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

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The cloud HCM suite market is poised for a transformative shift that will drive productivity and decision-making improvements. With GenAI innovations in conversational UI, suite vendors have invested in actionable insights elevating the experience for employees, managers and HR technology leaders.

Strategic Planning Assumptions

By 2027, 75% of global midsize and large enterprises will have invested in a cloud-deployed human capital management (HCM) suite for administrative HR and talent management, but will still need to use other solutions for 20% to 30% of their HR requirements.

By 2027, employees will initiate 30% of all HCM suite transactions through natural language command; at least one AI application will assist these transactions.

Market Definition/Description

Gartner defines cloud HCM suites for 1,000+ employee enterprises as cloud application suites that deliver functionality for attracting, developing, engaging, retaining and managing employees.

Cloud HCM suites for 1,000+ employee enterprises are designed to support transactions and/or analytical processing for more than one of the following use cases within a single integrated solution:

- Manage organization and employee historical data, life cycle processes and transactional employee/manager self-service.

- Attract and retain talent through talent sourcing, applicant tracking, internal mobility and onboarding.

- Manage organizational structure through creating, planning and limiting employee positions. Maintain a record of workforce data through assigned positions.

- Develop the workforce through learning, performance and career pathing.

- Manage the operational deployment of salaried and hourly workers to capture time worked and absences.

- Deliver tools to assist employers in managing country-specific compliance with legislation and agreements pertaining to data residency and labor laws.

- Integrate with notable enterprise applications (e.g., finance, procurement).

At a minimum, a cloud HCM suite for enterprises with more than 1,000 employees must deliver:

- Core HR administrative transaction support, reporting and analytics capabilities

- At least three talent management functions or a combination of workforce management and one talent management function

Mandatory Features

Must-have 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. It may also include absence management, health and safety administration, and other value-added capabilities.

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

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

Common Features

Optional functional capabilities for this market include:

- Workforce management (WFM) — Time and attendance administration and workforce scheduling. It may also include task and activity tracking, budgeting and forecasting, fatigue management and capabilities supporting the experience of frontline workers.

- Employee experience (EX) — Includes functions designed to support the experience of

employees, including voice of the employee (VoE), employee well-being, coaching and mentoring, employee campaigns 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. They include talent analytics, HR virtual assistants (HRVAs) and internal talent marketplace capabilities.

- Applied artificial intelligence (AI) — includes nongenerative machine learning (ML), natural language processing (NLP), generative AI, graphs and other AI technologies to improve HR processes and employee experience.

Magic Quadrant

Figure 1: Magic Quadrant for Cloud HCM Suites for 1,000+ Employee Enterprises
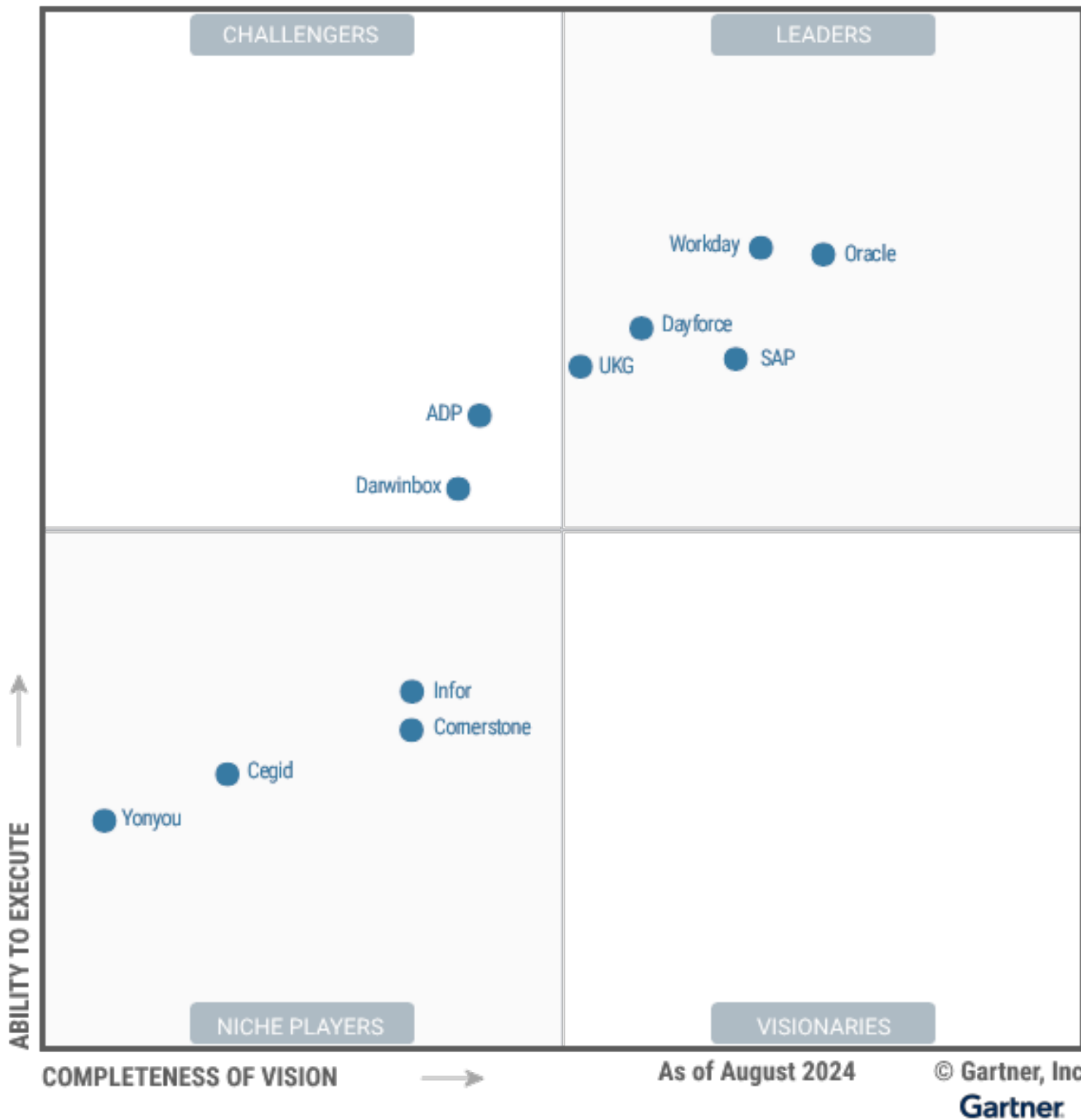
Vendor Strengths and Cautions

ADP

ADP is a Challenger in this Magic Quadrant. ADP Workforce Now is a cloud HCM suite that targets North America-based organizations with fewer than 5,000 employees seeking a configurable, comparatively lower total cost of ownership (TCO) integrated HCM suite with strong WFM and payroll compliance. ADP has over 84,000 clients on ADP Workforce Now, and approximately 2,200 clients have more than 1,000 employees. The product is sold only to U.S. and Canada-based organizations. Ninety-seven percent of ADP Workforce Now customers are deployed in the private cloud.

In 2024, the vendor focused its innovation and enhancement efforts on ADP Assist, an AI-powered virtual assistant that interprets natural language commands to help employees and HR experts across a wide range of functions. These include resolving pay anomalies, generating job descriptions based on skills and handling leave requests. In October 2024, ADP announced the acquisition of WorkForce Software, a leading provider of workforce management solutions (see Note 1).

Strengths

- **Payroll:** ADP has a long track record in payroll services and a global payroll presence. The vendor has integrated the HCM solution's payroll engines with its expertise in processing services across payroll, taxes and regulations. The introductions of ADP Assist to detect payroll anomalies, and ADP Data bridge, a solution for automated HR and payroll data synchronization, keep ADP as the highest-rated vendor in this research for payroll.

- **Reporting and analytics:** ADP's reporting and analytics capabilities have external benchmarking for median wage, attrition and cost of operations sourced from a wide range of industries, collected by ADP DataCloud. Storyboards help users consume key insights.

- **Lower midmarket focus:** ADP has a customer-friendly pricing model that allows midmarket organizations with restricted budgets to access the solution and optional ADP

Marketplace components to obtain complete HCM suite coverage. Customers benefit from a strong cost-to-capability ratio compared to other options on the market.

Cautions

- **Limited talent management:** ADP's talent management modules are more focused on smaller organizations with basic needs compared to its closest competitors. For example, recruiting functionality has limited candidate workflow and candidate communications capabilities. Career planning remains a functionality gap.

- **Employee experience:** ADP Workforce Now's overall employee experience ranks behind the competition. The absence of mentoring support and external benchmarking for voice of the employee (VoE) hinders the integrated experience of the suite. Additionally, its dependency on partners for critical functions, such as WorkTango for bias detection, Fringe for lifestyle benefits, and LifeCare for counseling, further detracts from the overall experience.

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

Cegid

Cegid is a Niche Player in this Magic Quadrant. Cegid HR is best suited for organizations headquartered in Europe seeking a combined HCM suite with localized payroll support for France, Germany, Spain, Latin America, the Nordics and Belgium, the Netherlands and Luxembourg (Benelux). The vendor has around 1,500 live customers with a strong base in the French public sector/semigovernment and retail segments.

Cegid HR is sold to organizations with 1,000+ employees, with a specific focus on the 1,000

to 10,000 segment, although it does support larger clients (especially in the French market). Cegid HR is primarily sold in Western Europe as part of its broader ERP suite. Ninety-five percent of Cegid HR customers are deployed in the public cloud (i.e., integration as a service [IaaS], such as Amazon Web Services [AWS] and Microsoft Azure).

In 2024, Cegid focused on integrating its acquired product Digitalrecruiters into Cegid HR and delivered enhancements to performance management and learning by enabling a dynamic skills library and allowing third-party editors to expand its contents. It also established a candidate scorecard to strengthen the talent acquisition process and mitigate bias.

Strengths

- **Learning management:** Learning is Cegid HR's strongest function, according to Gartner's evaluation for this research. High points include support for a wide range of learning content types, quick publication of user-generated content and robust learning path creation for different scenarios (e.g., onboarding candidates in higher management roles). Connections between learning, skills management and the talent marketplace are improving.

- **Performance management:** Cegid HR's performance management functionality includes flexible modeling of objectives and key results and performance check-ins. Cegid has further improved this functionality with the addition of goal comments and capturing notes in private mode for appraisees and appraisers.

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

Cautions

- **Product strategy:** Cegid received below-average scores for some key functions, such as

talent acquisition, onboarding and employee experience, due to a lack of the latest market-driven features. Despite several acquisitions, integration remains a work in progress, even after the typical two-year timeline to realize synergies.

- **Innovation roadmap:** Cegid's vision is developing, but it needs to accelerate the expansion of emerging technologies such as natural language processing, cognitive computing and generative AI (GenAI) across the suite to enhance the user experience (UX).

- **Customer experience (CX):** Gartner Peer Insights evaluations of Cegid HR indicate below-average CX compared to other vendors in this research. Cegid has limited market momentum, based on our customer inquiry volume data.

Cornerstone

Cornerstone is a Niche Player in this Magic Quadrant. Cornerstone's HCM originated in learning and expanded into core HR, performance management and talent acquisition. Cornerstone has over 7,000 customers (including suite and stand-alone learning solution customers) globally.

Most of the HCM suite customer base is in EMEA, but in the last two years, the solution witnessed some growth in the U.S. and Asia/Pacific. Cornerstone's HCM is centered around robust talent management that uses a skills repository to recommend personalized development opportunities and learning content. Most sales are to organizations with between 1,000 and 5,000 employees, although Cornerstone's HCM also has clients with 5,000+ employees. Ninety percent of Cornerstone customers are deployed in the public cloud (IaaS, such as AWS, Microsoft Azure).

In 2024, the vendor enhanced its natively built Galaxy platform, aiming to deliver a unified experience across talent marketplace, employee performance, and content management and delivery. Over the last 12 months, Cornerstone has acquired Talespin (now Cornerstone

Immerse) and SkyHive, addressing learning and workforce skills intelligence, respectively (see Note 1).

Strengths

- **Learning:** Cornerstone offers a market-leading learning platform. The user experience (UX) is elevated by Cornerstone Companion (currently in limited release), an AI-based recommendation engine. It helps administrators build collections for target roles, and assign personalized content dynamically based on skills or allotted tasks. For example, it can allocate relevant marketing collateral and strategies to managers responsible for achieving sales targets.

- **Performance management:** Cornerstone enables employees to prepopulate a comprehensive range of data points, including skills and competency assessments during self-evaluation. Cornerstone also enables individuals to tie development goals to career planning and offers robust integration for recommending relevant skills and training.

- **Career planning:** Cornerstone's career planning solution is integrated with its learning platform and the talent marketplace. Employees can opt for learning courses or seek better matches in internal job opportunities based on skills gaps or career development preferences.

Cautions

- **Payroll, benefits administration and WFM:** Cornerstone's HCM doesn't offer native payroll, benefits administration or WFM functionality. Prospective customers should review their requirements and assess Cornerstone's partners' ability to meet them.

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

- **Marketing execution:** Cornerstone primarily focuses on marketing and selling learning

and wider talent management functions. The core HR function continues to be a lower product investment priority, which inhibits traction in the cloud HCM suite market, where core HR is the functional foundation.

Darwinbox

Darwinbox is a Challenger in this Magic Quadrant. Darwinbox primarily focuses on India and Southeast Asia and generates nearly 42% of its revenue from its combined Asia/Pacific customer base. In the last two years, Darwinbox has expanded its operations in the U.S., U.K., and Middle East and North Africa (MENA) with help from regional partners and systems integrators, such as PwC. Darwinbox has approximately 900 customers and 70% of them have more than 1,000 employees. Organizations with between 1,000 and 5,000 employees comprise the majority of the customer base, but the full range includes many large enterprises.

Darwinbox offers an integrated solution that supports comprehensive talent management, balanced by a contextualized mobile-first experience for the frontline workforce, contributing to a high adoption rate among complex, multivertical organizations. All Darwinbox customers are deployed in the public cloud (IaaS, such as AWS and Microsoft Azure).

In 2024, Darwinbox launched payroll for seven additional geographies. Other highlights include launching an automation hub to aid HR experts in streamlining job creation and interview scheduling. Additionally, a decision matrix has been developed to help HR subject matter experts configure approvals and rules based on dynamic policy changes.

Strengths

- **Product strategy vision:** Darwinbox's product development is well-rounded, and the focus spans the vendor's cloud HCM suite modules. Recent highlights include enhanced search capabilities within the portal, development of a proprietary framework to ensure accuracy

in payroll operations and an AI assistant to handle scheduling and incident reporting.

- **Recruitment and onboarding:** Darwinbox recruitment's advanced capabilities, such as AI-driven job description writing, an AI assistant to support the candidate experience, and campaign creation via email or texting for recruiters place it close to the market leaders. The onboarding functionality offers buddy recommendations and sends timely nudges to candidates for task completion.

- Applied AI and innovation roadmap: Darwinbox continues to embed AI in practical use cases that yield greater value for customers (e.g., sentiment analysis in performance feedback, survey data analysis in employee engagement and resolving bias in candidate screening).

Cautions

- **Learning:** Darwinbox offers a learning management system and learning experience platform through its partner network. This limits the vendor's ability to determine its learning product roadmap and cedes ownership of business direction in this area to its partners.

- **Global reach:** Darwinbox has a limited physical presence, with offices in fewer regions and fewer distribution partners and integrators than other Challengers and Leaders in this Magic Quadrant. However, the company continues to grow its global network beyond Asia/Pacific.

- **Experience in the U.K. and the U.S.:** Darwinbox is still developing its presence in the North American and European markets. While the vendor has a mapped-out strategy, prospective customers in these regions with complex regulatory demands should review their requirements and Darwinbox's roadmap for meeting them.

Dayforce

Dayforce is a Leader in this Magic Quadrant. Dayforce was founded in 2009 and was acquired by Ceridian in 2013. In 2024, Ceridian rebranded to Dayforce. The Dayforce suite has over 6,600 customers with a strong base in retail and manufacturing, and a growing presence in financial services, healthcare and the public sectors. Historically, Dayforce was sold primarily to North America-based organizations, but now the vendor has considerable market share in the U.K. and Australia and New Zealand (ANZ).

Dayforce aims to deliver tangible returns and employee productivity gains by providing real-time compliance monitoring, predictive risk management and real-time data-driven decisions in benefits, payroll, WFM and compensation. Ninety-nine percent of Dayforce customers are deployed in the public cloud (managed by the vendor).

In 2024, the vendor launched Dayforce Co-Pilot, which helps employees navigate Dayforce, answer questions from a knowledge base and complete common tasks like booking time off. Dayforce Co-Pilot also assists recruiting workflows by writing job descriptions.

Strengths

- **WFM:** Dayforce has added progressive enhancements, such as a shift marketplace, a real-time workforce insight tool to notify unplanned schedule changes, and retail-specific store manager reports. Also, Dayforce Co-Pilot pushes in-the-moment surveys.

- **Payroll and benefits administration:** Dayforce continues to actively invest and innovate its payroll and benefits capabilities. Notable enhancements include ease of paycard integration in the mobile application and adding Dayforce Co-Pilot to answer employee queries related to pay. The Benefits Intelligence interactive dashboard helps organizations decide on benefits plans and simplifies benefits enrollment for employees.

- **Compensation:** Dayforce's robust compensation module incorporates pay equity dashboards, parallel runs of multiple compensation cycles and peer comparison for comparative ratios. AI-driven flight risk indicators in compensation give Dayforce an

above-average rating for this functionality among the vendors evaluated.

Cautions

- **IHRSM and employee experience:** Dayforce introduced its Co-Pilot, Experience Hub and HR Service Delivery to enhance the employee experience by answering queries, facilitating workflows and curating employee resource groups. However, the lack of recommendations to managers based on the voice of the employee results and the absence of external benchmarking for employee engagement place Dayforce behind the leaders in this category.

- **Learning:** Dayforce Learning received updates in the form of enabling creation of a role-based content playlist and assigning the same to target roles. But, the functionality continues to lag behind competitor HCM suite offerings. Following the vendor's recent acquisition of eloomi (see Note 1), prospective customers should review the Dayforce roadmap to anticipate forthcoming enhancements.

- **Succession planning:** Dayforce is narrowing functional gaps in talent management, with progress in career planning since the last iteration. However, it remains early in maturity for advanced needs like succession planning. To close the gap, Dayforce needs features such as AI-recommended successors and nomination processes for new pool members.

Infor

Infor is a Niche Player in this Magic Quadrant. Infor offers Infor HCM, as well as other ERP products for finance, field service, sales, asset management and supply chain management. Infor HCM has an estimated 1,400 customers, with an average customer size of 13,000 employees.

Infor product capabilities are best aligned with organizations in asset-intensive industries that need dynamic workforce scheduling and deep integration between WFM, asset management and logistics networks (e.g., manufacturing, healthcare, public sector, retail

and hospitality). The solution also provides industry-specific compliance and enterprise solutions for high tech, pharmaceutical, healthcare delivery partners, automotive, industrial distributors and state public services offices. Ninety percent of Infor customers are deployed on the public cloud (IaaS, such as AWS and Microsoft Azure).

In 2024, Infor developed a blockchain-based career credential verification solution, and a specific self-service portal for frontline employees and managers. Infor also enhanced its payroll, learning management and workforce management modules to detect anomalies, identify recommendations and forecast talent needs by applying AI techniques. Future roadmap items include developing a GenAI-enabled virtual assistant.

Strengths

- **Frontline worker experience in WFM:** Infor demonstrates market-leading WFM capabilities required for frontline workers. Specific support includes quick reminders to managers on real-time changes to the shifts, notifying affected employees through text messages following a change. Geofencing capabilities prohibit self-clock-in/out to the precision of detecting parking lots or even a wrong floor.

- **Vertical strategy:** Infor is the highest-performing vendor in this evaluation for vertical strategy. It is heavily focused on the healthcare sector and also supports industry requirements for the retail, pharmaceutical manufacturing and public sectors. Infor's strategy to leverage its alliance network of over 2,000 global partners, 1,200 resellers and 300 regional alliances has expanded industry coverage beyond the vendor's historical focus on healthcare.

- **IHRSM:** Infor's HR service management capability extends to the level of granular support for employee grievance cases, providing legally defensible templates.

Cautions

- **Employee experience:** Relative to its peers, Infor lacks sentiment analysis, external

benchmarking for VoE findings or employee resource group curation.

- **Reporting and analytics:** Infor provides relatively limited capabilities for workforce analytics and administrator dashboards. It includes a set of predefined templates for key performance indicators (KPIs) and standard HR metrics, but the absence of AI-driven insights or actionable highlights may place Infor behind some of its HCM suite competitors.

- **Product maturity:** Infor HCM has a focused product development strategy, concentrating on industry-specific HR administration and WFM-driven use cases. Other modules are at varying stages of maturity, which may affect growth opportunities in verticals where deeper talent management capabilities are important.

Oracle

Oracle is a Leader in this Magic Quadrant. Oracle Fusion Cloud HCM was launched in 2012 as a unified part of Oracle Fusion Cloud Applications. Gartner estimates that Oracle Cloud HCM has over 4,200 customers; it is sold to midsize and large enterprises worldwide. While the solution primarily targets organizations with up to 15,000 employees, it is used by customers with under 500 employees to those with 750,000+ employees.

Oracle piloted several HCM GenAI capabilities in 2023 and made them generally available in 2024. The vendor has also expanded the use of AI across the suite including reporting and analytics aiming to deliver proactive, automated insights. All of Oracle's customers are deployed in the public cloud (managed by the vendor).

In 2024, Oracle continued to enhance Oracle Grow, which aims to foster employee development by combining learning, skills and career mobility, as well as recommending managers' upskilling, career growth and mentorship opportunities for their direct reports.

Strengths

- **Prehire talent management:** Oracle received the highest ratings in this research for both recruitment and onboarding. The candidate experience applies AI to drive dynamic tagging of candidates, create automated talent pools and drive messaging campaigns. The solution suggests jobs to candidates based on their browsing data and provides immediate feedback on their fit. Onboarding is supported by Oracle Journeys, which can track activities across the HCM suite or external sites.

- **Product maturity and innovation:** Oracle received the highest ratings in innovation among all vendors. The vendor is often ahead of the curve in investments in analytics, skills, frontline manager experience and managerial burnout indications. Oracle Analytics uses natural language to turn analytics into text or create audio summaries of insights.

- **Applied AI vision:** Oracle continues to invest in embedding GenAI across the suite. The flexibility in incorporating a bring-your-own GenAI model in the architecture positions Oracle ahead of the competition in its approach to leading innovation with AI.

Cautions

- **Payroll legislative support:** Oracle Fusion Cloud HCM's payroll provides localization and legislative support for 12 countries. An additional 48 countries are supported through Oracle Payroll Core, which offers localization via partners. In the latter scenario, customers must manage legislative support and updates directly or through an Oracle partner. Prospective customers should evaluate the viability of these partners to ensure consistent service.

- **Workforce scheduling:** Oracle continues to enhance the workforce scheduling function and shorten the gap with other Leaders. However, it needs to prove its commitment to enhanced breadth and depth with greater adoption across complex industry verticals.

- **Hybrid cloud customers:** Oracle has a large customer base in public sector organizations, especially in MENA, that have deployed a hybrid cloud. Those organizations should carefully map business requirements to Oracle's capabilities and seek change

management support from the vendor to minimize disruption while migrating to Oracle Fusion Cloud HCM.

SAP

SAP is a Leader in this Magic Quadrant. SAP offers the SAP SuccessFactors HCM suite alongside other finance and ERP solutions, such as SAP S/4HANA Cloud. Gartner estimates that SAP SuccessFactors has over 11,000 customers, while the SAP SuccessFactors Employee Central solution has more than 6,500 customers.

The target market for the SAP SuccessFactors HCM suite includes midsize to large organizations, and most customers fall in the segment of 1,000 to 10,000 employees. The solution has more than 150 large customers with more than 100,000 employees. Ninety-seven percent of SAP SuccessFactors customers are deployed in the public cloud (managed by SAP or optionally hosted in IaaS).

In 2024, SAP continued enhancing its cross-platform AI virtual assistant, Joule, to help employees and managers complete HR tasks and answer critical questions. Additionally, Joule presents proactive nudges to employees and managers aiming to raise productivity and facilitate informed decision making. SAP also made some key changes to its Business Technology Platform architecture to equip SAP Business AI across all the suite modules.

Strengths

- **Geographic coverage:** SAP SuccessFactors is localized for core HR in 104 countries, and SAP actively monitors compliance changes via a network of HR and legal experts. Its SAP SuccessFactors Employee Central Payroll solution also has the most localizations (51) of vendors featured in this research.

- **Alliances and sales strategy:** The SAP SuccessFactors HCM suite has a network of over 350 independent software vendors that deliver enhanced value to the overall product proposition and often develop custom applications through the SAP Business Technology

Platform. SAP has over 1,500 partners that advise and service customers around the world.

- **Talent management:** SAP SuccessFactors has developed its talent management modules further and, for the most part, achieved incremental gains in its evaluation for recruitment, performance, career planning and succession. Joule is available across talent management to provide text analysis and augmented writing suggestions.

Cautions

- **Customer transition from on-premises:** SAP on-premises customers find it difficult to arrive at a decision on the way forward, with diverse paths that include SAP S/4HANA for HCM on-premises, SAP Private Cloud Edition, RISE commercial packages or stand-alone migration to SAP SuccessFactors. On-premises customers should carefully evaluate and review SAP's long-term plan with each option available.

- **Employee experience:** The solution's preconfigured ExTech Journeys are behind in capabilities compared to its closest competitors. A lack of employee resource group curation and dependency on partners for employee well-being means SAP lags behind some Leaders in overall employee experience.

- **Adoption of innovative components:** While the introduction of a GenAI co-pilot responds to market demand, SAP may struggle to achieve adoption and impact for some of its innovations in the short to medium term. This is due to its diverse customer base, which includes a significant component of public sector organizations among a wide range of industries.

UKG

UKG is a Leader in this Magic Quadrant. UKG Pro targets midsize to large global organizations headquartered in the U.S. or Canada and has over 6,100 cloud HCM suite customers. Over 40% of UKG Pro customers have over 1,000 employees.

UKG aims to leverage its "Great Place To Work Hub insights on skills, diversity, equity and inclusion, and employee satisfaction to help build an inclusive culture and enhance the employee experience for organizations. This is based on a robust workforce management solution, payroll compliance and an integrated HR service management foundation. Additionally, UKG assimilated its 2023 acquisition, Immedis, to support multicountry payroll. All UKG customers are deployed in the public cloud (managed by the vendor).

In 2024, UKG released UKG Bryte, an AI-enabled virtual assistant that helps employees with daily tasks, answers questions on HR and offers talent strategies based on data from natively built large language models (LLMs). The vendor also enhanced its FleX platform, which powers UKG Bryte, to incorporate multiple LLMs and support customers in developing their own models using FleX AI studio.

Strengths

- **WFM:** UKG scored highest among vendors in this research for its WFM functionality. Advancements such as the "Uber incentive" integration, which helps managers fill hard-to-cover shifts, and a disciplined view for managers to monitor late-arriving employees demonstrate UKG's ongoing investment in enhancing the comprehensive frontline worker experience.

- **IHRSM:** Gartner found UKG Pro to be the highest-performing product for the IHRSM function among the suites. UKG People Assist presents a wide library of documents and templates to support critical employee relations cases and offer guided help to shared services administrators.

- **Vertical strategy:** UKG has a tailored product development and sales strategy for a broad range of industries, including banking, communications, IT services, education, government, healthcare, insurance, retail, transportation and manufacturing. Alliance strategy and partner integrators further support this vertical expertise.

Cautions

- **CX and perception:** Since the last iteration of this research, customer satisfaction has declined, according to both Gartner client interactions and Gartner Peer Insights. UKG also executed a management shift and headcount reduction in 2024. While the decision was driven by the need for a strategic review of the UKG business to respond to HCM market changes, it has affected services and support in the short term.

- **Geographic coverage:** UKG Pro's native payroll is only available in the U.S. and Canada. To leverage UKG Pro as a global system of record, customers would need to engage with UKG partners in other regions. UKG One View, a multicountry payroll extension platform that was launched following UKG's acquisition of Immedis, may alleviate this problem in the future, but it currently lacks sufficient adoption.

- **Talent management maturity:** Although rated as above average and showing improvement from last year, the talent management modules are behind the maturity curve compared to other Leaders. Dependency on partners like Cronofy, Eightfold and Lightcast puts UKG behind other Leaders that have mostly built these capabilities out natively.

Workday

Workday is a Leader in this Magic Quadrant. Workday offers the Workday Human Capital Management suite alongside other products for ERP functions. Workday HCM is sold to midsize and large enterprises and has more than 5,500 customers worldwide. More than 75% of Workday customer organizations have more than 1,000 employees, and roughly 40% fall in the segment of 1,000 to 5,000 employees. The full range of live customers spans those with under 500 employees to those with 100,000+.

Workday HCM aims to improve HR technology end-user adoption with a consumer-grade employee experience. Ninety-five percent of Workday customers are deployed in the private cloud.

In 2024, the vendor enhanced its offerings in skills ontologies and talent mobility. It also launched Workday Guidance, an AI-enabled personalized help tool, which assists employees in completing complex HR-related tasks. Workday HCM integrates out of the box with VNDLY, the vendor's platform for the contingent workforce. In July 2024, Workday announced a strategic partnership with Salesforce aiming to co-develop an AI-based assistant for covering use cases within both solutions.

Strengths

- **CX:** Gartner found Workday to be the best-performing vendor for this capability. Differentiating features include extensive customer community outreach, a comprehensive library of on-demand videos and proactive multistakeholder workshops. Workday has set up customer advisory boards and industry councils in all targeted regions. Gartner Peer Insights indicate a strong rating in the current year, with over 96% willing to recommend the solution.

- **Technology:** Gartner ranks the Workday technology stack — which is based on Workday Extend, Workday Studio (for configurability) and Workday Integration Cloud — very highly. Apart from the applications of GenAI targeted to end users and HR experts, Workday has its Developer Copilot, which guides citizen developers. Developer Copilot is embedded into Workday's app builder and provides text-to-code generation capabilities. Additionally, it provides curated content to upskill its users.

- **Analytics:** Gartner also rates Workday's reporting and analytics functionality — which is based on more than 1,000 standard reports and 75 preconfigured dashboards — very highly. Workday Prism Analytics can merge external or business operations statistics (e.g., sales performance) with HR data. Workday leverages AI to capture critical HR trends and present them in customized reports and discovery boards.

Cautions

- **Total operating cost and value:** To attain the highest value from Workday, organizations

need to purchase some advanced capabilities beyond the core subscription, which affects the overall TCO. Additionally, customers find Workday's practice of bundling multiple applications challenging when it comes to analyzing pricing for individual functionalities.

- **Payroll localization development:** Workday currently offers payroll localization in five countries (U.S., Canada, U.K., France and Australia), which is behind the number of localizations offered by several competitors. Workday is expanding its global payroll footprint through an increasing network of certified partners.

- **Adoption spread in industries:** Workday's largest customer base remains North American service-based industries. The vendor's new partner strategy is beginning to take form, with recent initiatives and product capabilities aimed at specific verticals. However, Workday must demonstrate the successful execution of these strategies through increased adoption in more complex, product-based industries.

Yonyou

Yonyou is a Niche Player in this Magic Quadrant. Yonyou is one of the largest enterprise application software vendors in China. Yonyou has a strong customer base among large local enterprises in the public sector and manufacturing. It provides digital transformation for overseas enterprises entering China's market and Chinese enterprises going global.

Yonyou's HR solution was launched in 1995, and the current product, YonBIP, is part of a unified applications suite that also includes financial management and financial accounting. YonBIP has more than 8,700 HCM suite customers. Sixty-five percent of YonBIP digital health record customers have 1,000+ employees, and the largest of that segment (35%) is within the range of 2,500 to 10,000. Although the largest customer share is based in China (60%), YonBIP is increasingly deployed by organizations in MENA (8%) and mature Asia/Pacific (6%). Forty-four percent of YonBIP customers are deployed in the private cloud and 41% in the public cloud (managed by the vendor and optionally hosted in IaaS).

In 2024, the vendor developed its native GenAI tool, YonGPT, to support HR experts in talent discovery and organization-level workforce planning scenario analysis.

Strengths

- **Payroll localization:** Yonyou has payroll localizations for regions known for difficult data residency statutes and unscheduled legislation changes — Singapore, Malaysia, Saudi Arabia and Greater China (China, Hong Kong and Taiwan). Support for optical character recognition to fluently convert documents for payroll considerations is a differentiator in Southeast Asia.

- **WFM:** Yonyou's WFM module supports a broad range of functionalities, including centralized multicountry rule controls, use of color codes to denote preferred employee timings or overbooking in shift settings, and warning notifications detecting employee fatigue. Additional rule-based options to enforce compliance and a dynamic work calendar provide support for frequent labor legislation changes common in Asia/Pacific.

- **Subscription tiers and pricing:** Yonyou has a volume-based pricing model, and its unit subscription cost is below the global average. These considerations are important for Asia/Pacific organizations that often operate with more constrained resources and need to do more with less.

Cautions

- **Product strategy:** Yonyou primarily concentrates on serving organizations based in China, which is reflected in the solution's focus on HR administration. YonBIP would find it difficult to support organizations seeking deeper talent management and employee experience functionalities.

- **Brand awareness:** Yonyou has a good presence in Greater China, but its presence in other markets is still minor and presents scope for improvement. It is focusing on market expansion in the Middle East and emerging Asia/Pacific territories.

- **Innovation roadmap:** Future investments focus on AI capabilities generating automation. However, when compared to other vendors in the space, the vendor may show limited differentiating functionality.

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.

Added

No vendors were added to this Magic Quadrant.

Dropped

No vendors were dropped from this Magic Quadrant.

Inclusion and Exclusion Criteria

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

1. Deliver core HR administrative transaction support and reporting/analytics capabilities, plus at least three talent management functions (out of recruiting/onboarding, performance management, career/succession management, learning and compensation)

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 150 customers, each with more than 1,000 employees, that use their core HR capabilities and at least two talent management functions in a production environment in either a community cloud or a public cloud.

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 50 net new deals during the previous four fiscal quarters (31 March 2023 through 31 March 2024). Each deal should involve more than 1,000 employees and include their core HR capabilities and either two or more TM functions or one TM 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

Product or Service: This includes the vendor's capabilities in admin HR, TM, WFM and HR service delivery (refer to the Market Definition/Description section for a detailed list of functions). These areas are assessed for functional breadth and ease of use. How well the vendor integrates the components is also important. The architecture, delivery models, and use of mobile and social capabilities are also rated. The focus is on the vendor's current functionality, although enhancements and/or new modules on the verge of general

availability are also taken into consideration.

Overall Viability (Business Unit, Financial, Strategy, Organization): Key aspects of this criterion are the vendor's ability to ensure the continued vitality of a product, including support for current and future releases, and a clear roadmap for the next three years. The vendor must have consistent revenue growth during the past four quarters to fund current and future employee burn rates and to generate profits. The vendor is also rated on its commitment to the specific product being evaluated, and the ability to leverage it to generate revenue and profits in the cloud HCM suite market.

Sales Execution/Pricing: The vendor must provide multicountry regional and/or global sales and distribution coverage that aligns with its marketing messages. It must have specific experience and success in selling cloud HCM suite solutions to HCM buying centers. This includes deal management, partnering, pricing and negotiations, presales support, and the overall effectiveness of the sales channels.

Market Responsiveness/Record: The provider's ability to continually invest, innovate and take customer feedback into consideration as HR needs evolve and market dynamics change is crucial. This criterion also considers the provider's history of responsiveness to changing market demands.

Marketing Execution: The clarity, creativity and efficacy of blog posts, marketing collateral and branding efforts are essential to delivering the vendor's message, influencing the cloud HCM market, and increasing awareness of capabilities. It is crucial to clearly understand the target personas and establish a positive identification in the minds of all stakeholders (e.g., CHRO, human resources IT [HRIT], head of people success).

Customer Experience: We consider feedback from active customers on generally available releases during the past 12 to 18 months. Primary data sources include Gartner inquiries and other customer-facing interactions taking place at Gartner and industry conferences.

Sources of feedback also include analyst-validated customer reviews from Gartner Peer Insights relevant to the audience.

Operations: The vendor's ability to manage work location strategies (including HR-related data), maintain a reputation in the industry as an employer, and create diverse and inclusive work environments is critical. We evaluate vendors highly who administer robust operating cycles, engage in CSR activities, and launch new programs while maintaining growth.

Ability to Execute Evaluation Criteria

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

Source: Gartner (October 2024)

Completeness of Vision

Market Understanding: We specifically looked for how vendors described the integrated market and opportunity for their cloud HCM suites as a whole, not merely that of the component products.

Marketing Strategy: Clear, differentiated messaging centered around a tagline should be communicated through diverse channels. We highly evaluate vendors who aim to deliver buyer-centric messaging that addresses innovation, employee experience, culture, and human-centric solution development.

Sales Strategy: Key elements of the strategy include a sales and distribution plan, internal investment prioritization and timing, and partner alliances.

Offering (Product) Strategy: The vendor should demonstrate a vision for application functionality across the breadth and depth of the cloud HCM suite. We place additional focus on the vendor's vision for the use of emerging technologies; advanced analytics; relevant social, geographic or industry use cases; integration and ease of use; and support for process transformations enabling the digital workforce. The product strategy can be a combination of organic development, acquisition and/or ecosystems. For ecosystems, we focus on the quality and support of third-party partners. For those that acquire functionality, we pay close attention to integration strategy and roadmaps.

Business Model: The vendor needs to have a clear business plan for how it will be successful in the cloud HCM suite market. This plan should include appropriate levels of investment to achieve healthy growth during the next three to five years.

Vertical/Industry Strategy: The vendor's strategy to deliver a tailored approach for industries involves directing resources (sales, product development), skills, and products to meet the specific needs of individual market segments, including verticals. This may also include

relevant compliance certification/authorization (such as FedRAMP).

Innovation: The vendor must show a marshaling of resources, expertise and/or capital for competitive advantage or investments in new areas. Potential areas include advanced analytics, machine learning (ML), DEI, service delivery and engagement measurement. The vendor must also show UX improvements or new access methods, such as conversational UIs, chatbots and virtual assistants.

Geographic Strategy: Examples of criteria to include are core HR locations, payroll localizations, number of existing languages supported and local compliance (for example, with GDPR).

Completeness of Vision Evaluation Criteria

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

Source: Gartner (October 2024)

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 further 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 lack a demonstrable track record.

There are no Visionaries in this edition of the Magic Quadrant, mainly due to the greater emphasis 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 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 continues to mature and attract investment. Since the last iteration of this research, vendors have responded to customer demands by delivering improvements in the following areas:

- Equipping managers with timely insights helps them maintain optimized schedules of their direct reports, and mitigate any impending risk related to the employees' health and

safety. Additionally, managers can gain actionable insights on general trends such as reasons for high turnover of their team.

- Augmenting employee personalized insights to include equitable opportunities such as recommendations for an open role based on their skills and interests that they may not have realized were available or they were qualified for. This is achieved through advanced skills tagging, matching and leveraging trained LLMs to infer skills from different sources.

- Implementing responsible AI practices and ethical guardrails. For example, almost all of the vendors profiled in this research redact personally identifiable information (PII) from datasets, adhere to at least one recognized AI governance standard and involve "human in the loop" feedback.

Yet, some vendor roadmap commitments and delivery are progressing more slowly than the pace of customer expectations:

- Vendors are struggling to assimilate acquisitions and build an integrated solution that realizes the expected synergy and business value. Even after closing the acquisition, often the unified product is less than the sum of its pre-merger parts.

- Native localizations for payroll are being developed at a very slow pace, limiting the options for integrated core HR and payroll operations for large global organizations seeking a single source for all their payroll needs.

Market Overview

The market for cloud HCM suites illustrated a strong 14.4% growth rate in 2023 — its highest in the last five years and the highest in the broader ERP segment. Revenue reached $26.3 billion at the end of 2023 and is forecast to surpass the $30 billion mark in constant currency by the end of 2024.

Almost a decade after cloud HCM suites gained early majority adoption, the level of product maturity has advanced significantly. As a result, many early adopters are reimplementing their HCM suite to incorporate the latest updates and leverage all the new features unavailable in prior configurations, or choosing a replacement solution for cloud-to-cloud migration, aiming to make a fresh start. Furthermore, the momentum of on-premises customers moving to cloud HCM suites continues to be strong.

Overall, the market is maturing and is expected to consolidate under a stable number of viable providers, including megavendors with longstanding diversified offerings. Nevertheless, the pace of innovation, particularly in GenAI pilots maturing into substantive HR-specific use cases, is remarkably high. Additionally, vendors have brought to fruition several core AI assessments in service management, workforce cost optimization or payroll and time and attendance anomaly detection. HCM investment remains vibrant across multiple regions as evidenced by comparatively higher growth rates in EMEA and Latin America compared to this traditionally North America-led market. These activities confirm that the market for cloud HCM suites for 1,000+ employee enterprises is competitive, with vendors aiming to improve execution and leverage innovation as a differentiator.

We expect that this market will have limited new entrants over the next few years due to the high barriers to entry and the number of entrenched competitors. Market consolidation will continue, with increasing merger and acquisition (M&A) activities, despite the long and often difficult journey to unlock value. Gartner did not add any new vendors in this year's Magic Quadrant, but the dots have changed positions from last year, with a former Niche Player entering the Challengers' quadrant for the first time.

Below is a summary of three key trends in the cloud HCM suites for 1,000+ employee enterprises market.

Hypercompetitive leaders quadrant: As expected in a maturing market, revenue share is lopsided, with the top five vendors accounting for almost 62.1% of the annual market

revenue. There is a clear divergence between the strategies of vendors in the Leaders quadrant and others. Leaders continue to close functional gaps, address a broad set of use cases across the market, and focus on feature breadth in a more horizontal approach. The Leaders quadrant features a strong list of comprehensive solutions, separated by only decimals in Gartner's evaluation across a select set of parameters. Challengers and Niche Players, by contrast, are focusing on feature depth for one or two specific use cases in certain verticals, and/or preserving their presence in certain geographies.

This also means there is a widening gap between Leaders and others in terms of overall global viability and customer acquisition pace. As a result, many global organizations would be compelled to choose one of the Leaders if they cross a tipping point in employee volume and geographic footprint. These closely contested evaluations will often involve scrupulous, atomic-level analysis. HR technology leaders in large global organizations should be ready with a granular list of requirements, including details of services and nonfunctional requirements.

Data-driven insights: Years of investment and continuous refinement have resulted in cloud HCM suite analytics and reporting components that produce robust predictive insights for administrative or forward-looking experiential decision making. The suites leverage cross-functional aggregated data to mine insights and proactively notify managers or HR leaders about topics that need timely action. These include signs of employee fatigue, risk of a compliance breach and guidance on organizationwide concerns such as high turnover.

While the availability of data filters, including region, business unit, race and DEI metrics is ubiquitous, some vendors are seeking to differentiate their offerings with granular data on an exhaustive list of possible causes. HR technology leaders should pressure-test the vendors to ensure they are also answering the "'whys" and not just the "what" from the findings.

GenAI-enabled co-pilots: Most vendors have augmented their suite's employee experience proposition with a branded "Agent" or "Assist" co-pilot that's powered by a GenAI model to

respond to the market imperative set by the success of the consumer applications. Many of these HCM suite co-pilots have progressed to include new use cases expanding to candidate guidance, creating targeted surveys and personalized team and employee profile summary creations. But, HR technology stakeholders should be patient in the development of HCM suite co-pilots' journey to maturity as HR-related insights are more sensitive and cannot always be translated into concise, decisive actions or information (which are often the "aha!" in consumer co-pilots like ChatGPT). In the medium to long term, more cloud HCM suite transactions will start from a natural language command, blurring the line between administration and experience.

An aspect that sets some vendors apart in their GenAI approach and possibly ahead of the competition is the availability of a developer co-pilot. A developer co-pilot aids citizen developers in creating app functions and sample test data through simple language instructions. These co-pilots optionally integrate with a low-code/no-code studio for building extended pages or even a front-end solution. This capability may be embedded as part of the platform as a service (PaaS) toolkits to build personalized HCM components.

Acronym Key and Glossary Terms

AI	Artificial intelligence
ATS	Applicant tracking system
ERP	Enterprise resource planning
EXTech Journey	A hyperpersonalized workflow that is designed to help an employee through a particular work or life transition event with preconfigured tasks and easy-to-complete action items
HCM	Human capital management

GenAI	Generative AI
LLM	Large language model
LXP	Learning experience platform
UI	User interface
UX	User experience
VoE	Voice of the employee
WFM	Workforce management

⊕ Evidence

Note 1: Mergers and Acquisitions

Recent M&A activity in this space includes:

- Dayforce completed the acquisition of eloomi, a learning management platform, in February 2024.

- Workday completed the acquisition of HiredScore, an AI-enabled talent orchestration solution, in February 2024.

- Cornerstone completed acquisitions of Talespin, a virtual reality (VR)-based training solution, in March 2024 and SkyHive, a skills management solution, in May 2024.

- ADP announced the acquisition of WorkForce Software, a leading provider of workforce

management solutions in October 2024.

⊕ Evaluation Criteria Definitions

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