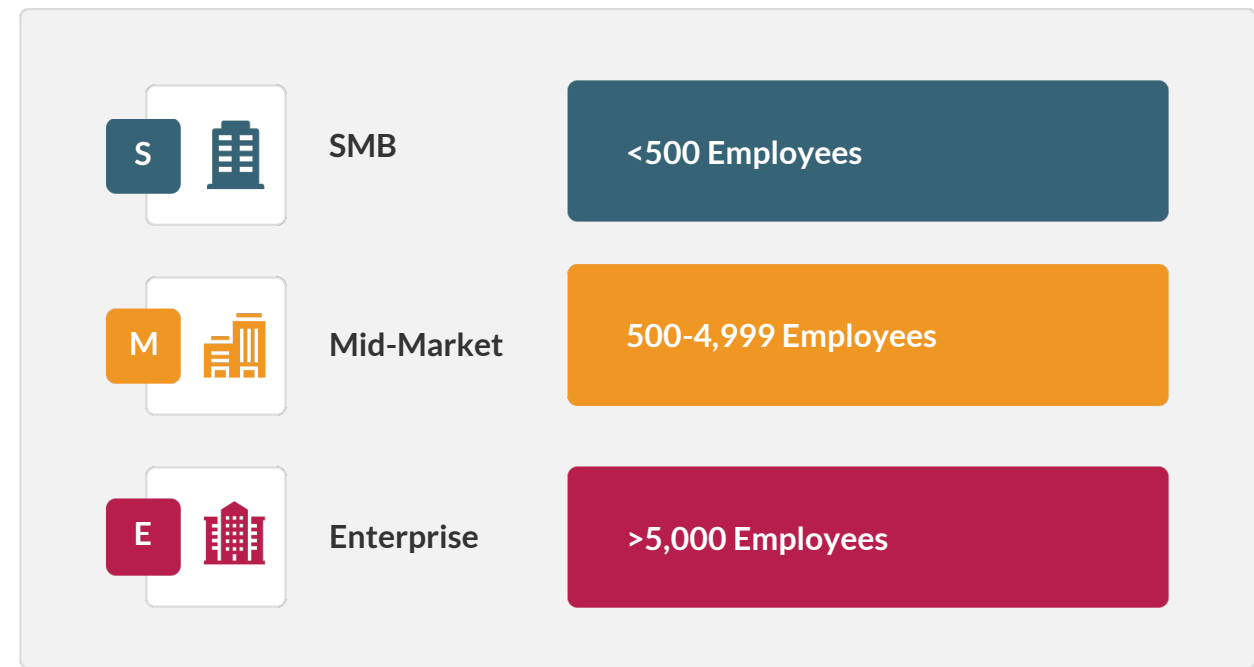
FIGURE 116: SIXTEEN INDUSTRY CATEGORIES

Industry	%
Professional Services	13%
Healthcare	12%
Manufacturing	11%
Financial Services	10%
Retail/Wholesale	10%
High-Tech	8%
Education	6%
Hospitality/Entertainment	6%
Construction/Real Estate	6%
Non-Profit	5%
Telecoms/Media	5%
Energy/Utilities	4%
Transportation/Airlines	3%
Government/Defense	3%
Agricultural/Mining	1%
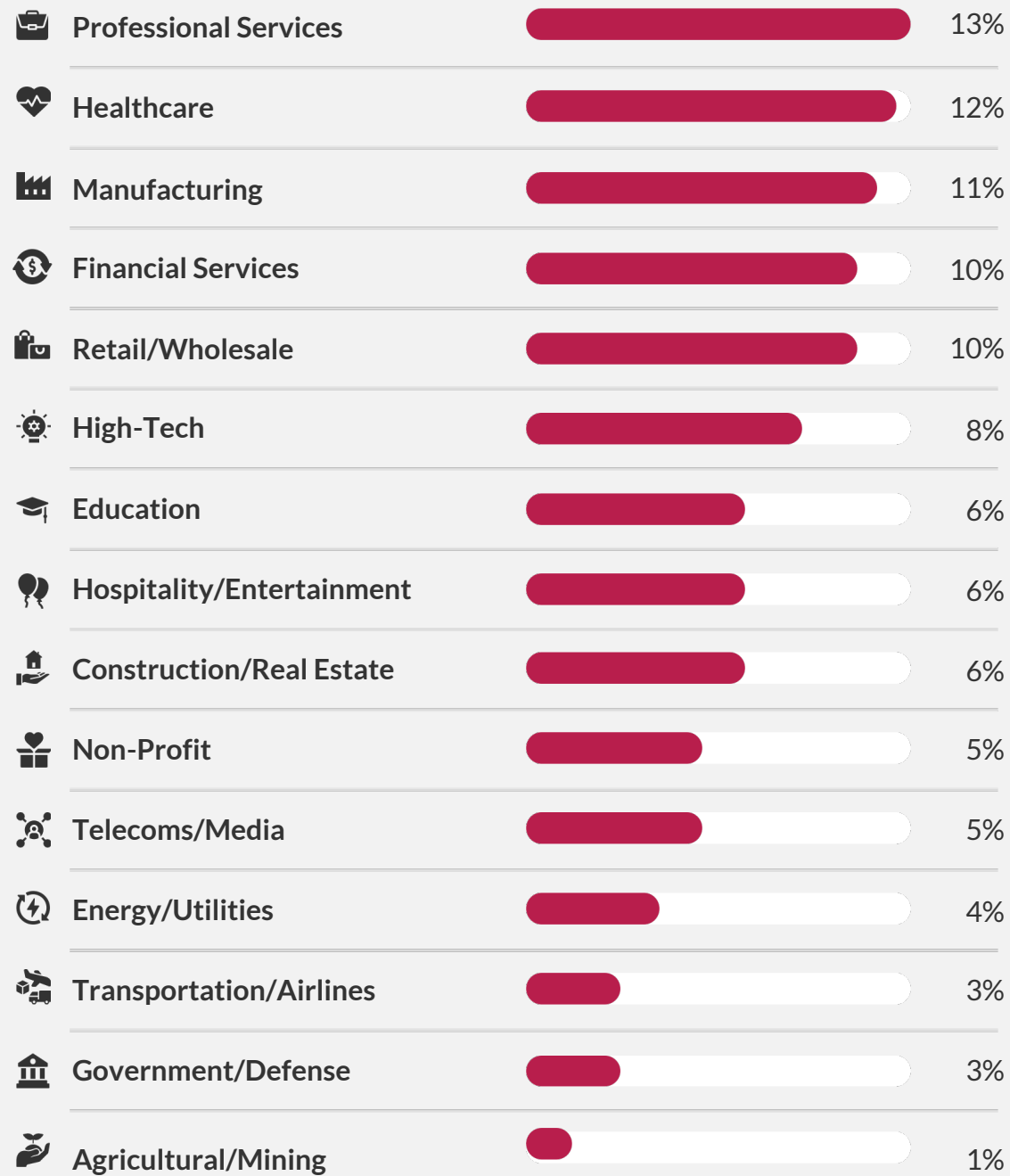
FIGURE 117: FIVE GENERATIONAL AVERAGES

Generation	Years	%
Gen Z	2001-2010	8.1%
Millennial	1981-2000	33.5%
Gen X	1965-1980	29.7%
Baby Boomers	1946-1964	18.6%
Greatest Generation	1930-1945	10.1%
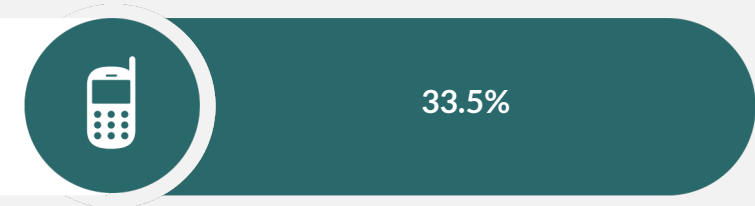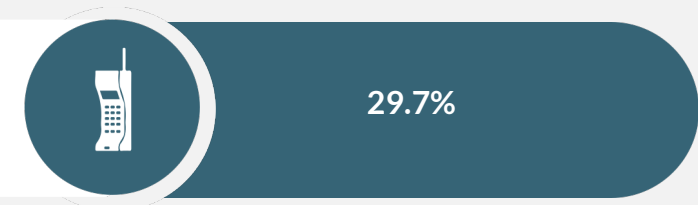
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FIGURE 118: SIX ENTITY TYPES

Entity Type	Percentage
Privately Owned	55%
Publicly Traded	21%
No Profit	11%
Private Equity Backed	6%
Government Entity	4%
Franchise Entity	3%

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If you need data organized into a unique set of sizes, industries, or regions, please contact us at **Research@SapientInsights.com** for further data services.

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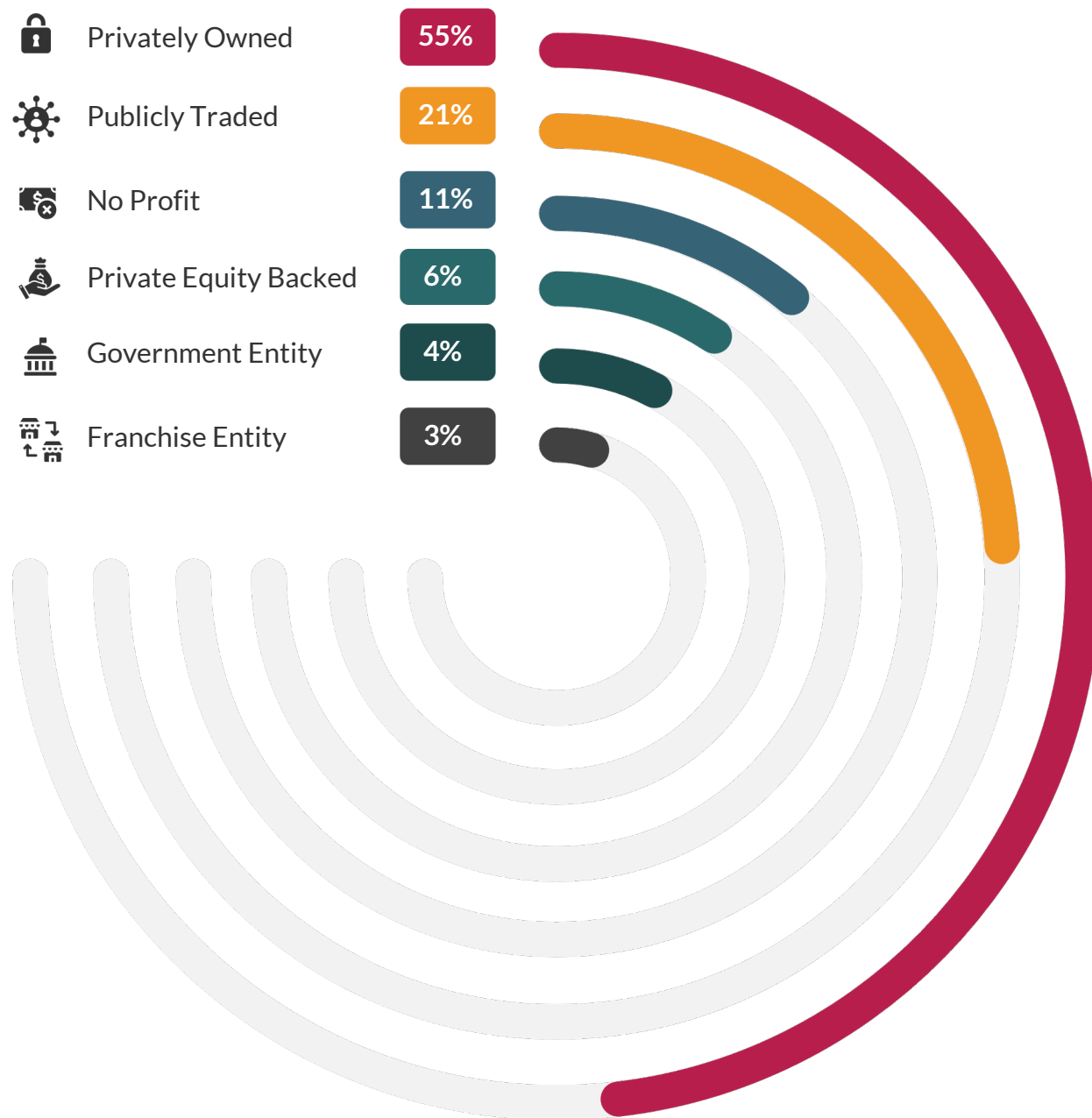
Major changes from last year's Organizational Demographics makeup to this year include:

Participation:

A **25% increase** in survey participation, and a 16% increase in usable survey responses.

Employee Size:

Although we changed our overall demographic ranges this year, the only major shift in employees' sizes was a 5% decrease in organizations over 10,000 employees, with the corresponding increase shifting to organizations under 2,500 employees.

Entity Type:

We saw no major changes in this demographic chart, but new to 2022 we added the category of Private Equity-backed, and 6% of organizations identified themselves in this category.

Industry:

We saw a higher-than-average level of participation by Professional Services jumping from 9% in 2021 to 13% in 2022. Healthcare and Manufacturing continue to receive high participation, coming in as the 2nd and 3rd largest industry participants for 2022.

Regional:

Our regional data is similar in size to 2021, but smaller in the overall percentage of our larger data-set this year.

Generational Workforces:

The oldest and youngest workforce generations saw a 50% increase in their averages this year, while we saw dramatic drops in the averages of Millennials, Generation X, and Baby Boomer generations – pointing towards more age diverse workforces with wider spreads in population versus the more concentrated workforce makeups seen in 2020 and earlier.

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INDIVIDUAL PARTICIPANT DEMOGRAPHICS

PARTICIPANT DEMOGRAPHICS OF SURVEY RESPONSES

Next, we take a look at the demographics of the individual professionals participating in this year's survey. For additional context, we ask the 2022-2023 individual survey participants a series of demographics questions that include:

- ○ By role
- ○ Reporting function
- ○ Years in current role
- ○ Education level
- ○ Certifications held
- ○ Generation identification

FIGURE 119: BY ROLE

- ● Individual Contributor
- ● Manager
- ● Director
- ● Executive
- ● Owner/Founder
- ● Other

28%
27%
21%
16%
5%
3%
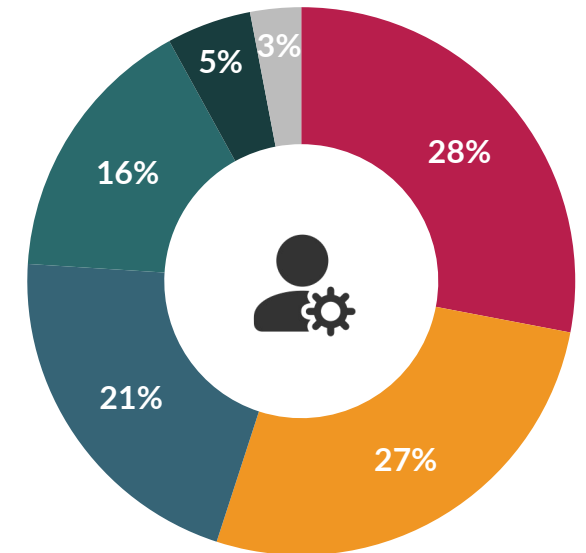
FIGURE 120: REPORTING FUNCTION

- ● Executive Leadership/Owner
- ● Human Resources
- ● Finance
- ● Operations
- ● Payroll
- ● Information Tech
- ● Learning/Recruiting
- ● Shared Services/Analytics
- ● Other

20%
45%
7%
6%
5%
4%
4%
4%
5%

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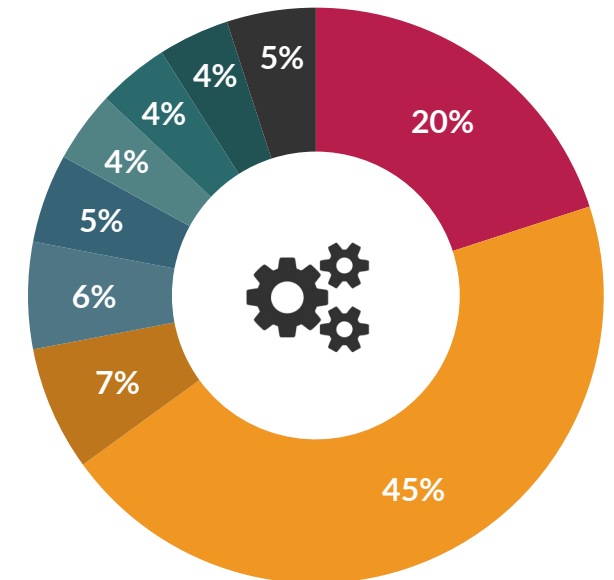
INDIVIDUAL PARTICIPANT DEMOGRAPHICS

FIGURE 121: YEARS IN CURRENT ROLE

<1 year	1 year - 3 years	3 years - 5 years	5 years - 10 years	> 10 years
15%	27%	24%	20%	14%
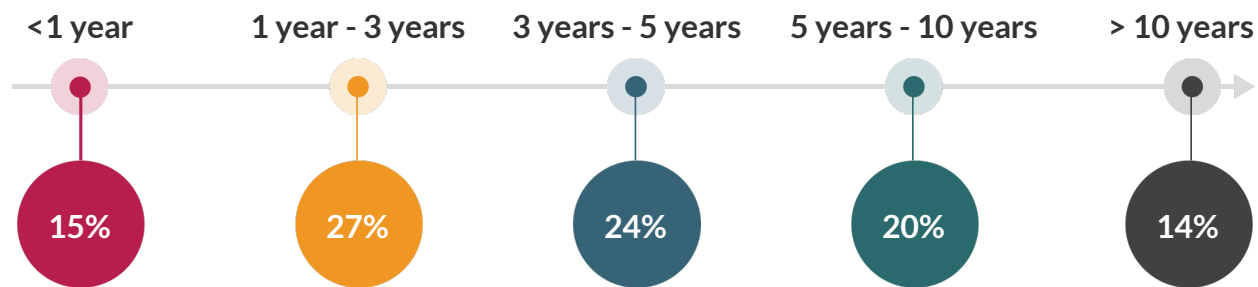
FIGURE 123: CERTIFICATIONS HELD

55% 45%
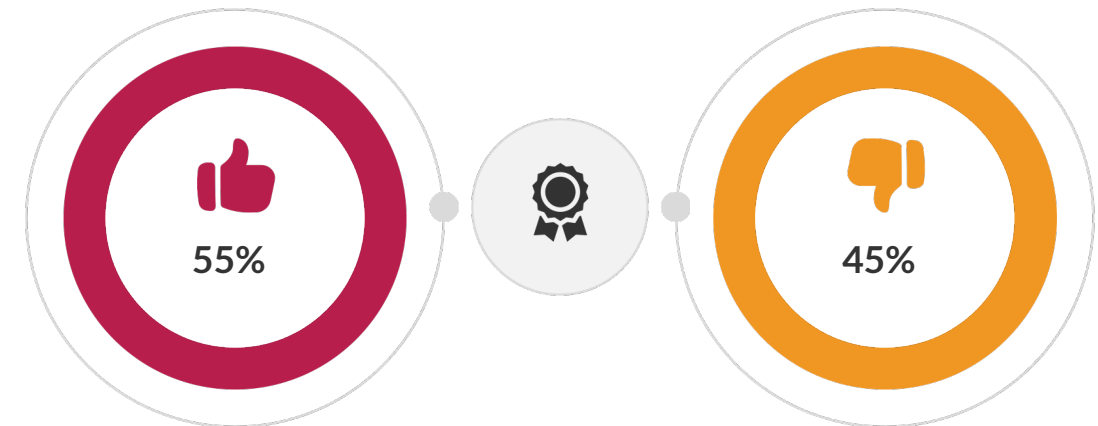
FIGURE 122: EDUCATION LEVEL

Highschool or Equivalent	4%
Some College	8%
Associates Degree	9%
Trade School Degree	4%
Bachelors/Undergraduate Degree	41%
Masters/Graduate Degree	27%
Doctorate/Professional Degree	4%
Prefer Not to Answer	3%
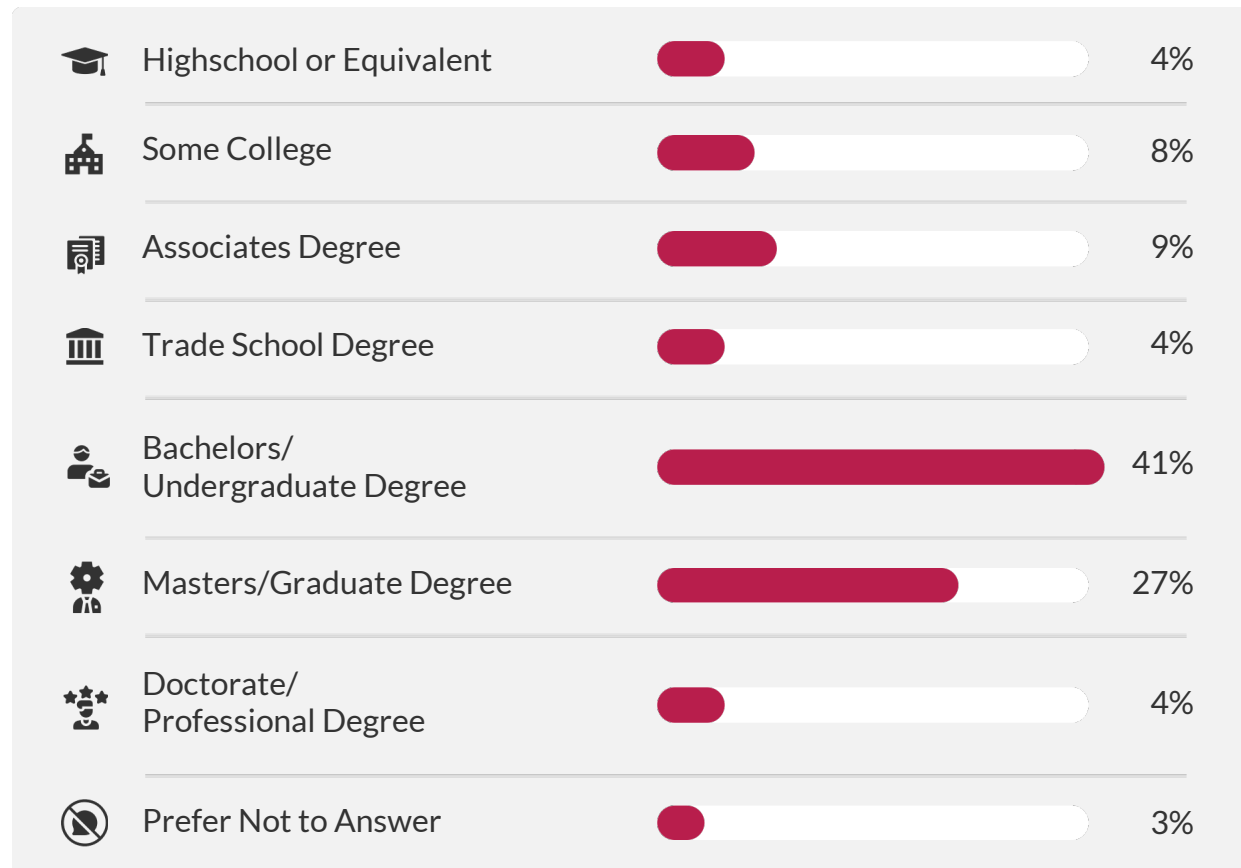
FIGURE 124: TOP 5 CERTIFICATIONS

SHRM-CP (Certified Professional)	23%
PHR (Professional Human Resources)	22%
SHRM-SCP (Sr Certified Professional)	17%
CCP (Certified Compensation Professional)	16%
SPHR (Sr Professional Human Resources)	15%

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FIGURE 125: GENERATION IDENTIFICATION

2%	16%	42%	35%	1%
Greatest Generation 1930-1945	**Baby Boomers** 1946-1964	**Gen X** 1965-1980	**Millennial** 1981-2000	**Gen Z** 2001-2010

4%   **PREFER NOT TO ANSWER**

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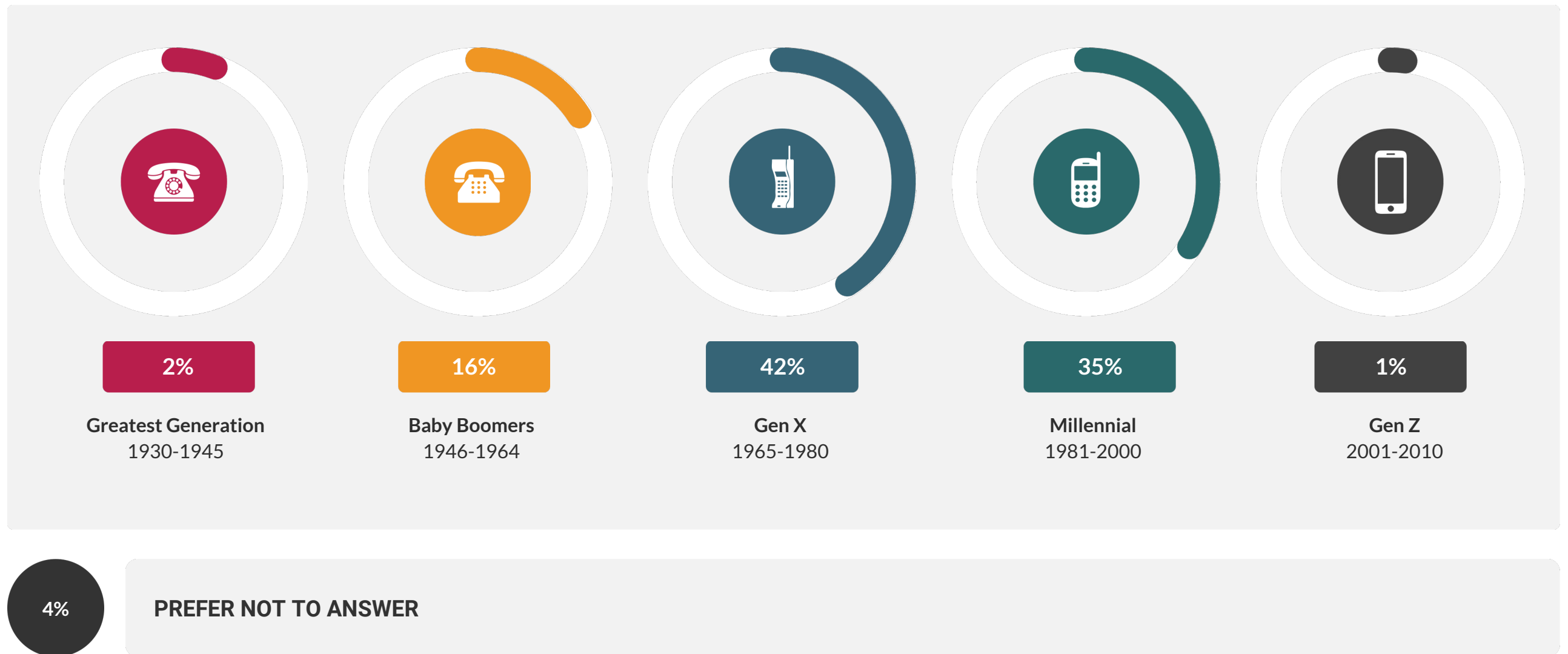
Major changes from last year's Participant Demographics makeup to this year include:

Role:

We saw a slight 6% reduction in Individual Contributors participation in 2022, and a corresponding increase in Executive Level participation. We also added the category of Owner/Founder reaching 5% this year and reducing our Other category in comparison to last year.

Function:

In 2022 we asked participants which function they report to and added an Executive Leadership/Owner reporting function. This slight change, dramatically changed our data this year, with 20% reporting to an executive-level leadership role. Corresponding decreases in both Human Resource and Payroll participation, lead us to assume these roles are most likely to report to an executive position. Additional increases in participation over last year included Learning, Recruiting, Shared Services, and Business Operation functions.

Years in Role:

We saw a 16% drop in survey participants with 1 – 3 years in their current roles, with a corresponding increase in survey participants with 3 – 5 years. More concerning is the 33% decrease in survey participants with 10 years or more in their current roles, leading us to conclude that 2021 saw a major loss of historical HR systems knowledge and experience in many organizations.

Education:

Mirroring what we saw in the Years in Role question, we also saw a 10% reduction in survey participants with Bachelor/Masters/Doctorial degrees, with slight increases in survey participants with Associate or Trade School degrees.

Certifications:

We also saw survey participants that held either HR or IT-specific certifications, increasing by 12% in 2022. SHRM and HRCI certifications continue to dominate our Top Five list, with certifications for payroll, compensation, HR leadership, and specific HR vendor software also increasing.
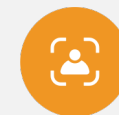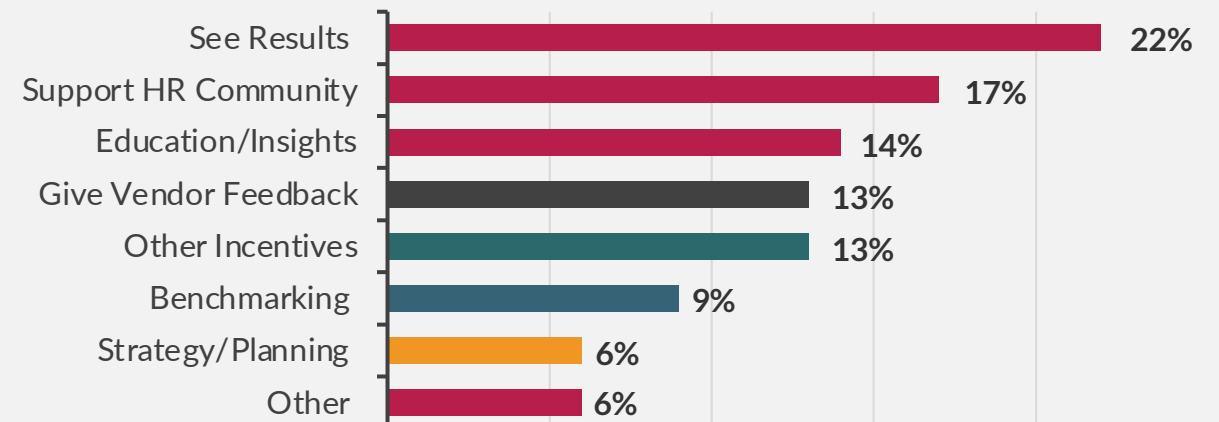
Generational Makeup:

Similar to the changes we saw in our workforce generational makeup we saw our biggest survey participation drop in the Generation X population, with a 16% decrease from last year, but only a 1% drop in our Baby Boomer survey participants. The corresponding survey increases, not surprisingly, were a 20% increase in our Millennial survey respondents. We also saw a slight increase in those participants born before 1945, or the Greatest Generation. This data continues to highlight that we had a large % of experienced leaders choose to exit the workforce before retirement age, requiring innovative retention, attraction, and development strategies for the oldest and youngest members of our workforce.

At Sapient Insights Group, we feel it's always important to understand why people participate in research. Our annual survey requires a significant amount of participant time and effort to complete – and understanding participant motivations provides insights into the responses they give.

Figure 126 gives an overview of the reasons why participants responded to the 25th Annual HR Systems Survey in 2022. The top three reasons for participation continue to focus on results, supporting the HR community, and education. There was a slight increase in survey participants looking to provide feedback on specific HR technology solutions as well.

FIGURE 126: REASONS FOR PARTICIPATION IN 2022

Reason	Percentage
See Results	22%
Support HR Community	17%
Education/Insights	14%
Give Vendor Feedback	13%
Other Incentives	13%
Benchmarking	9%
Strategy/Planning	6%
Other	6%

FIGURE 127: TOP 5 MOST VALUABLE RESEARCH TOPICS

	L >5,000 EE	M 500-4,999 EE	S <500 EE
HR Process Improvement	53.4%	60.8%	57.7%
HR Systems Adoption Strategy	43.9%	31.9%	23.9%
Emerging Trends in HR Tech	39.2%	43.1%	38.2%
Change Management Practices	27.0%	25.0%	24.5%
HR Investment Outcomes	20.3%	17.2%	19.5%
Application UX and Vendor Sat Ranking	12.8%	19.4%	15.4%
Implementation Practices	14.9%	16.8%	20%

We also ask survey participants to select the top 3 most valuable research topics in our survey for their current needs **(Figure 127)**. This year we've pulled the top 5 topics selected by each company size category.

○ **HR Process Improvement** continues to be the #1 research topic, as it has been for the last several years in all three categories.

○ **HR Systems Adoption** jumped to #2 for Enterprise organizations, and #3 for Mid-Market and SMB organizations. Highlighting the growing challenge many organizations are having in driving adoption.

○ **Emerging Trends in HR Tech** slipped slightly from last year's #2 spot overall, but it is still of considerable interest to Mid-Market and SMB organizations.

○ **Change Management Practices** lands in a solid 4th place for all three size categories.

The greatest difference in our data this year is in the #5 research topic for each size category, where Enterprise organizations are focusing on outcomes while smaller organizations are focusing on system selection and implementation practices.

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# CELEBRATING OUR RESEARCH COMMUNITY

All survey participants who provide an email receive an early copy of the 25th Annual HR Systems Survey White Paper. Also, 70% of our survey respondents request a copy of their responses, along with an individual snapshot comparing their responses with our aggregate data set for benchmarking purposes. We also provide incentives to the first 100 participants and, this year, for our 25th, 125th, 1,125th, and 2025th respondents.

For more details on this year's 2022-2023 Annual HR Systems Survey data set, please contact us at **Research@SapientInsights.com**

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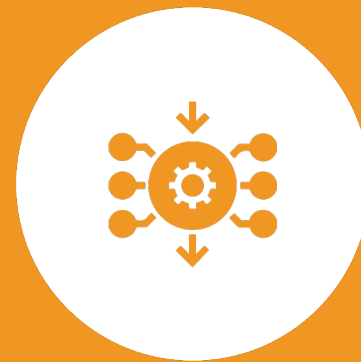
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RESEARCH AND ADVISORY SERVICES. BRINGING CONFIDENCE AND CLARITY TO OUR CLIENTS.

certified WBENC — WOMEN'S BUSINESS ENTERPRISE

- HR | Finance Systems Research and Selection
- Strategy and Transformation
- Communication and Change Management
- Culture Building and Leadership Coaching

Sapient Insights Group is a women-owned, research and advisory firm with a strong sense of business ethics and a passion for adding value to clients, partners and the HR and Finance communities we work within.

At this stage in our collective careers, we don't make stuff up, we're not good at selling trendy, superficial solutions, and we have the confidence to challenge our clients to focus on what drives results versus simply burning hours on popular business activities.

Everything we offer our clients is rooted in decades of experience, primary research or proven practices. When we can't do it all, we know the people who can! We'll create the team, guide you to the right results and inject some fun along the way…

We specialize in serving these communities:

- Enabling HR, Finance, IT, and Sales/Marketing as they tackle technology transformation, modernize business practices, and invest in the change management and people development required for success.

- Informing technology vendors and investors using primary data, market landscapes, and analyst insights to guide product roadmaps, sales strategies, market pricing and vendor partnerships.

- Supporting Consultants with targeted data to shape their advice to customers and inform their consulting practice.

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To participate in next year's research and receive an advanced copy of the Annual HR Systems Survey Research, please join our **Research Community**.

To request a media interview, email us at **Research@SapientInsights.com.**

More details on our research approach can be found in our **research methodology.**

To learn more about additional research efforts conducted by Sapient Insights Group, please visit **our website**.

Our research is an annual community effort and key aggregate findings can be found **here**.

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