Critical Capabilities for Cloud HCM Suites for 1,000+ Employee Enterprises

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By Analysts Jason Cerrato, Ranadip Chandra, Jeff Freyermuth, Ron Hanscome, Chris Pang, Helen Poitevin, Sam Grinter, John Kostoulas, Amanda Grainger

Initiatives: HCM Technology Transformation

Every HCM suite vendor addresses a broad range of HR requirements, but they often focus on specific markets or geographies. A Leader in the Magic Quadrant may not be right for your enterprise. Application leaders should use this research to identify best-fit vendors based on their own unique needs.

This Critical Capabilities is related to other research:
Magic Quadrant for Cloud HCM Suites for 1,000+ Employee Enterprises
View All Magic Quadrants and Critical Capabilities

Overview

Key Findings

- Digital transformation initiatives and unforeseen business challenges due to COVID-19 continue to test HR functions, which in turn demand more value from human capital management (HCM) suite vendors, driving innovation and competition in the market.

- Talent management (TM) suites have long supported integration with customers’ core HR systems. For the second year, we see some specialized TM vendors offering their own core HR capabilities for HCM suite competition, especially in Europe.

- HCM software evaluations are inordinately focused on application functionality. Underlying product capabilities and use cases should have equal or greater weighting — to that end, we have increased the number of uses cases reviewed in this research to six, in order to provide additional granularity.

Recommendations

For application leaders supporting HCM transformation:

- Shortlist the vendors with the best scores for your priority use cases as strong candidates for further review as part of a comprehensive evaluation and selection process.
Strategic Planning Assumptions

Over 20% of the previously office-located workforce will remain distributed after the COVID-19 emergency measures are lifted.

By 2025, 60% of global midmarket and large enterprises will have invested in a cloud-deployed HCM suite for administrative HR and talent management. However, they will still need to source 20% to 30% of their HCM requirements via other solutions due to gaps in functionality.

By 2025, new requirements around improved integrations into third-party applications and the ability to deliver greater resilience for “composable enterprises” will begin to make a marked shift to cloud HCM suites. Existing products will develop new capabilities and a new generation of platforms will begin to mature.

What You Need to Know

Application leaders should use this research to determine how well the capabilities of prospective vendors align with their own requirements. The six use cases in this research represent the most commonly cited combinations of product functionality, geographic distribution and workforce size present within the Gartner client base for organizations with 1,000 or more workers. Some organizations may not align perfectly with the priorities as defined. For example, the new use case in this report focuses on North American compliance suites focusing primarily on an hourly workforce of up to 2,500 workers. Based on Gartner inquiry, priorities for these organizations are different compared with organizations that are larger, and the needs required for the various modules are weighed a little differently. Individual enterprise requirements will vary. Clients are, therefore, encouraged to use the interactive online version of this research to adjust weightings to better align with their organization's unique priorities.

Supplement this research with additional assessments found in the companion 2020 Magic Quadrant for Cloud HCM Suites for 1,000+ Employee Enterprises. However, keep in mind that vendors evaluated as Leaders in the Magic Quadrant are not always rated highest in specific use cases for their respective products. For example, the extensive global coverage of a Leader can make it a strong fit for a large global company, but its complexity and cost to implement could be a hindrance for a European midmarket organization. Additionally, the Magic Quadrant methodology evaluates vendor vision and execution as well as the product, while Critical Capabilities focuses primarily on product fit.
The six use cases are described in detail in the Use Cases section, but brief descriptions of the abbreviations are as follows:

**Analysis**

**Critical Capabilities Use-Case Graphics**

*Figure 1. Product or Service Scores for the Core HR and TM (Global Organization) Use Case*

Product or Service Scores for Core HR and TM (Global Organization)

- **Oracle (HCM Cloud)**: 4.34
- **SAP (SuccessFactors)**: 4.19
- **Workday**: 4.14
- **UKG (Pro)**: 3.85
- **Ceridian (Dayforce)**: 3.57
- **Infor (CloudSuite HCM)**: 3.40
- **Cegid Meta4 (PeopleNet)**: 3.37
- **UKG (Ready)**: 2.83
- **Cornerstone OnDemand**: 2.76
- **Talentsoft**: 2.75
- **ADP (Workforce Now)**: N/A

As of 11 November 2020

Source: Gartner (November 2020)
Figure 2. Product or Service Scores for the North America Midmarket Use Case

<table>
<thead>
<tr>
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<td>Talentsoft</td>
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Source: Gartner (November 2020)
Figure 3. Product or Service Scores for the European Midmarket Use Case

Product or Service Scores for European Midmarket

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As of 11 November 2020

Source: Gartner (November 2020)
Figure 4. Product or Service Scores for the North American Compliance Suite 1,000-2,500 Use Case

Product or Service Scores for North American Compliance Suite 1,000-2,500

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As of 11 November 2020

Source: Gartner (November 2020)
Figure 5. Product or Service Scores for the North American Compliance Suite 2,500+ Use Case

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As of 11 November 2020

Source: Gartner (November 2020)
Figure 6. Product or Service Scores for the APAC Market Use Case

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<th>Product or Service Scores for APAC Market</th>
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<td>UKG (Pro)</td>
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</tbody>
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As of 11 November 2020

Source: Gartner (November 2020)

Vendors

Use-case evaluations are sorted from the vendor’s highest to lowest fit.

ADP (Workforce Now)

ADP Workforce Now is an HCM suite with more than 70,000 customers. The majority of organizations using Workforce Now tend to have 500 employees or less. However, Workforce Now is used by approximately 2,000 customers with 1,000+ employees, with several as large as 10,000+ employees. ADP Workforce Now offers features such as payroll, core HR, U.S. benefits administration, recruitment, performance, time and labor, and analytics to North American customers. The suite does not include features such as global benefits administration or succession planning, but offers robust capability for WFM, compliance and analytics.

Highlights from ADP Workforce Now’s capability scores include the following:

- For payroll, a capability for which it is a consistent leader, ADP Workforce Now scored 4.5. ADP offers flexible earned wage access through partners and pay card options, as well as enhanced capability to support global payroll customers.
ADP Workforce Now is a strong option for organizations focused on WFM. It has incorporated touchless kiosks for clocking in and out, and incorporated AI capabilities for analyzing attendance patterns forecasting scheduling.

Although ADP Workforce Now does not include workforce planning tools, it still rated above average for the combined reporting tools/WFA/WFP portion of this research on the strength of its reporting and analytics capabilities.

Use-case ratings:

North American compliance suite 1,000-2,500: Workforce Now's score of 3.93 places it among the leading vendor solutions for this use case. Its score was supported by timekeeping configuration and implementation options that help application leaders deal with organization complexity, while balancing TCO.

North America compliance suite 2,500+: Workforce Now's score of 3.77 places it in the middle of vendor solutions for this use case. Its score was brought down due to system extensions for position management and additional complexity for, increasingly, larger organizations.

North America midmarket: Workforce Now's score for this use case is 3.43, placing it toward the lower end of solutions reviewed for this use case. It has very appropriate functionality for the lower midmarket. However, in terms of upmarket solutions for larger organizations, the company’s lack of TM features (including learning, career planning and succession planning) negatively impacts its score.

APAC market: Not applicable, as ADP does not sell Workforce Now to customers in this market.

Core HR and TM (global organization): Not applicable, as ADP does not sell Workforce Now to customers with this combination of size, functional footprint and geographic scope.

European midmarket: Not applicable, as ADP does not sell Workforce Now to customers in this market.

Cegid Meta4 (PeopleNet)

Cegid acquired Meta4 in September 2019, adding a suite of cloud HCM solutions — based on the Meta4 PeopleNet platform, now rebranded as Cegid PeopleNet — to its diverse product portfolio covering ERP, accounting, tax, retail and HR & payroll software.

Headquartered in France, Cegid is a privately held company with approximately 3,000 employees. It delivers the full spectrum of HCM suite functions and has 1,800 live customers, supporting over 22 million employee records. Most of its customers have between 2,500 and 25,000 employees. Robust core HR and WFM capabilities, as well as natively built localized payroll for Southern Europe and Latin America, make the Cegid PeopleNet solution suitable for organizations in these regions.
Cegid PeopleNet offers native HR help desk and payroll admin. Its payroll admin capability meets the requirements of many countries in Europe and Latin America, as well as the basic requirements of North America.

Highlights from Cegid PeopleNet’s capability scores include the following:

- For WFM, the solution was rated 3.8. One feature that stood out in this year’s review was an enhanced time and attendance capability for remote workers.
- The solution’s payroll capabilities received a rating of 3.3. With a focus on Europe and Latin America, one of its strengths is the ability to address rapidly changing legislative requirements.
- Cegid PeopleNet improved to 2.6 in the reporting/WFA/WFP capability from 2.3 in 2019, based on enhancements to its reporting platform.

Use-case ratings:

- **European midmarket**: Cegid PeopleNet had its strongest showing in this use case, achieving a score of 3.46. This suitability was driven by its robust support of Western European requirements, reinforcing a strong track record of achieving consolidated and standardized HCM processes. The score (3.46) is a slight improvement from 2019 (3.43). Strong European localization was offset by less adoption than competitors and slower product progression.

- **Core HR and TM (global organization)**: Cegid PeopleNet delivers strong support for global administrative HR processes, and the company has many larger global organizations as customers. However, Cegid trails some of the larger global competitors in terms of TM functionality and geographic presence. Most of Cegid PeopleNet’s customer base are headquartered in Latin America and Western Europe, where the solution is best suited. For this use case, Cegid PeopleNet scored 3.37.

- **North America**: Because Meta4, A Cegid Company does not actively market to companies headquartered in North America, it is not applicable for the three North-American-based use cases. However, Cegid PeopleNet is technically able to meet many North American admin HR needs, and also has strong support for unique Mexican and Latin American hourly worker requirements.

- **APAC market**: Cegid PeopleNet is not actively sold in this market, and thus not applicable for this use case.

**Ceridian (Dayforce)**

Since the Dayforce acquisition in 2012, Ceridian has established its Dayforce HCM product with a strong customer base in the North America midmarket, covering core HR, WFM, benefits, TM and payroll. In recent years, the vendor has focused on global footprint expansion through development and acquisition (notable acquisitions include Excelity, an APAC-based payroll outsourcing provider, and RITEQ, an Australian WFM vendor). Ceridian has added payroll localization for the U.K., Ireland, Australia, New
Zealand and Mauritius, with Mexico and Germany in development. The solution has more than 4,480 live customers.

Highlights from Ceridian Dayforce HCM’s capability scores include the following:

- Dayforce HCM scored 4.5 for payroll admin and 4.2 for technology/UX. Several enhancements across the suite associated with recruiting features, Dayforce Wallet, facial recognition, and assistive insights helped update the 2020 UX.

- The solution scored a 4.5 for WFM, which was the highest score out of all vendor solutions in that category. The module features automated shift generation and shift swapping for employees, as well as task management. The UI also comes across as very intuitive and is well designed for employee self-service.

- Dayforce HCM’s posthire TM score (3.2) showed strong improvement from 2019 (2.9). Ceridian has improved across several dimensions of this year’s Magic Quadrant and Critical Capabilities compared with 2019 and one of the drivers is the improvement across TM measures, and how that weighs in on the evaluations.

Use-case ratings:

- **North America compliance suite 2,500+:** For this use case, Dayforce HCM received the highest score (4.27) of all evaluated solutions. It also placed first in this use case in 2019 but improved on its score of 4.14 due to the use case’s focus on larger organizations. This strong showing is a result of its strong product alignment with the priorities of customers that match this profile; in particular, the combination of WFM (including scheduling optimization and labor planning), tightly integrated with payroll and admin HR, along with other compliance capabilities (such as document management and e-pay cards). Also contributing to the strong fit are the product’s robust configuration options for complex hourly workforce requirements, and a demonstrated ability to deliver cost-effective implementations.

- **North American compliance suite 1,000-2,500:** Dayforce HCM received a score of 4.17, the highest of all vendor solutions for this use case. The solution was rated highly for its ability to handle complexity, and its TCO, talent acquisition (TA) and TM functionality scores also improved. Both North American compliance use cases prioritize WFM, which is a strength of Ceridian solution. However, this use case tends to emphasize use of the full suite and Ceridian’s improvements helped in the evaluation.

- **North America midmarket:** Dayforce HCM has strong core HR capabilities, and adopters of this use case have also prioritized both prehire and posthire TM functionality. Ceridian has improved in these areas and has further infused TM with career and succession planning, which improved the solution’s score for this use case to 4.13 (versus 4.06 in 2019).
Core HR and TM (global organization): Ceridian Dayforce HCM has been architected to meet global requirements, and the solution has built a footprint across Europe and mature APAC countries. Ceridian has been working to deliver more localizations and deeper posthire TM, resulting in an improved score of 3.57 — up from last year's score of 3.41.

European midmarket: Dayforce HCM has seen continued adoption in the U.K. and Western Europe, but the build-out of requirements needed for expansion into broader Europe still needs to grow over time. The solution received a rating of 3.36 for this use case, an improvement from 3.23 in 2019, and a measure of continued momentum.

APAC market: Although much of the Asia/Pacific region is not part of Ceridian's core business, Dayforce HCM improved its score in this year's research — 2.99 (up from 2.85 in 2019) — by delivering localized payroll for Australia, robust WFM capabilities, and localized product leadership. Strong admin capabilities make Dayforce HCM suitable for mature APAC countries.

Cornerstone OnDemand

Cornerstone OnDemand is best known as a leading global TM suite and learning management system (LMS) vendor. Its inclusion as an HCM suite provider is the result of its expanding core HR capability. This module has primarily been marketed in Europe. However, across its various modules, more than half of Cornerstone customers are using six or more HCM modules. For 2020, Cornerstone OnDemand's HR suite has been enhanced with improved organization visualization and modelling capabilities. Cornerstone's acquisition of Saba Software in April 2020 now means the organization services approximately 7,000 customers, totaling 75 million users across 180 countries.

Highlights from Cornerstone OnDemand's capability scores include the following:

- As a market leader in TM offerings, Cornerstone OnDemand a high score of 4.2 for posthire talent management, based on the strength of its learning management and performance management modules.

- Cornerstone OnDemand maintained strong ratings in prehire talent management (3.8) with recruiting and onboarding. This area also looks to benefit from capabilities gained from the Saba acquisition.

- While core HR/benefits admin/help desk capabilities rated low (1.9) and still need time to mature to compete on a more global scale with other vendors, there was marked improvement year over year from 2019 (1.5).

Use-case ratings:

- European midmarket: For European-headquartered organizations between 1,000 and 5,000 employees, Cornerstone OnDemand received a score of 3.30. Cornerstone OnDemand has found a niche here, offering market-leading talent modules and a slim core HR offering. Customers are finding
Infor (CloudSuite HCM)

Infor offers CloudSuite HCM, used by customers in 78 countries, in addition to its ERP offerings. It supports numerous large organizations, with 60% of its customers having between 1,000 and 10,000 employees. In February 2020, Infor was acquired by Koch Industries, and Koch as the parent company is now the largest user of Infor’s HCM suite, with 130,000 employees across 54 countries. With the financial backing of Koch, Infor appears well supported and able to capitalize more strategically.

Infor has a large healthcare and manufacturing customer base, with approximately 50% of its customers in these two industries. In addition to those audiences, Infor has a large portion of customers in the public sector.

Highlights from Infor’s capability scores include the following:

- CloudSuite HCM received a high score of 4.1 for prehire TM, aided by strong onboarding functionality in this category.
- Strength identified within its HR help desk contributed to Infor’s score of 3.8 for the core HR/benefits admin/help desk capability.
- The solution’s rating of 4.0 for WFM was the result of its ability to incorporate machine learning to examine and validate the accuracy of employee schedules.
Use-case ratings:

- **North American compliance suite 1,000-2,500**: Infor CloudSuite HCM scored a 3.79 for this new use case, which resulted from the separation of hourly worker-based enterprises based on size. Infor's score was helped a little by the greater importance of TCO, system complexity and the prioritization of modules, but it still places toward the lower half of vendor solutions evaluated for this use case.

- **North America compliance suite 2,500+**: Infor has a long track record of meeting the administrative HR, payroll and WFM needs of organizations with hourly workers, and is well-suited to this use case, receiving a score of 3.68, the same score as it received in 2019. The vendor's slightly lower use-case placing in 2020 may be partly the result of this year's stratification of the compliance suite based on organization size.

- **North America midmarket**: The product's administrative capabilities remain comparatively strong (as indicated above). Gartner inquiry regarding the Infor HCM suite remains low, indicating a comparatively low market awareness or demand, but there have been some product improvements relevant to the market. This has helped drive an improved score of 3.57, compared with 2019.

- **Core HR and TM (global organization)**: Infor CloudSuite HCM has been architected to meet global requirements and includes HR localization support for 22 countries, but adoption continues to be limited outside the North American market. As a result, the product scored 3.40, a slight improvement on its 2019 score of 3.35.

- **European midmarket**: The product has had limited sales and marketing support outside of North America. Though Infor as a company has significant global presence, European market awareness and adoption of its HCM suite remain low. Despite an improved score of 3.18 (up from 3.14 in 2019), Infor remains at the lower end of vendors evaluated for this use case.

- **APAC market**: Not applicable; Infor's CloudSuite is not suitable for consideration in this use case.

**Oracle (HCM Cloud)**

Oracle HCM Cloud is a HCM suite offering with few major gaps. We often see Oracle HCM bundled for customers that have purchased Oracle Financials. Oracle has seen significant customer growth in financial services, as well as the public sector. Updates shared during this year's companion Magic Quadrant report included configurable user transactions using Oracle HCM Experience Design Studio and enhanced Oracle Digital Assistant interactions.

Oracle HCM offers strong core HR functionality with features such as localizations for more than 170 countries, configuration for union seniority rules, and budgeting capability down to the individual position level. Oracle was one of the highest-rated vendors in six functional categories and two use cases.

Highlights from Oracle's capability scores include the following:
Oracle received a 4.3 rating for posthire TM. Performance management and compensation planning were strengths for Oracle HCM Cloud within its posthire TM modules.

In the combined criteria of core HR/benefits administration and HR help desk, Oracle’s score of 4.3 was the highest of all vendor solutions. Oracle’s core HR offering is one of the most global on the market with localizations for more than 170 countries.

Oracle was the highest-rated vendor for technology/UX (4.4). Enhanced user interfaces, and continued work with ML/AI/blockchain and geofencing, are examples of ongoing improvement in this capability.

**Use-case ratings:**

**Core HR and TM (global organization):** Oracle HCM Cloud is the top-rated product for this use case (as it was in 2019) due to capabilities and strong presence in NA, EMEA, APAC, MEA and LATAM. Its score increased in 2020 (4.34, up from 4.21 in 2019) largely due to continued product enhancements and adoption. Oracle’s position is based on its breadth and depth of functionality across administrative HR and TM on a single tech stack. It also benefits from its breadth of HR localizations across all regions, pervasive global customer support and implementation partnerships, and its ability to extend and configure the application on a global and local level.

**European midmarket:** Oracle HCM Cloud scored well in this use case (4.09). Breadth of functional capabilities and relevant HR localizations were key drivers of the high score. This was bolstered by strong sales/marketing focus in the region, strength in the U.K., and pull-through from increasing sales of Oracle’s Cloud ERP, which often includes HCM in enterprise deals.

**APAC market:** Oracle HCM Cloud was the top-rated product for the Asia/Pacific use case, with a score of 4.10 (up from 4.04 in 2019). Oracle has customer support and implementation partners in several APAC countries including Australia, New Zealand, India, Japan, China and emerging South East Asia. It offers natively developed payroll for China, and its PaaS capabilities allow for local tailoring where necessary (although localizations are available for most countries in this region). Translations are also available for most of the languages spoken in the region.

**North America compliance suite 2,500+:** Oracle satisfies the core HR and compliance requirements for North America. Adoption of payroll and WFM continues at a healthy pace, as does U.S. benefits administration. The resulting score of 3.97 (up slightly from 3.95 in 2019) is somewhat due to the new use-case stratification based on organization size. It also recognizes Oracle’s investment in position management, workforce planning and compliance-focused industries (such as public sector and healthcare).

**North America midmarket:** Oracle’s comprehensive core HR, TM and WFM capabilities are most suited to larger enterprises and may be viewed as functional overreach by some midmarket organizations. In addition, most implementations require third-party system integration (SI) support, which impacts the TCO/value proposition for this segment. However, as compared with direct competitors in the large enterprise market, Oracle’s TCO — particularly its subscription fees — are often lower. This pricing, combined with the maintenance simplification of now being 100% natively
SAP SuccessFactors is SAP's designated HCM cloud platform. The solution supports localization and compliance (including benefits, payroll and HR) across 99 countries and is localized for payroll in 46 countries. Over the last year, SAP has seen growth in users in EMEA, Latin America and APAC, as well as 20% growth of additional suite investments from their existing customers.

SAP offers strong core HR functionality and HR service management capability. Integrations with SAP Fieldglass also offer opportunities to incorporate and account for contingent labor. SAP is also seen as a market leader in performance and goals management functionality.

SAP SuccessFactors was the highest-rated vendor in the European midmarket use case and received scores above 4.0 in more than half of the critical capabilities.

Highlights from the solution’s capability scores include the following:

- SAP SuccessFactors’s prehire TM (4.4) was seen as a strength, particularly with regards to recruiting and onboarding. SuccessFactors Recruiting has a native CRM, and the overall suite offers enhanced onboarding capabilities.
- The solution’s posthire TM score of 4.2 was the result of strengths in learning, performance management and career planning.
- SAP SuccessFactors’s WFM capability was rated a 4.0. SAP does have some partners in this space but it has also continued to work to build up its own capabilities around absence management.

Use-case ratings:

- Core HR and TM (global organization): SAP’s high score (4.19) and placing for this use case are due to it having the most wide-ranging global functionality for HR and payroll localizations, and extensive PaaS capabilities for extending functionality for local requirements. Its visa/permit functionality remains a unique and valuable differentiator. Customers with this use case value the complex capabilities of SAP SuccessFactors and its ability to demonstrate TCO/value with the support of a large ecosystem of implementation, technology and application partners.
- European midmarket: SAP SuccessFactors scored 4.16 for this use case and retained its first place from 2019 among the evaluated vendors. SAP’s presence in Europe contributes to its understanding
Talentsoft is best known as a Western European regional TM suite vendor, with more than 2,200 clients operating in 130 countries, as of May 2020. With the addition of Talentsoft Hub, the vendor now has core HR functionality to expand into a full HCM suite option. The product has a strong talent focus, and offers payroll, WFM and (U.S.) benefits administration only through integrated partners.

Talentsoft is a European-headquartered vendor and services organizations across Europe, APAC and EMEA. It supports customers in the financial services, professional services and manufacturing industries.

While Talentsoft has historically been evaluated for its TM capabilities for the purpose of this research, its evaluation is focused solely on the company’s capabilities as a broad HCM suite provider.

Highlights from Talentsoft’s capability scores include the following:

- For posthire TM, Talentsoft received a score of 4.0, with performance and goals management capabilities seen as key drivers of the vendor’s offering.
With its history in the talent space, Talentsoft’s prehire TM module was also rated well (4.1), with recruiting providing strength to the module.

Talentsoft scored 3.9 for technology/UX, the result of it providing integrations with collaborative tools, PaaS models and API libraries for extensibility.

Use-case ratings:

- **European midmarket**: Talentsoft scored 3.42 for this use case (up from 3.40 in 2019). The vendor has a strong presence in Western European markets and is considered a leader in the TM space. Now, with native core HR and local partnerships for payroll services, customers can also consider it as an option for the full HCM suite, albeit with some functionality and product maturity gaps.

- **Core HR and TM (global organization)**: Talentsoft placed near the bottom for this use case with a score of 2.73, as it is primarily marketing its broader HCM suite capabilities to the European market. Its score did improve slightly from 2.70 in 2019.

- **North America midmarket**: Not applicable, as Talentsoft is not sold to North American midmarket organizations.

- **North American compliance suite 1,000-2,500**: Not applicable, as Talentsoft is not sold to North American organizations.

- **North America compliance suite 2,500+**: Not applicable, as Talentsoft is not sold to North American organizations.

- **APAC market**: Not applicable, as Talentsoft is not sold to Asia/Pacific.

**UKG (Pro)**

Ultimate Software officially merged with Kronos in April 2020. Due to timing of the merger, we are reviewing the two HCM suites and their current go-to-market strategies separately. In October, the merged organization was rebranded as the Ultimate Kronos Group (UKG), and now UltiPro — Ultimate Software’s cloud HCM suite — has been renamed UKG Pro.

UKG now has more than 12,000 employees, 6,600 of whom came from Ultimate and are located predominantly in North America. As of May 2020, UKG Pro had more than 6,850 clients. The majority of these customers have between 1,000 and 2,500 employees, but some customers are as large as 25,000 employees.

Highlights from UKG Pro’s capability scores include the following:

- For core HR, benefits administration and HR help desk, UKG Pro received the highest rating of all vendor solutions (4.2). UKG Pro provides robust capability for HR service management, with both case and document management capability, that can be used to create curated knowledge portals.
For prehire TM, the solution scored 4.2, reflecting some of the enhancements and effort UKG Pro has placed on the onboarding experience.

Overall VCR continues to be a key strength for UKG Pro, and it was the highest-rated vendor in this category 4.7.

Use-case ratings:

- **North America midmarket**: UKG Pro (previously UltiPro) scored 4.25 and was the top-rated solution for this use case for the fifth straight year. Its high score is driven by a breadth of functionality well-suited to the North American midmarket, continued high customer satisfaction, and strong TCO/value based on fixed-price implementations, unlimited training and optional managed HR services.

- **North America compliance suite 2,500+**: UKG Pro received a score of 4.17 (up from 4.10 in 2019) for this use case, driven by strong coverage of core HR/benefits admin, payroll.

- **North American compliance suite 1,000-2,500**: UKG Pro received a score of 4.11 for this new use case. The balance of suite offerings, complexity and TCO/value make UKG Pro a leading vendor for this use case.

- **Core HR and TM (global organization)**: UKG Pro is still primarily sold to multinationals headquartered in North America at present, and direct payroll support is also limited to that geography, but it does offer regional support for businesses in the U.K., South America and Asia. However, TM functionality may not support the most complex use cases required by global organizations in this segment. Even with these factors, its use case score was 3.85, up from 3.67 in 2019. UKG increasingly continues to be considered as an alternative to the "big three" (Oracle, SAP and Workday) in selection processes for North American multinationals. This is especially so for those with a majority of their workforce in the U.S., and small populations of employees in other countries.

- **European midmarket**: Not applicable, as UKG Pro is not sold to European-headquartered organizations.

- **APAC market**: Not applicable, UKG Pro is not sold to Asia/Pacific-headquartered organizations.

**UKG (Ready)**

Kronos, best known for its global strength in WFM solutions, completed its merger with Ultimate Software in April 2020. In October, the merged organization was rebranded as the Ultimate Kronos Group (UKG), and now Kronos Workforce Ready has been renamed UKG Ready.

UKG Ready is a HCM solution focused on small and midsize businesses (SMBs). Post-merger, it is likely to continue to target organizations with fewer than 2,500 employees due to its strong adoption and experience in the segment. UKG Ready has approximately 3,800 customers. The solution is best suited for North-America-based midmarket organizations with predominantly hourly workforces, such as those in manufacturing, healthcare or retail. Kronos added approximately 800 new customers to UKG Ready in
2019. It also grew its international presence, with 20% of customers now based outside North America and a roadmap to include payroll localization for U.K. and Canada, and global payroll aggregation in 2020.

Because UKG Ready is focused on the SMB market, its TM functional capabilities are not intended to be as sophisticated as those from vendors that only address large, complex customers. However, the WFM portion of the suite is used by highly complex customers, often with several thousand employees.

Highlights from UKG Ready’s capability scores include the following:

- Its payroll score of 4.0 is the result of enhanced hours earned tracking and new user dashboards.
- UKG Ready scored 4.0 for WFM. One highlight that stood out in our review was enhanced risk of loss analytics built into the module based on employee behavior.
- For the core HR/benefits administration/help desk capability, its score of 3.7 and improvement from last year (2.5) was in large part down to significant improvements in HR help desk capability, due to some of the early results of the Kronos/Ultimate merger.

Use-case ratings:

- **North American compliance suite 1,000-2,500**: UKG Ready has the basic administrative HR functionality required for this use case and the prioritized module mix. The resulting score was 3.91.

- **North America compliance suite 2,500+**: UKG Ready WFM has extensive global strength and capabilities, but as a broad HCM suite it lacks some of the more complex configuration options and functionality offered by competitors. The solution received a score of 3.67 for this case.

- **North America midmarket**: Adopters of this use case require both prehire and posthire TM functionality, in addition to administrative HR and WFM, at a reasonable cost, and preferably with options for ongoing services such as payroll administration. Improvements in some modules and benefits gained from the merger resulted in an increased score for this use case of 3.57 (up from 3.43 in 2019).

- **European midmarket**: Limited adoption outside of NA, combined with more basic TM functionality, resulted in a score of 2.76.

- **APAC market**: Even though UKG Ready adoption is very limited in APAC-headquartered companies, the solution is technically able to meet many APAC HR needs, and also has strong support for unique APAC WFM requirements.

- **Core HR and TM (global organization)**: Not applicable, as UKG does not sell UKG Ready to customers with this combination of size, functional footprint and geographic scope.

**Workday**
Workday provides a broad HCM suite that continues to expand use cases and innovate with efforts around skills analytics, enhanced employee profiles and credentials, and developing an internal talent marketplace. Workday's efforts around the skills cloud have driven several new enhancements. Its ML-powered skills foundation is a new offering that currently has 400 live customers, and assists with planning, predicting and employee experience.

For 2020, Workday enhanced capabilities for business intelligence in analytics and reporting, functionality pertaining to its skills cloud and new people experience, as well as a mobile geofencing capability for time management.

Highlights from Workday's capability scores include the following:

- Workday received the highest rating of solutions evaluated for the reporting tools/WFA/WFP critical capability (4.3). It has been viewed as a leader in these areas for several years now, and its capability continues to advance with investments in Workday Prism Analytics, Workday Adaptive Planning and Workday People Analytics.

- Workday scored very well for technology/UX (4.3) as a result of several new enhancements, and features that just missed the cutoff of the 2019 report. Several system extension integrations, user journeys, updated dashboards and experience “hubs” were received very positively.

- Workday's overall product satisfaction score and VCR score were both 4.3. Both scores are improvements from 4.2 in 2019.

Use-case ratings:

- **Core HR and TM (global organization):** Workday scored 4.14 for this use case (up from 4.10 in 2019). There continues to be very strong market momentum and mind share with large, multinational customers headquartered in North America, with growing traction in European-headquartered customers.

- **North America midmarket:** Workday regularly competes in this use case due to its strong mind share in the U.S. market, breadth of functionality appropriate to midmarket requirements, and relatively low IT and HR support demands. Initiatives to improve midmarket adoption through more approachable pricing and Workday Launch have gained traction and have improved its value proposition. Workday scored 4.0 for this use case (up from 3.83 in 2019).

- **European midmarket:** Customers in this use case value strong core HR and global TM over payroll and WFM, which are often delivered by country-specific providers and third parties. Workday scored 3.90 (up from 3.88 in 2019). It has increased its presence in the European market and continues to build out product localizations, as well as increase regional operations and support capabilities.

- **North America compliance suite 2,500+:** Workday meets many of the requirements for this use case, including absence and time tracking, increased scale and ability to standardize. It scored 3.83 (up
This Critical Capabilities analysis assesses the fit of each vendor’s solution to the six most common use cases for human capital management (HCM) suites. The importance of specific functionality varies from case to case. For example, extensive global coverage is weighted highly for the large multinational use case, but is almost irrelevant for the North American midmarket. Foundational elements of product satisfaction and VCR satisfaction have similar weighting across every use case. Each vendor’s product has also been evaluated for its complexity and TCO/value proposition fit. Complexity is critical to large multinational customers with extensive localized requirements, but can be a nonstarter for a midmarket customer with a small HR team and an even smaller budget for ongoing maintenance. It is critical for customers to look beyond the current product functionality and assess which vendor is truly right for their organization.

Most Gartner clients have firsthand experience of the complexity of integrating multiple disparate HCM applications to support the full scope of HR activities in their organizations. As a result, many have already moved to a comprehensive cloud HCM suite or are in some stage of consideration.

Common reasons for moving to a cloud HCM suite include to:

- Standardize HCM processes
- Improve quality of reporting and people information
- Improve HCM process automation
- Improve HCM application user experience
- Achieve a globalized/consolidated HCM processes/single system of record
- Improve quality of service to internal customers

APAC market: Workday’s presence in APAC is increasing, but coverage and presence are limited. It has a handful of very large manufacturing customers headquartered in Japan and South Korea, as well as presence in Australia, Thailand and Singapore. However, it has limited presence in India, and has struggled to gain traction in China, despite investment in data regulation compliance and support for those languages and localizations. It scored 3.79 for this use case (up from 3.73 in 2019).

North American compliance suite 1,000-2,500: For this new use case, Workday’s score of 3.73 places it in the bottom half of the evaluated vendors. Workday meets many of the requirements for this use case. However, based on buyers’ priorities, the TCO/value proposition does not make it a good fit, especially for customers in lower-margin industries. In addition, the lack of WFM scheduling optimization and ancillary payroll services (such as check printing, tax filing and money movement) are challenges for some customers.

Context

This Critical Capabilities analysis assesses the fit of each vendor’s solution to the six most common use cases for human capital management (HCM) suites. The importance of specific functionality varies from case to case. For example, extensive global coverage is weighted highly for the large multinational use case, but is almost irrelevant for the North American midmarket. Foundational elements of product satisfaction and VCR satisfaction have similar weighting across every use case. Each vendor’s product has also been evaluated for its complexity and TCO/value proposition fit. Complexity is critical to large multinational customers with extensive localized requirements, but can be a nonstarter for a midmarket customer with a small HR team and an even smaller budget for ongoing maintenance. It is critical for customers to look beyond the current product functionality and assess which vendor is truly right for their organization.

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- Improve quality of service to internal customers
Objectives commonly achieved by implementing a HCM suite include:

- Standardizing HCM processes
- Improving HCM process automation
- Globalizing/consolidating HCM processes/single system of record
- Improving quality of service to internal customers
- Improving quality of reporting and people information
- Improving HCM application user experience

Product/Service Class Definition

Cloud-based HCM suites deliver functionality that helps organizations attract, develop, engage, retain and manage their workforces. These solutions support a variety of HCM capabilities (albeit to varying degrees based on the offering), such as:

- **HR administrative functions**: Includes core HR (organizational, job and employee data, employment life cycle transactions, employee, manager and role-based self-service access), benefits and payroll administration. May also include environmental, health and safety, grievance tracking or other value-add capabilities.

- **HR service management**: Includes direct access to policy and procedure guidance for employees and managers; may also include HR case management, knowledge base and digital document management, virtual assistants or chat bots.

- **Talent management**: Recruiting, onboarding, performance management, compensation planning, career and succession planning, learning and development, and workforce planning.

- **Workforce management (WFM)**: Includes absence management, time capture, time and attendance evaluation, task/activities tracking, budgeting and forecasting, and scheduling.

HCM suites and their individual applications also provide reporting and data as needed by local and international regulations, and often include analytics and dashboard capabilities. Transactional employee and manager self-service have become embedded roles within these solutions, and the ability to support mobile access has become fundamental. With increasing frequency, we see social tools and applications embedded within HCM technologies to infuse processes with collaboration with new approaches that use social channels to enhance overall engagement and productivity. The reverse approach of embedding HR transactions, program or policy search, or HR case management into corporate workspaces (Slack or Microsoft Teams, for example) is also emerging.
Core HR/Benefits Admin/Help Desk


Payroll Admin

Includes earnings and deductions setup, tax setup, import of time and exception hours, entry of special pay items, gross-to-net calculation, retroactive pay adjustments, trial payroll review/corrections, and payroll confirmation. May also include check/advice printing, tax filing and money movement.

Workforce Management

Includes absence management, time capture, time and attendance evaluation versus work rules (business, regulatory and bargaining unit related), task/activities tracking, labor budgeting/forecasting, scheduling (ranging from basic support to advanced scheduling optimization), and labor analytics.

Prehire Talent Management

Includes recruiting (requisitioning, sourcing, marketing, candidate acquisition, relationship management, applicant tracking, recruiting process management) and onboarding (new hire forms/task completion, provisioning, core HR and talent integration, “Day 1” orientation support and assimilation).

Posthire Talent Management

Includes skills/competency tracking, performance management, goal setting, career development, succession planning, talent reviews, learning management and compensation planning. Solutions may also include gamification, continuous performance management and collaborative learning.

Reporting Tools/WFA/WFP

Tools to generate and format “standard” list-based and compliance reports, ad hoc queries and graphical metrics dashboards.

Workforce analytics (WFA) includes more sophisticated analysis and visualization of data, while workforce planning (WFP) provides strategic analysis of longer-term staffing options.

Technology/User Experience

Includes the tools used to build the solution, robustness of integration within the suite and with other applications, user experience (UX) design and execution across various devices, incorporation of social/collaboration concepts, and support of product functional/technical updates.

Overall Product Satisfaction

This value was determined by combining aggregated analyst ratings across 14 product criteria and Gartner client inquiry feedback, and Peer Insights data for 2020. The data was then compared with the scores from the 2019 Critical Capabilities customer reference data to quantify YOY changes.
Product satisfaction criteria definitions:

- **Overall product quality**: Indicates the extent to which the product functions as designed (running without bugs, for example).

- **System performance**: Measures how quickly the application responds to end-user input and returns results.

- **Ease of use for professional/administrative users**: Level of satisfaction with the application UX. Within the HCM suite context, representative roles include HR generalists/business partners, payroll administrators, benefits specialists, scheduling coordinators, time and attendance analysts, recruiters, compensation analysts, learning and development managers, and performance management specialists.

- **Ease of use for employees and managers**: Seamless, direct access by these populations is now expected by most organizations, and ease of use directly impacts enterprise adoption of HCM solutions.

- **System administration, configuration and workflow**: Assesses satisfaction on three dimensions:
  - Robustness of delivered configuration tools.
  - The ability to enable regular usage by a line-of-business user with strong domain expertise, but limited technical training.
  - The ability of users to route business process tasks and transactions for review and approval, including conditional branching, escalation rules, alerts and notifications.

- **Reporting capabilities**: Overall rating includes satisfaction with vendor-delivered standard reports, ad hoc reporting tools and dashboards.

- **Workforce analytics**: Measures satisfaction with the vendor’s ability to deliver advanced analytics capabilities.

- **Mobile support**: Indicates the overall rating of the vendor’s mobile framework and support of specific mobile-enabled processes across the HCM suite.

- **Social/collaboration**: Measures the overall rating of the vendor’s social/collaboration framework and support of specific social/collaboration-enabled processes across the HCM suite.

- **Integration within the HCM suite**: Rates the extent to which the various functional modules appear to the customer as seamless from a UX, process, data and reporting perspective.

- **Integration with other applications**: Measures robustness and ease of use of delivered integration tools.
The average for the 11 vendors evaluated for this critical capability is 4.2, a 0.19 increase from the 2019 iteration of this research.

Note: This 2020 Critical Capabilities report was conducted without an extensive customer reference survey due to COVID-19.

Overall VCR Satisfaction

Without a comprehensive customer reference survey in 2020, the process for determining this measure was done through a combination of measures.

The research team utilized the vendors’ 2019 vendor-customer relationship (VCR) score weighted at 70% combined with their 2020 analyst rating for sales execution (10%), market responsiveness (10%) and customer experience (10%). These scores were then reviewed against qualitative data from analyst-validated product reviews from Gartner Peer Insights for validation/calibration. Using this weighted method, the aggregate score for VCR across all vendors was 4.1. (4.1 in 2019).

VCR criteria definitions:

- **Experience through the sales process**: Includes all interactions with vendor staff from initial contact through to contract signing.

- **Initial implementation and deployment**: Includes customer satisfaction with initial training, fit/gap analysis, design, configuration, testing, data conversion and cutover to live production.

- **Handover from implementation to support**: Evaluates the transition from the sales and implementation teams to ongoing support teams.

- **Ongoing communication and support**: Addresses how well the vendor delivers information and support to customers over the entire application life cycle.

- **Additional deployments and upgrades**: Includes the vendor’s current customer experience with expanding application usage to additional employee populations, as well as configuring and applying updates and upgrades.

- **After-sales care**: Evaluates the current customer’s perspective on the vendor’s process of determining the need for additional modules and selling them into the customer base.
- **Account management**: Measures the quality of the resources assigned to this critical function, which serves as a key escalation point, needs assessor, communicator and relationship manager.

- **Enhancement request processes**: Includes the various ways that customers can interact with vendor product management and other customers to request enhancements to currently delivered product functionality or service and support processes. It also includes the customer's view on the extent to which their enhancement requests have actually been incorporated into the product over time.

**Geo/Complexity/Value Fit to UC 1**
Each of the six use cases has different requirements/expectations for geographic coverage (breadth and depth), complexity of configuration, and TCO/value (cost to purchase, implement, deploy and run the solution). These differences will be discussed in each in-depth use-case description.

**Geo/Complexity/Value Fit to UC 2**
Each of the six use cases has different requirements/expectations for geographic coverage (breadth and depth), complexity of configuration, and TCO/value (cost to purchase, implement, deploy and run the solution). These differences are discussed in each in-depth use-case description.

**Geo/Complexity/Value Fit to UC 3**
Each of the six use cases has different requirements/expectations for geographic coverage (breadth and depth), complexity of configuration, and TCO/value (cost to purchase, implement, deploy and run the solution). These differences are discussed in each in-depth use-case description.

**Geo/Complexity/Value Fit to UC 4**
Each of the six use cases has different requirements/expectations for geographic coverage (breadth and depth), complexity of configuration, and TCO/value (cost to purchase, implement, deploy and run the solution). These differences are discussed in each in-depth use-case description.

**Geo/Complexity/Value Fit to UC 5**
Each of the six use cases has different requirements/expectations for geographic coverage (breadth and depth), complexity of configuration, and TCO/value (cost to purchase, implement, deploy and run the solution). These differences are discussed in each in-depth use-case description.

**Geo/Complexity/Value Fit to UC 6**
Each of the six use cases has different requirements/expectations for geographic coverage (breadth and depth), complexity of configuration, and TCO/value (cost to purchase, implement, deploy and run the solution). These differences are discussed in each in-depth use-case description.

**Use Cases**

**Core HR and TM (Global Organization)**
For organizations with more than 5,000 workers operating in multiple countries that need an integrated solution for core human resources (HR) and talent management (TM).

Organizations with this use case are looking for a single global system of record for core HR and talent data for multiple countries (at least 10, but often 50 or more). Support of core HR processes (organization, job and worker data management, life cycle transactions, reporting relationships) and HR localization coverage are of prime importance, as well as robust prehire and posthire TM to enable global talent processes. Payroll administration and workforce management (WFM) functionality are less important to this use case, as these are often provided by country-specific or regional solutions. Organizations rationalize higher subscription fees and substantial implementation costs if the solution meets their HR requirements for multiple countries, global operations, and complex process configurations.

**North America Midmarket**

Best fit for organizations headquartered in North America with between 1,000 and 5,000 workers seeking solutions covering admin HR, talent and WFM functions.

Organizations attracted to this use case want to consolidate as many functions as possible within a single solution, and vendor, in order to take maximum advantage of a single UX, reporting platform and data model. Adopters seek tightly integrated core HR, payroll and benefits administration, and TM, while WFM is also desired if time and attendance requirements are not overly complex. Due to the more limited size range and narrow geographic focus, these organizations are looking for depth of localization support for North America, as well as rapid, cost-effective implementation and a lower TCO.

**European Midmarket**

Best fit for organizations headquartered in Europe with between 1,000 and 5,000 workers in multiple countries that want one solution for core HR, talent and TM.

Moderately sized organizations with a relatively even workforce distribution across multiple countries in Europe, the Middle East and North Africa, and the Americas are the primary adopters of this use case. The functional focus on strong core HR support (including localizations) and TM is similar to the larger, complex global enterprise use case. However, the focus on quick time to value and lower TCO that is characteristic of midmarket organizations is shared with adopters of the North America midmarket use case.

**North American Compliance Suite 1,000-2,500**

For organizations based in North America with 1,000 to 2,500 (predominantly hourly paid) workers seeking solutions covering core HR, payroll, benefits administration and WFM.

Organizations seeking this use case have a high proportion of hourly paid workers. As a result, they rate the importance of broad and deep WFM functionality tightly linked to administrative HR (core HR, payroll and benefits administration). Additionally as smaller organizations they often seek to get as much out of
a suite as possible, so they prioritize TM capabilities a little more. A successful provider in this use case is able to handle complex work rules and deliver a more well-rounded suite, with high value and low need for customization.

North American Compliance Suite 2,500+
For organizations based in North America with more than 2,500 (predominantly hourly paid) workers seeking solutions covering core HR, payroll, benefits administration and WFM.

Organizations seeking this use case have a high proportion of hourly paid workers. As a result, they rate the importance of broad and deep WFM functionality tightly linked to administrative HR (core HR, payroll and benefits administration) as far more important than robust TM capabilities. Larger organizations in this use case may often seek out point solutions and specialist providers to supplement certain TM modules. A successful provider in this use case is able to satisfy the need for adopters to effectively balance cost of ownership, compliance with U.S. and Canadian requirements, and the ability to handle complex work rules.

APAC Market
For APAC organizations with more than 1,000 employees in multiple countries that want to consolidate core HR and TM in a single suite with strong UX/technology capabilities.

Suited to organizations with presence across multiple countries in APAC, but a large volume of workforce concentrated in their country of origin. Vendors often have a legacy of HR applications built with custom-made or open-source technologies. The main driver behind the implementation of an HCM suite is to remain competitive in a dynamic talent market — and to attract the best talent and curb the high attrition rates usual to this region. Compliance with regulations through a robust core HR is the remaining driver. Technology/UX plays an important role as the workforce in this region has high adoption of mobile phones and consumer applications. A lower TCO including implementation cost desired. Payroll is generally sourced through an external provider except in countries with a relatively mature on-premises packaged HCM market (Japan and Australia, for example). Only a few cloud HCM suite providers include payroll localizations for APAC in their integrated cloud suites. Workforce management presents a compelling case of cost optimization, but the adoption of WFM as part of a HCM suite remains quite low in this use case, and it is mostly sourced through a third-party partner.

Vendors Added and Dropped

Added
No new vendors/solutions were added from the previous edition.

Dropped
The inclusion criteria for coverage in this research was raised for several measures, from 2019 to 2020. Some of these criteria included the amount of existing customers a vendor has with more than 1,000 employees, and the number of net new deals during the proceeding four fiscal quarters. The fill inclusion...
criteria can be seen in the next section of this report. As a result, the vendors below were dropped from this year’s coverage.

- ADP (Vantage)
- Ramco

**Inclusion Criteria**

To be included in this Critical Capabilities analysis, a vendor had to meet all of the following criteria (the same as the inclusion criteria for the companion *Magic Quadrant for Cloud HCM Suites for 1,000+ Employee Enterprises*).

- Deliver core HR administrative transaction support and reporting/analytics capabilities, plus at least three talent management (TM) functions (recruiting/onboarding, performance management, career/succession management, learning, compensation and workforce planning) or a combination of workforce management (WFM) and at least one TM function.
- Deploy its solution on either a community cloud or public cloud (subscription-based private cloud is not acceptable).
- Have at least 125 customers, each with more than 1,000 employees, in production with core HR and at least two TM functions on either a community cloud or public cloud.
- Actively market, sell and implement HCM suites on a stand-alone basis, regardless of any additional bundling with ERP suites or other applications.
- Provide evidence of market momentum documenting at least 25 net new deals during the previous rolling four fiscal quarters — each with more than 1,000 employees — purchasing core HR and either two or more TM functions or one TM function and WFM. Note that the timing of this data should be the prior four quarters through 31 March 2020.
- Must be regularly identified by Gartner clients and prospects as a notable vendor in the HCM market.

A number of vendor products did not meet all of these criteria and were therefore not included in this research. However, their offerings do meet many customer requirements and could also be considered in an evaluation of HCM suites. *Market Guide for Human Capital Management Suites* contains additional profile data from additional vendors not included in this Critical Capabilities report.
This methodology requires analysts to identify the critical capabilities for a class of products/services. Each capability is then weighed in terms of its relative importance for specific product/service use cases.

### Critical Capabilities Rating

Each of the products/services has been evaluated on the critical capabilities on a scale of 1 to 5; a score of 1 = Poor (most or all defined requirements are not achieved), while 5 = Outstanding (significantly exceeds requirements).
### Table 2: Product/Service Rating on Critical Capabilities

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<thead>
<tr>
<th>Critical Capabilities</th>
<th>ADP (Workforce Now)</th>
<th>Cegid Meta4 (PeopleNet)</th>
<th>Ceridian (Dayforce)</th>
<th>Cornerstone OnDemand</th>
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Source: Gartner (November 2020)

Table 3 shows the product/service scores for each use case. The scores, which are generated by multiplying the use-case weightings by the product/service ratings, summarize how well the critical capabilities are met for each use case.
Table 3: Product Score in Use Cases

<table>
<thead>
<tr>
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<th>ADP (Workforce Now)</th>
<th>Cegid Meta4 (PeopleNet)</th>
<th>Ceridian (Dayforce)</th>
<th>Cornerstone OnDemand</th>
<th>Infor (CloudSuite HCM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core HR and TM (Global Organization)</td>
<td>N/A</td>
<td>3.37</td>
<td>3.57</td>
<td>2.76</td>
<td>3.4</td>
</tr>
<tr>
<td>North America Midmarket</td>
<td>3.43</td>
<td>N/A</td>
<td>4.13</td>
<td>N/A</td>
<td>3.5</td>
</tr>
<tr>
<td>European Midmarket</td>
<td>N/A</td>
<td>3.46</td>
<td>3.36</td>
<td>3.30</td>
<td>3.1</td>
</tr>
<tr>
<td>North American Compliance Suite 1,000-2,500</td>
<td>3.93</td>
<td>N/A</td>
<td>4.17</td>
<td>N/A</td>
<td>3.7</td>
</tr>
<tr>
<td>North American Compliance Suite 2,500+</td>
<td>3.77</td>
<td>N/A</td>
<td>4.27</td>
<td>N/A</td>
<td>3.6</td>
</tr>
</tbody>
</table>

Source: Gartner (November 2020)

To determine an overall score for each product/service in the use cases, multiply the ratings in Table 2 by the weightings shown in Table 1.

Critical Capabilities Methodology

This methodology requires analysts to identify the critical capabilities for a class of products or services. Each capability is then weighted in terms of its relative importance for specific product or service use cases. Next, products/services are rated in terms of how well they achieve each of the critical capabilities. A score that summarizes how well they meet the critical capabilities for each use case is then calculated for each product/service.

"Critical capabilities" are attributes that differentiate products/services in a class in terms of their quality and performance. Gartner recommends that users consider the set of critical capabilities as some of the
most important criteria for acquisition decisions.

In defining the product/service category for evaluation, the analyst first identifies the leading uses for the products/services in this market. What needs are end-users looking to fulfill, when considering products/services in this market? Use cases should match common client deployment scenarios. These distinct client scenarios define the Use Cases.

The analyst then identifies the critical capabilities. These capabilities are generalized groups of features commonly required by this class of products/services. Each capability is assigned a level of importance in fulfilling that particular need; some sets of features are more important than others, depending on the use case being evaluated.

Each vendor's product or service is evaluated in terms of how well it delivers each capability, on a five-point scale. These ratings are displayed side-by-side for all vendors, allowing easy comparisons between the different sets of features.

Ratings and summary scores range from 1.0 to 5.0:

1 = Poor or Absent: most or all defined requirements for a capability are not achieved

2 = Fair: some requirements are not achieved

3 = Good: meets requirements

4 = Excellent: meets or exceeds some requirements

5 = Outstanding: significantly exceeds requirements

To determine an overall score for each product in the use cases, the product ratings are multiplied by the weightings to come up with the product score in use cases.

The critical capabilities Gartner has selected do not represent all capabilities for any product; therefore, may not represent those most important for a specific use situation or business objective. Clients should use a critical capabilities analysis as one of several sources of input about a product before making a product/service decision.

Document Revision History

Critical Capabilities for Cloud HCM Suites for 1,000+ Employee Enterprises - 10 October 2019

Critical Capabilities for Cloud HCM Suites for Midmarket and Large Enterprises - 23 August 2018

Critical Capabilities for Cloud HCM Suites for Midmarket and Large Enterprises - 22 August 2017

Critical Capabilities for Cloud HCM Suites for Midmarket and Large Enterprises - 11 October 2016
Recommended by the Authors

How Products and Services Are Evaluated in Gartner Critical Capabilities

Magic Quadrant for Cloud HCM Suites for 1,000+ Employee Enterprises

The Future of Cloud HCM Suites

Hype Cycle for Human Capital Management Technology, 2020

Market Snapshot — Human Capital Management, Worldwide, 2020

What You Need to Know About HCM Platform as a Service

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