Gartner.

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

Published 31 October 2022 - ID G00760709 - 41 min read

By Sam Grinter, Chris Pang, **and 7 more**

The market for human capital management suites is diverse, with a mix of ERP, HR specialist and payroll-oriented vendors vying for position. This research helps HR technology leaders in enterprises with more than 1,000 employees who are pursuing a cloud HCM suite strategy identify suitable vendors.

Strategic Planning Assumption

By 2025, 60% of global midsize and large enterprises will have invested in a cloud-deployed HCM suite for administrative HR and talent management, but will still need to use other solutions for 20% to 30% of their HR requirements.

Market Definition/Description

Gartner defines the market for cloud HCM suites as that for application suites that deliver functionality to help organizations attract, develop, engage, retain and manage workers.

The core capabilities of cloud HCM suites for enterprises with more than 1,000 employees include:

- **Administrative HR** — Employee data, organization structure, employment life cycle transaction, role-based self-service, payroll and benefits administration. May also include health and safety administration, employee well-being administration and other value-added capabilities.

- **Talent management** — Recruiting, onboarding, performance management, compensation planning, career and succession planning, learning, skills development and internal talent marketplaces.

- **Integrated HR service management (IHRSM)** — Personalized direct access to policy, procedure and program guidance for employees and managers. May also include integrated case management, knowledge bases, digital document management, virtual assistants and workflow management.

Optional capabilities of cloud HCM suites for enterprises with more than 1,000 employees include:

- **Workforce management (WFM)** — Time and attendance, absence management and workforce scheduling. May also include task/activity tracking, budgeting and forecasting, fatigue management and functions related to the mitigation of COVID-19, such as health screening and vaccine tracking.

- **Employee Experience (EX)** — Includes functions designed to support the experience of employees, including voice of the employee (VoE), employee campaigns and communications, and recognition and rewards.

- **Cross-functional enabling capabilities** — These capabilities (which are often emerging) use data from and interact with the above capabilities, and they are increasingly embedded in HCM suites through native development or acquisitions. They include talent analysis, workforce planning, internal talent marketplace and skills management capabilities.

AI-enabled skills management and the continued development of employee life cycle journeys stand out as defining features of innovation in leading and emerging cloud HCM suites. Furthermore, customer demand has surged for cloud HCM suites to deliver features that support employee experience as a response to a competitive labor market, rising inflation and a looming recession.

User experience (UX) is a leading selection criterion for cloud HCM suites. Mobile access is a fundamental element of these offerings, and UX options for HCM suites continue to evolve with the integration of virtual assistants. Chat integration with personal and team productivity apps (see Quick Answer: What Is the "New Work Hub"?) (such as Slack, Workplace by Meta, Microsoft Teams and WhatsApp) enables users to perform basic transactions or look up information without leaving their day-to-day operational environment. Altogether, these methods deliver an increasingly frictionless UX, enabling employees to complete tasks without actually logging into the cloud HCM suite's user interface (UI) directly. This points the market in the continued direction toward a good UX that has no UI.

As organizations support workforces with ever-increasing expectations for self-service and hyperautomation, many in-person conversations with HR administrators have been replaced by interactions with applications.

This shift to digital HR administration increases the need for a compelling and personalized UX, as applications become the "face" of HR departments. HCM suites continue to support digital transformation efforts by including visible and frequently used processes for, among other things, learning and skills development, payroll and WFM.
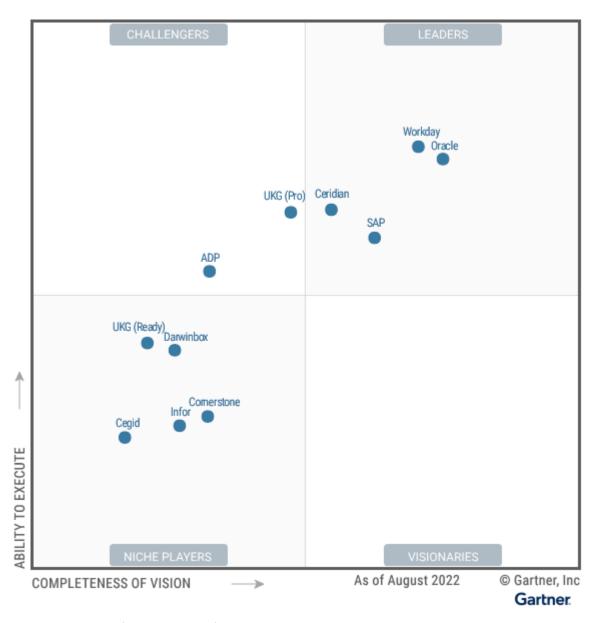
Cloud HCM suites are still used primarily to manage employee-related processes. However, at least some (ERP) vendors are increasingly adding functionality to support the management of contingent

and freelance workers. Organizations frequently use a vendor management system or freelance
management system to administer related sourcing, billing and integration into operational systems.
However, cloud HCM suites are still used to ensure compliance and development of talent pools for
employees and nonemployee workers. Gartner has observed a recent acquisition in this domain, with
Workday acquiring VNDLY in November 2021 for approximately $510 million.

Magic Quadrant

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

Source: Gartner (October 2022)

Vendor Strengths and Cautions

ADP

ADP is a Challenger in this Magic Quadrant.

ADP is a global payroll services and HR solution vendor, with annual revenue of approximately $16.5 billion.

ADP Workforce Now is the solution evaluated in this Magic Quadrant. ADP also delivers a range of additional HR products and services that complement ADP Workforce Now, including the ADP Marketplace.

ADP has over 78,000 clients on ADP Workforce Now. This product is sold only in the U.S. and Canada, and more than 98% of clients have fewer than 1,000 employees. However, some clients have up to 25,000 employees, and approximately 1,500 clients have between 1,000 and 2,500 employees.

ADP Workforce Now is available in either a private cloud hosted by ADP or a public cloud from Amazon Web Services (AWS). It supports the following API technology: REST, GraphQL and AsyncAPI.

The vendor directly completes almost all implementations, and the use of third-party implementation partners is rare.

Strengths

- **Payroll:** ADP Workforce Now offers native local payroll technology and services in the U.S. and Canada, and multicountry payroll outsourcing services through ADP Global Payroll. ADP also offers a reloadable prepaid debit card (paycard) via its Wisely product, which includes features to support financial well-being and security.

- **Talent analytics:** Gartner finds ADP Workforce Now's reporting capabilities to be robust. Highlights include the Storyboards feature, which helps turn data into insights, and incorporation of rich benchmark data. People Analytics & Enhanced Insights (powered by ADP DataCloud) also has prebuilt connectors to Tableau and Power BI for visualization of data and metrics.

- **Alliances:** ADP continues to enhance its partner and alliance strategy to deliver a strong ecosystem surrounding ADP Workforce Now. Notably, ADP offers staff augmentation services through partners, and the ADP Marketplace hosts over 400 applications from third parties that augment the native capabilities of ADP Workforce Now with leading functional capabilities.

Cautions

- **Geographic coverage:** ADP Workforce Now is sold exclusively in the U.S. and Canada. Organizations with operations outside these areas can use ADP Workforce Now as an employee system of record and to support talent management processes. However, for functions such as payroll and absence management, additional ADP or non-ADP products are required to deliver compliance and necessary localization.

- **IHRSM:** ADP Workforce Now only supports limited integrated HR service management, such as proactive self-service, document management and knowledge base. Case management is

available for outsourced services clients on ADP Workforce Now. However, for ADP Workforce Now customers that do not subscribe to outsourcing services a separate IHRSM system would be required to support full-service management needs, such as case management. ADP plans to release case management functionality in 2023.

- **Succession management and career planning:** ADP Workforce Now currently does not support the talent functions of succession management or career planning (although succession management is planned in an upcoming release slated for late 2022).

Cegid

Cegid HCM is a Niche Player in this Magic Quadrant.

Cegid is a global technology provider, with annual revenue of approximately $700 million.

Cegid offers a range of solutions for finance (ERP, treasury, taxes), HR (payroll and talent management), accounting and retail. Cegid acquired Meta4 in September 2019. In July 2021, Cegid completed the acquisition of Talentsoft, which was assessed separately in this Magic Quadrant in previous iterations of this research. Following both acquisitions, Cegid has now productized Cegid HCM based on a combination of features from Meta4 and Talentsoft. Cegid HCM has approximately 390 customers.

Cegid HCM is sold to organizations with 1,000-plus employees, with a specific focus on the 5,000-to-20,000 segment, although it does support larger clients (especially in the French market). Cegid HCM is primarily sold in Western Europe.

Seventy-eight percent of Cegid HCM customers are hosted in a private cloud and 20% on public cloud, with the remaining 2% hosted on-premises. Cegid HCM supports REST API technology.

Approximately 65% of Cegid HCM deployments involved a third-party system implementation partner.

Strengths

- **Learning management:** Learning is Cegid HCM's strongest function, as evaluated by Gartner during this research. High points include integration with Microsoft Teams to support virtual classrooms and the connection between the learning, performance, succession and career planning functions.

- **Performance management:** Cegid HCM offers flexible performance management capabilities, including features that support continuous performance appraisals, cascading goals, reporting, and objects and key results.

- **Succession management and career planning:** Cegid HCM supports skills and experience analysis to help determine suitable successors for key roles and skills. It also offers an internal mobility feature as part of career planning and talent development.

Cautions

- **Technology and UX**: Cegid HCM is the combination of the Talentsoft and Meta4 PeopleNet solutions. While it is initially presented as a single UX, a deeper view of the product shows some non-Cegid HCM screens, such as Talentsoft for talent management functions and VisualTime for WFM. Gartner anticipates integration and appearance will improve over a two- to three-year time frame.

- **Marketing and product strategy:** The marketing strategy for Cegid HCM appears fragmented. Current marketing shows differentiated product portfolios being sold to different markets. For example, on French websites, Cegid PeopleNet is referenced for administrative HR and payroll, and the HR management solution largely reflects the Talentsoft offering. This presentation is inconsistent with the global English language website, where a more singular Cegid HR solution is promoted.

- **Customer experience:** Gartner Peer Insights evaluations of Cegid Meta4 and Talentsoft are below average, with Talentsoft evaluations the lowest of all products included in this research for "Overall Rating." Furthermore, customers will experience changes to the look and feel of the products as Cegid works to unify its product offering. However, longer-term changes made will likely improve customer experience.

Ceridian

Ceridian is a Leader in this Magic Quadrant.

Ceridian is a global HCM solution and payroll services vendor, with annual revenue of approximately $1 billion. It completed a number of acquisitions to expand its global business, most recently of ADAM HCM in December 2021.

Ceridian's Dayforce suite has over 5,700 customers, the majority of which are headquartered in the U.S. and Canada, although Ceridian also has a growing European, Asian and global customer base. Ceridian has successfully sold Dayforce to increasingly larger clients year over year; approximately 48% of Dayforce clients have over 5,000 employees.

Ninety-nine percent of Ceridian Dayforce customers are hosted in their public cloud, with the remainder in a private cloud. Ceridian Dayforce supports REST, SOAP, and OData API technology, and Ceridian is currently investing in GraphQL.

Ceridian completes approximately 70% of Dayforce deployments directly, but it also has a growing number of implementation partners for large and international customers (34 partners as of 2022, up by nine year over year).

Strengths

- **Payroll:** Ceridian continues to actively invest and innovate its payroll capabilities. Notable enhancements year over year include expanded payroll coverage in Latin America through the acquisition of ADAM HCM and expansion of Dayforce Wallet to include cash-back rewards. Currently, the rewards program is available in the U.S. and Canada, but Ceridian plans to expand this service to more countries.

- **WFM:** Ceridian Dayforce offers robust WFM capabilities, and is one of the few vendors that offers WFM as a native function of the product. Recent enhancements include employee surveying at the time clock (a natural evolution of attestation), which can be configured to support compliance and employee experience through continuous listening.

- **Market understanding:** Ceridian received the highest vendor grades for Market Understanding. Proof points include Ceridian's success in selling to increasingly large and global organizations, and widening the gap between itself and its two closest rivals, ADP and UKG, through continued investment in talent management functions and global capabilities.

Cautions

- **IHRSM:** Gartner finds Ceridian delivers limited HR service management capabilities. However, an update that includes "advanced case management" is currently in development and should be generally available in 2023.

- **Succession management and career planning:** Succession management and career planning are the least robust functions of Ceridian's talent management offering. However, Ceridian has recently invested in the ability to identify key roles and mission-critical skills.

- **Reporting, analytics and workforce planning:** While Ceridian does offer satisfactory reporting and analytics, information and insights are not as consumable as other products evaluated in this research. Furthermore, Ceridian Dayforce has limited native workforce planning capabilities. Ceridian partners with Accenture for workforce planning.

Cornerstone

Cornerstone is a Niche Player in this Magic Quadrant.

Cornerstone is a global HR technology vendor, with annual revenue of approximately $870 million. In August 2021, it entered into a definitive agreement to be acquired by Clearlake Capital Group for $5.2 billion, and the acquisition was completed in October 2021. Cornerstone also completed its acquisition of SumTotal for $200 million in August 2022, and its acquisition of EdCast in May 2022 for an undisclosed sum.

Cornerstone has a history of learning and talent management technology development, and designed its HCM to complement its learning and talent management products. Cornerstone's HCM was initially developed with midsize multinational European customers in mind, but it is increasingly being

sold in the U.S. and Asia. The majority of sales are to organizations that have between 1,000 and 5,000 customers, although Cornerstone's HCM also has clients with 5,000-plus employees.

Ninety percent of Cornerstone HCM customers are hosted in a public cloud, with the remainder hosted in a private cloud. Cornerstone's HCM supports REST and AsyncAPI technology.

Eighty-five percent of Cornerstone HCM deployments are completed by third-party implementation partners.

Cornerstone Unified Talent Management Suite (CUTMS) is FedRAMP-certified with a Moderate impact level.

Strengths

- **Learning:** Cornerstone offers market-leading learning technology. The user experience of its learning function incorporates personalized user preferences and roles, and has a passing similarity to YouTube through its content carousels. Cornerstone continues to invest in learning through its recent acquisition of EdCast, although at the time of writing EdCast is not integrated with Cornerstone's HCM.

- **Performance management:** Gartner finds Cornerstone's HCM delivers robust performance management functionality; high points include continuous performance feedback, especially to skills and skills proficiency.

- **Career planning:** Cornerstone's HCM supports robust career planning. This includes the presentation to the employee of "skills I have" and "skills I want to develop," which is an intuitive approach to career development and internal mobility.

Cautions

- **Payroll, benefits and WFM:** Cornerstone's HCM doesn't offer native payroll, benefits administration or workforce management functionality. Cornerstone's approach is to leave these functions to the customer's discretion, which ostensibly offers flexibility at the expense of convenience and tight integrations.

- **IHRSM:** Cornerstone's HCM offers some limited workflow creation and management; however, it primarily relies on its partner ServiceNow to deliver full IHRSM functionality.

- **Marketing execution:** Cornerstone primarily focuses on marketing and selling learning and wider talent management functions. The core HR function appears to be a lower product investment priority, which inhibits its appeal and potential success in the market for cloud HCM suites, where core HR is the functional foundation of the product.

Darwinbox

Darwinbox is a Niche Player in this Magic Quadrant.

Darwinbox is an India-headquartered HR technology provider that was established in 2014, and most recently raised $72 million in Series D funding in January 2022.

Darwinbox has approximately 700 customers. Its solution was initially developed to serve customers in India and South East Asia, but it continues to gain wider geographical and local support. Just under half of its clients have between 1,000 and 5,000 employees; 25% are 5,000-plus-employee organizations.

Darwinbox is hosted in a public cloud from AWS and Microsoft Azure (for failover backup only). Darwinbox supports REST, AsyncAPI, and gRPC API technology.

Darwinbox directly completes approximately 75% of deployments, although the vendor is expanding its network of implementation partners.

Strengths

- **Employee experience:** Darwinbox delivers robust features that support the employee experience; high points include Trails for employee workflows and native employee surveying capabilities.

- **Business model and maturity:** Darwinbox is becoming a high-performing midsize vendor. As part of a recent round of funding, the company took on the CHRO of Netflix as an advisory board member, and onboarded senior executives from Salesforce, Microsoft and EY, which helps broaden its leadership's diversity and experience.

- **Market responsiveness:** Darwinbox was fast to develop and release employee experience functionality, which is currently top of mind for many HR technology buyers. Furthermore, Darwinbox has expanded its service provider partners, enabling it to keep up with demand.

Cautions

- **Learning:** Darwinbox offers LMS and LXP through its partners disprz, Cornerstone, EdCast, and Enthralltech, to name a few. Because learning is delivered via partners, the lack of a native feature represents a potential weakness, as Darwinbox has no control over the product roadmap and business direction of its partners. However, to Darwinbox's credit, there is evidence of robust connectivity between Darwinbox and its learning partners.

- **Alliances:** While Darwinbox has made improvements to its alliances, its evaluations in this category are the lowest of any vendor. However, this category should improve over time as Darwinbox adds new service partners to its partner marketplace, such as Deloitte and EY, and they become more active in implementations.

- **Market understanding:** Gartner has observed improvements in Darwinbox's market understanding, but this area still needs improvement. The company has made several changes, including relocating a co-founder to the U.S. and appointing a new U.S.-based advisory board member to

improve its understanding of North American market requirements. However, these changes will take time to manifest in the offering.

Infor

Infor is a Niche Player in this Magic Quadrant.

Infor is a large, global technology provider with annual revenue of approximately $2.8 billion. It offers Infor HR Talent (previously known as Infor CloudSuite HCM), as well as other ERP products for finance, field service, sales, asset management and supply chain management.

Infor HR Talent has an estimated 1,000 customers and is aimed at large enterprises. Over 90% of its customers have more than 1,000 employees, and 13% have more than 25,000 employees. Infor HR Talent is sold globally, although most of its customers are headquartered in North America.

Seventy-four percent of Infor HR Talent customers are hosted on a public cloud, 11% are deployed on-premises, 7% are deployed on AWS GovCloud, and the remainder are hosted on either private cloud or other infrastructure. Infor HR Talent supports REST API technology.

Infor completes approximately 55% of HR Talent deployments using third-party system implementation partners.

Infor's Government Solutions SaaS is FedRAMP-certified with a Moderate impact level.

Strengths
- **WFM:** Infor offers robust WFM functionality, and contextualized features and configuration for retail and healthcare customers. High points of the WFM module include a shift swapping and board feature called Shift Billboard, and a scheduling view of departments that facilitates staff movement during peak and slow demand times.

- **Vertical strategy:** Infor is the highest-performing vendor for vertical strategy. It is laser-focused on the healthcare sector and also supports industry requirements for the retail, manufacturing and public sectors.

- **Recruiting:** Infor HR Talent delivers strong recruiting functionality with improvements in interview scheduling and the recruiter dashboard. It also delivers assessment-based candidate matching via predictive matching based on the cognitive, cultural and behavioral attributes of candidates.

Cautions
- **Employee experience:** Infor HR Talent offers some functionality to support employee experience, such as employee surveys. However, relative to its peers, Infor underperforms in this capability, and is one of the lowest-performing vendors in this research.

- **Business model and operations**: Infor's rate of growth is lower than other vendors in this market. According to Gartner's ERP Software Market Share analysis, it was the only vendor included in this research whose revenue from HCM software contract contracted year over year — by 7.9% in 2021. Given the HCM software market grew an estimated 17.1% in 2021, Infor's business model and certain decisions concerning product and marketing strategy are possible reasons for its limited growth.

- **Talent analytics**: Infor offers relatively limited capabilities for talent analytics and planning. While Infor does offer Talent Science to predict and categorize employee behavior preferences, this solution is not new. Infor initially acquired this technology in 2014 via the purchase of PeopleAnswers but has not fully developed it.

Oracle

Oracle is a Leader in this Magic Quadrant.

Oracle is a global technology provider with annual revenue of approximately $50 billion. It offers Oracle Fusion Cloud HCM (Oracle Cloud HCM) as a unified part of the Oracle Fusion Cloud Applications suite. Functionality includes customer experience, enterprise performance management, finance, sales, services, and supply chain and manufacturing management.

Oracle Cloud HCM has over 3,500 customers and is sold to midsize and large enterprises worldwide. The vast majority of customers have more than 1,000 employees, although the full range spans from under 500 employees to above 500,000.

Oracle Cloud HCM (and Fusion Cloud Applications) are available on the Oracle Cloud Infrastructure, which runs as a public cloud utility. Fusion Cloud Applications may also be deployed in an "at customer" configuration (Oracle's Cloud@Customer). In this configuration, the customer provides the network connectivity and Oracle provides the cloud infrastructure, platform, applications and cloud management services, which operate at a location of the customer's choosing. Oracle Cloud HCM supports REST, GraphQL, AsyncAPI and gRPC API technology.

Approximately 70% of deployments involve a third-party implementation partner.

Oracle (Fusion Cloud) is FedRAMP-certified with a Moderate impact level.

Strengths
- **Core HR**: Oracle has enhanced the performance of the core HR function of Oracle Cloud HCM with the use of Journeys to support personalized user experiences and workflows across the suite. It also enables a feature through the advanced HCM controls to identify potentially suspicious user activity that may pose a security and/or IT compliance risk.

- **Employee experience**: Oracle Cloud HCM is a high-performer in support of employee experience, augmented with its recent launch of the Oracle ME employee experience platform. High points

include the contextualized Journeys application for employee workflows.

- **Recruiting:** Among all the vendors evaluated in this research, Oracle Cloud HCM was the highest-performing product for recruitment. The recruiting module delivers robust candidate experience through bidirectional messaging and is designed to manage high-volume recruiting activities. It also supports skills matching, suggesting and rating, and can be configured to actively support diverse hire outcomes.

Cautions

- **Payroll:** Oracle Cloud HCM payroll is now localized for 12 countries, having recently added the Middle East and India. However, when compared to two other Leaders in the Magic Quadrant (SAP and Ceridian), Oracle is behind in the number of localizations. Payroll outsourcing services are provided through partners.

- **Vertical strategy:** Despite strong presence in industries such as healthcare and retail, Oracle does not have as clearly defined a strategy for individual verticals as other vendors evaluated in this research. This may add complexity for organizations seeking vertical-specific capabilities and partners. However, Oracle's acquisition of Cerner in June 2022 demonstrates a deepening of vertical strategy.

- **WFM:** Of the leaders in this Magic Quadrant, Oracle has the least robust WFM. For complex WFM requirements, including advanced scheduling, labor forecasting and activity tracking, Oracle may refer clients to third-party WFM vendors, such as UKG.

SAP

SAP is a Leader in this Magic Quadrant.

SAP is a global provider of business software with annual revenue of approximately $28.5 billion. It offers the SAP SuccessFactors HXM Suite alongside SAP S/4HANA Cloud, Ariba, Customer Experience and Fieldglass, which support functions such as finance, services, sourcing and procurement, supply chain, and manufacturing management.

SAP SuccessFactors has over 9,000 customers, and the SAP SuccessFactors Employee Central solution has more than 5,100 customers. Over 60% of clients have more than 1,000 employees, and approximately 20% have more than 10,000.

The SAP SuccessFactors HXM Suite is hosted in a public cloud managed by SAP in partnership with Microsoft (Azure) and Google (Google Cloud Platform). SAP SuccessFactors HXM Suite supports REST, GraphQL, AsyncAPI and gRPC API technology.

Approximately 90% of clients deploy the SAP SuccessFactors HXM Suite using a third-party implementation partner.

For customers requiring FedRAMP certification, SAP's NS2 Secure Node provides a cloud infrastructure hosted by AWS that meets Department of Defense (DoD) FedRAMP+ Moderate Impact Level 4 requirements.

Strengths

- **Alliances:** SAP SuccessFactors HXM Suite has cultivated a strong network of over 400 partners that works to deliver enhanced value to the overall product proposition from SAP. "Elevated" implementation partners include IBM and EY, and the SAP SuccessFactors app store has 300-plus apps by third parties. SAP has strategic partnerships with Workforce Software (for WFM) and Benefitfocus (for U.S. benefits administration), which are both integrated into the SuccessFactors suite.

- **Sales strategy:** SAP continues to enjoy strong traction with SuccessFactors by upselling existing customers to Employee Central and migrating some ERP HCM customers to SuccessFactors. SAP also uses indirect sales channels such as strategic value-add resellers. SAP claims to have 1,100 resellers.

- **Geographic coverage:** SuccessFactors is localized in 102 countries, and SAP actively monitors compliance changes in these countries via a network of HR and legal experts. Its Employee Central Payroll solution also has the most localizations (49) of vendors featured in this research.

Cautions

- **Marketing execution:** SAP performs below its peers for marketing execution, partly due to the forced fit of HXM, and partly due to the Qualtrics acquisition (completed in 2019). Its lesser performance is likely the result of split marketing message, focus and budget between SAP SuccessFactors HXM Suite and the migration of SAP ERP HCM customers to SAP S/4HANA. For balance, SAP has incorporated its wider corporate sustainability messaging into SAP SuccessFactors HXM Suite, which should be recognized and applauded.

- **IHRSM:** SAP SuccessFactors HXM Suite offers limited capability relative to its direct competition; for example, less robust capabilities for portal, knowledge base and case management. This may lead prospective customers to deploy a specialist tool for IHRSM (such as ServiceNow or BMC).

- **Workforce planning:** SAP Analytics Cloud provides a solution for reporting and analytics, but strategic workforce planning is still lacking. Additional investment and configuration is required in this area to improve customer adoption and satisfaction with this module.

UKG (Pro)

UKG is a Challenger in this Magic Quadrant with its UKG Pro solution.

UKG is a global vendor of HCM technology, with annual revenue of approximately $3.4 billion. It is the product of a merger between Kronos, Inc. and Ultimate Software (UKG stands for Ultimate Kronos

Group); the name was finalized in October 2020.

UKG Pro (previously Ultimate Software UltiPro) is aimed at organizations with more than 200 employees, and 48% of its 7,400 customers have more than 1,000. All of its clients are headquartered in the U.S. or Canada, although UKG Pro can be deployed as a global system of record for clients with international operations.

UKG Pro is hosted in a public cloud managed by UKG. UKG Pro supports REST and GraphQL API technology.

A third-party implementation partner delivers approximately 30% of UKG Pro deployments.

Strengths

- **WFM:** UKG sells its UKG Dimensions module as UKG Pro WFM in holistic HCM suite deals, which delivers prebuilt integration. Notable features include demand-driven scheduling, employee-driven shift swapping via a shift board, and industry-specific capabilities for use in complex, regulated or unionized industries such as retail, manufacturing and healthcare.

- **IHRSM:** Gartner found UKG Pro was the highest-performing product for this function, which is a differentiator as the majority of HCM suites do not deliver robust IHRSM capability. This strength comes from the acquisition of PeopleDoc by UKG (then Ultimate Software) in 2018.

- **Services:** UKG Pro is one of the highest-evaluated products for services in this research. UKG offers both implementation and outsourcing services in conjunction with UKG Pro, while continuing to maintain a relatively high level of customer satisfaction.

Cautions

- **Geographic coverage:** UKG Pro is actively sold only to organizations operating in the U.S. and Canada. Likewise, native payroll is only available in the U.S. and Canada. UKG Pro can be used as a global system of record, although clients will need to engage third-party vendors to satisfy certain areas of administrative HR and compliance.

- **Innovation:** Gartner observes that UKG Pro has seen less direct innovation and investment compared with previous years and relative to other vendors. This situation is due to investments in additional services as part of broader UKG services rather than native product enhancements in UKG Pro. Examples of recent investments include the acquisition of Great Place to Work and the development of UKG Talk (which involved the acquisition of SpotCues). UKG Talk does not currently support integration with UKG Pro, although it is planned for 4Q22.

- **AI-enabled Skills Management:** UKG Pro lacks a few of the more advanced AI-enabled skills management features found in some leading solutions. An example includes skills-based DEI actions and guidance that can be used to remove opportunity imbalances. However, a release in late 2022/early 2023 is planned to deliver this capability.

UKG (Ready)

UKG is a Niche Player in this Magic Quadrant with its UKG Ready solution.

UKG is a global vendor of HCM technology with annual revenue of approximately $3.4 billion. UKG is the product of a merger between Kronos, Inc. and Ultimate Software (UKG stands for Ultimate Kronos Group), the name of which was finalized in October 2020.

UKG Ready (previously Kronos Workforce Ready) has approximately 40,000 customers. It is sold in North America to organizations ranging in size from 75 employees to over 1,000, and in Europe, Australia and New Zealand to organizations ranging from 500 employees to approximately 5,000.

UKG Ready is hosted in a public cloud on Google Cloud Platform. UKG Ready supports REST API technology.

A third-party implementation partner completes approximately 35% of UKG Ready deployments. Ninety percent of the UKG Ready customer base is sold via a network of third-party value-add resellers; the remainder is sold directly by UKG.

Strengths

- **WFM:** UKG Ready delivers native robust WFM capability, including but not limited to geofencing for mobile clock-in/out, shift swapping, and scheduling based on the working time preferences of employees. Unlike many other vendors in this research, UKG manufactures and sells its own time clocks, making it a turnkey solution.

- **IHRSM:** Following the Kronos-Ultimate Software merger, the UKG Ready product benefits from its integration with PeopleDoc to deliver robust HR service management. Given that UKG Ready primarily targets smaller organizations, some clients may find this option delivers more capability than needed.

- **Alliances:** UKG has grown a large ecosystem of value-add resellers, which accounts for approximately 90% of sales to date.

Cautions

- **Innovation:** UKG Ready has pursued limited investments in innovation. Two high points are the provision and positioning of diversity, equity, inclusion and belonging (DEI&B), and employee communications, both as part of employee experience. However, beyond these examples, UKG Ready is falling behind the competition.

- **Talent analytics and AI:** UKG Ready supports reporting and dashboarding, and users can schedule reports and export data in multiple formats, including Google Sheets. However, for larger organizations or organizations with more sophisticated requirements, these are relatively basic functions.

- **Onboarding:** Gartner found UKG Ready was the one of the lowest-performing vendors in this research for onboarding. UKG Ready fulfills compliance requirements but does not go further to include features such as auto-course assignment to new hires or asset provisioning, which are commonly found with other vendors featured in this research.

Workday

Workday is a Leader in this Magic Quadrant.

Workday is a global technology provider with annual revenue of $5.1 billion. It offers Workday Human Capital Management Suite alongside other products for ERP functions such as planning, finance, procurement, student information and professional service automation.

Workday HCM is sold to midsize and large enterprises, and has more than 4,100 customers worldwide. Approximately 71% have more than 1,000 employees, and roughly 9% have over 25,000.

Workday HCM is available hosted in a public cloud managed by Workday or in a public cloud managed by AWS (the latter is a recent approach and currently represents only a small percentage of customers). Workday supports REST and SOAP API technology, with GraphQL API technology expected to be supported in 2023.

A third-party implementation partner performs approximately 80% of Workday HCM deployments.

Workday Government Cloud (WGC) is FedRAMP-certified with a Moderate impact level.

Strengths
- **Technology:** Despite recent and continued acquisitions, the technology stack of Workday delivers robust integration with its multiple parts. Furthermore, the "Workday Everywhere" capability delivers the option for employees and managers to interact with Workday via Microsoft Teams, Slack and Google Chrome.

- **Talent analytics and AI:** Gartner found Workday was the highest-performing vendor for reporting, analytics and AI. High points for Workday's reporting include the ability to analyze how attrition impacts DEI, and where potential problems could occur in locations and roles via Workday People Analytics.

- **Employee experience:** Gartner found Workday was the best-performing vendor for this capability. Differentiating features include Value Inclusion Belonging and Equity (VIBE) Index and voice of the employee sentiment analysis delivered via Workday Peakon Employee Voice.

Cautions
- **Payroll localization:** Workday currently offers payroll localized for use in the U.S., Canada, U.K., and France, which is the least of the four vendors in the Leaders quadrant of this research. However,

Workday has announced plans to expand localization to include Germany and Australia, and integrates with third-party payroll providers in over 130 countries.

- **Benefits administration:** Workday does not deliver outsourcing services as part of benefits administration, leading clients to engage third-party service providers for such services. Furthermore, Gartner has observed less evidence of investment in benefits administration when compared with other leading vendors.

- **Total operating cost and value:** Workday remains one of the most expensive options in the market for cloud HCM suites. Furthermore, to unlock certain value such as reporting, analytics, workforce planning or employee experience, additional modules must be purchased. This makes Workday an expensive option, one that not everyone will want to pay for.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

Dropped

Talentsoft and Cegid (Meta4) have been consolidated to form Cegid (HCM) as part of the acquisition and integration strategy of Cegid.

Inclusion and Exclusion Criteria

To be included in this Magic Quadrant, each vendor had to:

1. Deliver core HR administrative transaction support, and reporting and analytics capabilities, plus at least three talent management functions (out of recruiting and onboarding, performance management, career and succession management, learning, compensation and workforce planning), or a combination of WFM and at least one talent management function.

2. Deploy their solution(s) on a cloud architecture.

3. Have at least 125 customers, each with more than 1,000 employees, that use its core HR capabilities, and at least two talent management functions in a production environment.

4. Actively market, sell and implement an HCM suite on a stand-alone basis, regardless of any additional bundling with ERP suites or other applications.

5. Provide evidence of market momentum by documenting at least 25 net new deals during the previous four fiscal quarters (31 March 2021 through 31 March 2022) — each with more than 1,000 employees — for its core HR capabilities, and either two or more talent management functions or one talent management function and WFM.

6. Be regularly identified by Gartner clients and prospective customers as a notable vendor in the HCM market.

Evaluation Criteria

Ability to Execute

Gartner assesses vendors' Ability to Execute by evaluating the products, technologies, services and operations that enable them to be competitive, efficient and effective in the market, and that positively impact their revenue, client satisfaction, client retention and general market reputation. A vendor's Ability to Execute is judged by its success in delivering on its promises, using the criteria in Table 1.

Table 1: Ability to Execute Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Product or Service	High
Overall Viability	Medium
Sales Execution/Pricing	High
Market Responsiveness/Record	High
Marketing Execution	High
Customer Experience	High
Operations	High

Source: Gartner (October 2022)

Completeness of Vision

Gartner assesses vendors' Completeness of Vision by evaluating their ability to articulate their perspectives on the market's current and future direction, anticipate customers' needs and cloud technology trends, and address competitive forces. We also judge Completeness of Vision by vendors' understanding and articulation of how they exploit market forces to create new opportunities for themselves and their clients. We use the criteria in Table 2.

Table 2: Completeness of Vision Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Market Understanding	High
Marketing Strategy	High
Sales Strategy	Medium
Offering (Product) Strategy	High
Business Model	Low
Vertical/Industry Strategy	Medium
Innovation	High
Geographic Strategy	High

Source: Gartner (October 2022)

Quadrant Descriptions

Leaders

Leaders demonstrate a market-defining vision for how HCM technology can help HR leaders achieve business objectives. Leaders have the ability to work toward that vision through products and services, and have demonstrated solid business results in the form of revenue and earnings. Leaders use cutting-edge technologies in effective ways. In the cloud HCM suite market, Leaders show a consistent ability to win deals. These deals include the foundational elements of administrative HR (with many country-specific HR localizations) and result in high attach rates for talent management, WFM and HR service delivery capabilities. Leaders have multiple proofs of successful global and regional implementations by organizations of different sizes (judged by number of employees) with workforces in multiple regions and a wide variety of industries. Leaders are often the companies that other providers measure themselves against.

Challengers

Challengers have a broader addressable market than Niche Players. They have developed a substantial presence in one market and have a growing presence in multiple submarkets, but they are unable to execute consistently or equally well in all geographies. They understand the evolving needs of HR organizations, but may not lead customers into new functional areas with a strong functional vision. Challengers tend to have a good technology vision for architecture and other considerations of IT organizations, but are not as operationally mature as Leaders. They have strong customer growth and momentum, financial health and sustained product investment. Challengers are distinguished from Leaders primarily by their reduced ability to execute consistently throughout the full range of cloud HCM suite functionality for large and complex global enterprises.

Visionaries

Visionaries are ahead of most competitors in delivering innovative products and/or delivery models. They anticipate emerging and changing market needs, and can lead the market into new areas. Although Visionaries have a strong potential to influence the direction of the cloud HCM suite market, they are limited in execution and/or demonstrable track record.

There are no Visionaries in this edition of the Magic Quadrant, mainly due to the greater emphasis placed on the execution of administrative HR functions (including cost-effective and reliable delivery of standardized processes) that are less subject to innovation. Much of the innovation in the field of HCM has been in niche talent management and talent analytics applications, which do not constitute an HCM suite.

Niche Players

Niche Players offer cloud HCM suite functionality, but they may lack some functional components, focus on a limited geographic or workforce scale, or lack strong business execution in their chosen niche. They may offer complete portfolios for a specific industry or workforce size, but they cannot fully support cross-industry requirements for several HCM functions, such as WFM, recruiting and learning. They may offer only limited localizations for administrative HR. From an execution standpoint, Niche Players may lack the ability to support large-enterprise requirements or complex

global deployments. Nevertheless, Niche Players can offer the best solutions for HR organizations whose requirements align with their market focus and capabilities. The price-to-value ratio for these vendors is often attractive. They may win consistently in a certain region or industry, but do not consistently win in multiple regions. This may be due to limitations of execution or maturity, or it may simply reflect their market focus.

Context

- The market for cloud HCM suites for enterprises with more than 1,000 employees includes a diverse range of vendors. Each vendor has not only unique strengths but also weaknesses in terms of functionality or service, or challenges in relation to cost of ownership. In most cases, no vendor will be a perfect fit for an organization, but one or two vendors are likely to be a better fit than others.

- Gartner recommends that application leaders in enterprises with more than 1,000 employees who are pursuing a cloud HCM suite strategy:

- Use this Magic Quadrant and the accompanying Critical Capabilities to create a shortlist of potentially suitable vendors. They should also consult the Market Guide for Human Capital Management Suites if they want to expand their list by including smaller and more local vendors.

- Develop a sense of functional and capability priorities using Gartner's Tool: RFI for HCM Technology Functional Requirements.

- Conduct an RFI or RFP based on their shortlist to identify the most suitable vendor.

Market Overview

Each year, Gartner receives thousands of client inquiries on the subject of cloud HCM suite vendor selection. The desire to replace legacy on-premises HR systems and multiple disparate HR systems with a consolidated solution remains a key driver of investment in cloud HCM suites. Also fueling this investment are new demands for delivery of greater resilience for HR and tools to support hybrid working and return-to-office initiatives.

Gartner has observed a proportional increase (of 4.2% year-to-date) in the number of client inquiries about cloud HCM suite vendor selection in 2022, compared with 2021. An explanation for this is that some organizations that deferred investment in cloud HCM suites in years 2020 and 2021 have restarted investment cycles as economic conditions stabilize. This trend reflected the impact of COVID-19 on the global economy, with certain industries, such as transport, healthcare and hospitality, experiencing huge volatility in terms of customer demand and staff availability. Cloud HCM suites represent a huge investment — likely the biggest investment an HR department will make after the cost of the HR team itself. Hence, the reluctance of some organizations in previous years to invest during uncertain times.

Economic conditions remain uncertain, with the invasion of Ukraine by Russia leading to increased oil, gas and food prices, which in turn has led to inflation and potential recession. Consequently, the rebound of the market for cloud HCM suites may not bounce back as strongly as it would have otherwise, owing to ongoing caution.

Central to business resilience for HR leaders is access to HR data for use in strategic workforce planning (headcount and skills). Many organizations have been through drastic changes in terms of the scale of business demand and the availability of talent, and HR business leaders are blind unless there is consolidated HR data reporting. Investment approaches and maturity levels for talent analytics still vary widely. Talent analytics may be conducted in generic business intelligence tools, specialist packaged talent analytics solutions or HCM suites. Investments in workforce planning vary even more, ranging from spreadsheets to financial planning and analysis solutions, and specialist tools. Consequently, HR data reporting, analytics, embedded insights, AI-enabled decision support and planning capabilities remain high on the list of priorities used to differentiate between HCM suite providers.

Hybrid working is characterized by the work-from-home initiatives introduced by many employers in 2020 as a response to COVID-19. Many employers continue to support hybrid working to support employee experience through the delivery of flexible working options. Hybrid working is not without its challenges, however. HR processes traditionally conducted in person with employees must now be conducted with optional virtual and remote capabilities. Furthermore, employees opting to work from home all or part of the time should not be at a disadvantage to those who work in the office. This point is especially important given the current demand for talent and skills. The opportunity to work from home is widely expected to continue (see Using the Enterprise Value Equation to Make Return to Workplace Decisions). Therefore, technologies to support video recruitment, virtual classrooms, other virtual learning experiences and remote performance appraisals are in great demand. Hybrid working is not universal, however, especially as not all work can be done remotely.

In relation to hourly paid or blue-collar workers, new requirements emerged from 2020 to 2022, primarily for:

- **Tools designed to mitigate the risk of infection** — health-screening, contact-tracing and vaccine-tracking tools

- **Tools designed to improve work experiences** — FEWA, VoE, and employee listening solutions, and shift-swapping, shift-bidding and shift board functions to enable more flexible scheduling

Many of the tools described here relate to WFM; note that many cloud HCM suite vendors have invested heavily in WFM technology over the past 24 months. Organizations with a moderate to high number of hourly paid or blue-collar workers should prioritize the requirement for robust WFM during vendor selection, or consider deploying robust WFM capabilities via a system delivered separately to a cloud HCM suite.

Acronym Key and Glossary Terms

AI	Artificial intelligence
ERP	Enterprise resource planning
FEWA	Flexible earned wage access
HCM	Human capital management
HR	Human resources
UI	User interface
UX	User experience
VoE	Voice of the employee
WFM	Workforce management

Evidence

The authors of this Magic Quadrant evaluated the profiled vendors on the basis of these vendors' responses to a detailed questionnaire and scripted product demonstrations. Unless otherwise indicated, vendor information was accurate as of August 2022. Additionally, the authors used data from Gartner's Peer Insights platform and more than 1,000 Gartner client inquiries over the past 12 months on the subject of HCM suite strategy and vendor selection. Additional information came from vendor briefings outside the Magic Quadrant research process, and from research into vendors' revenues, mergers and acquisitions, product enhancements, and strategies.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and

future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.