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ANNUAL HR SYSTEMS SURVEY
WHITE PAPER

25TH EDITION

**Voice of the Customer:
Core HR Systems Segment**

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INTRODUCTION AND TABLE OF CONTENTS

SECTION 1

INTRODUCTION AND TABLE OF CONTENTS

INTRODUCTION

This is a licensed report, for isolved®, taken directly from the Sapien Insights 2022–2023 HR Systems Survey White Paper, 25th Annual Edition, which is the latest installment in our ongoing effort to provide data and information directly from the practitioner’s perspective, the Voice of the Customer. None of the “Voice of the Customer” information in this report has been modified from its original version.

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

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

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

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

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



The Survey was conducted from May 9th through July 15th, 2022.



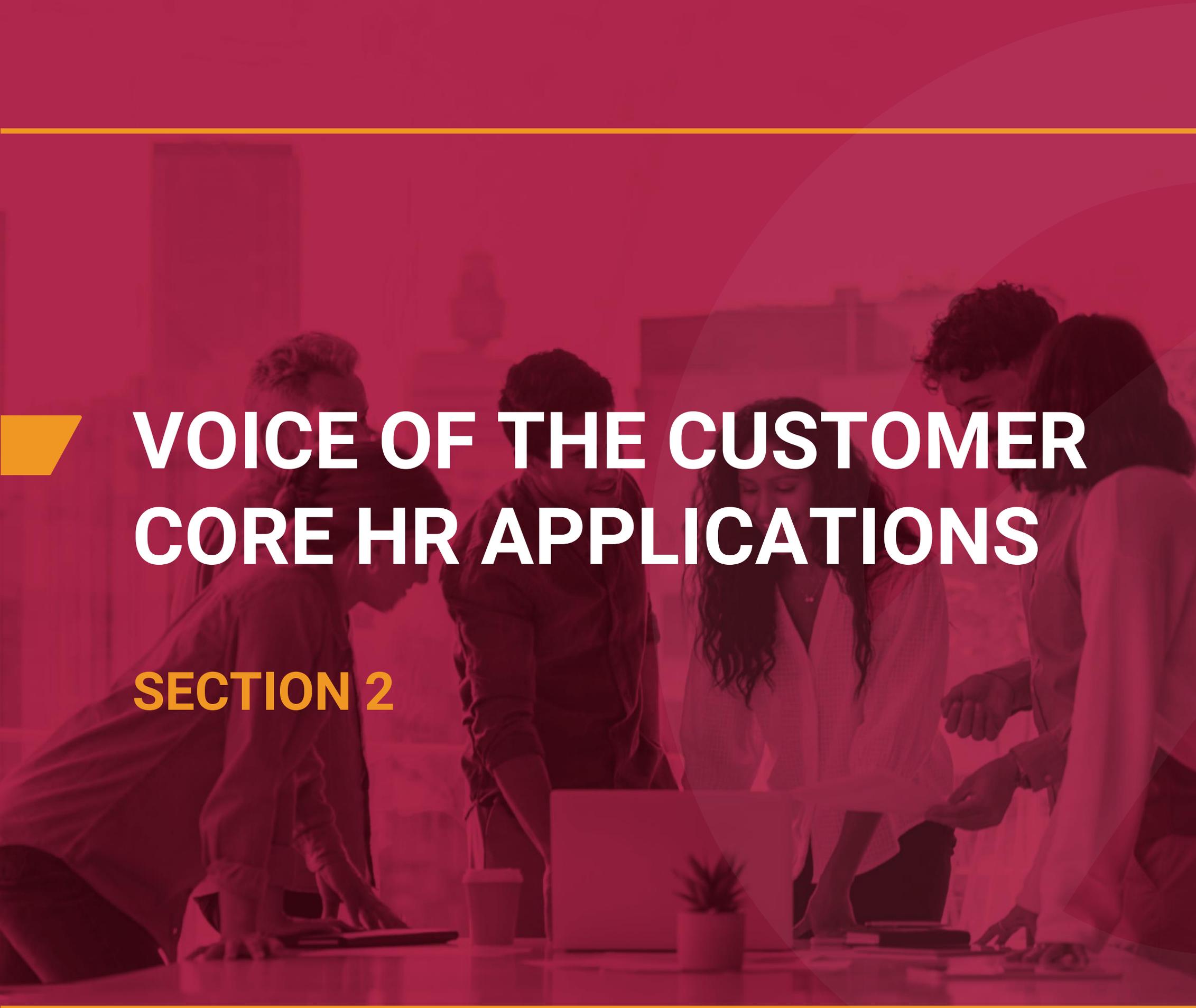
For more details on our full research methodology and demographics on participating organizations, please see the Research Methodology and Demographics section of this paper.

The full report contains 174 pages and 127 Figures, including charts and graphics on the latest industry data and analytical insights for consumers, HR and business leaders, end-users, and solution providers. The **Sapien Insights HR Systems Survey 25th Annual Edition: Core HR Systems** contains 25 pages and 10 Figures. The figure numbers in this report are reflective of where they can be found in the complete white-paper.

Sapien Insights Group does not endorse any solution or vendor depicted in our research. This report consists of aggregate research data gathered from Sapien Insights Group 2022–2023 HR Systems Survey, 25th Annual Edition and insights from Sapien Insights Group research organization, which is provided for informational purposes only.

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VOICE OF THE CUSTOMER CORE HR APPLICATIONS

SECTION 2

VOICE OF THE CUSTOMER CORE HR APPLICATIONS

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

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

HOW THESE SYSTEMS MAKE A DIFFERENCE!

Payroll

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

Professional Services, 500+ EE

Benefits

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

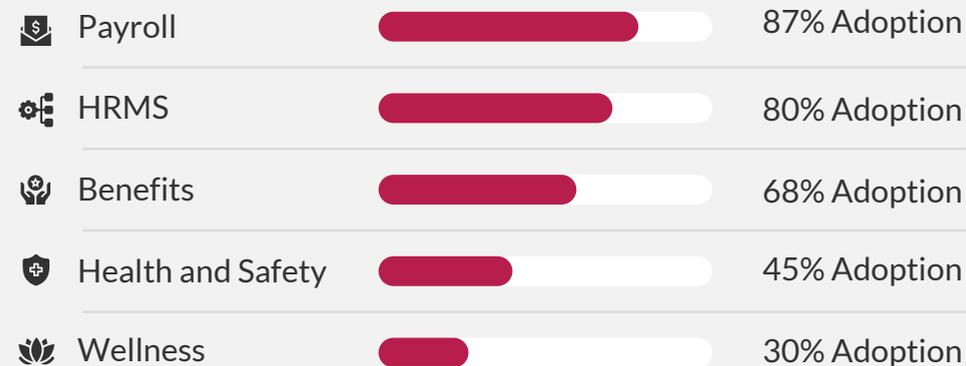
Government, 9000+ EE

HRMS

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

Manufacturing, 350+ EE

Applications we track in this category include:



Benefits

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

Agriculture, 8500+ EE

HRMS

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

Manufacturing, 65+ EE

HRMS

It has really increased the overall performance of my company.

Retail, 4000+ EE



VOICE OF THE CUSTOMER CORE HR MANAGEMENT SYSTEMS

CORE HR MANAGEMENT SYSTEMS

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

Traditional functionality managed in Core HRM's solutions include:

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

Emerging trends in data and functionality include:

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

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

FIGURE 37: CORE HRMS ADOPTION BY SIZE

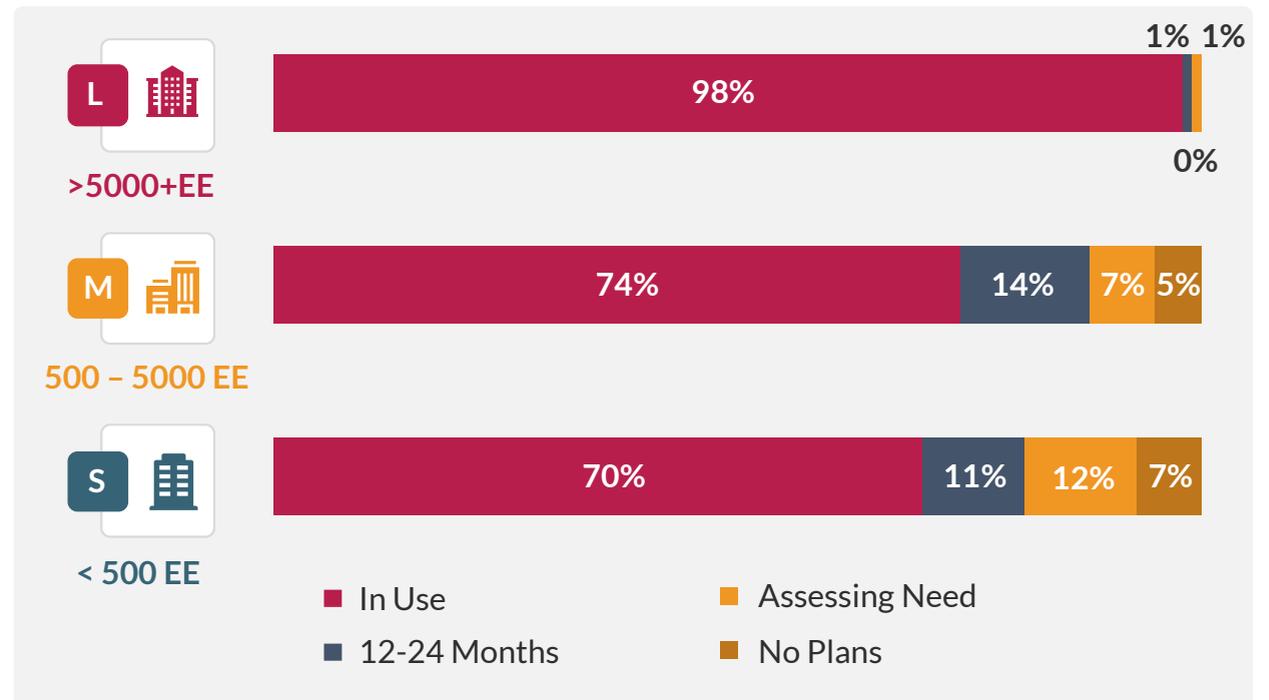
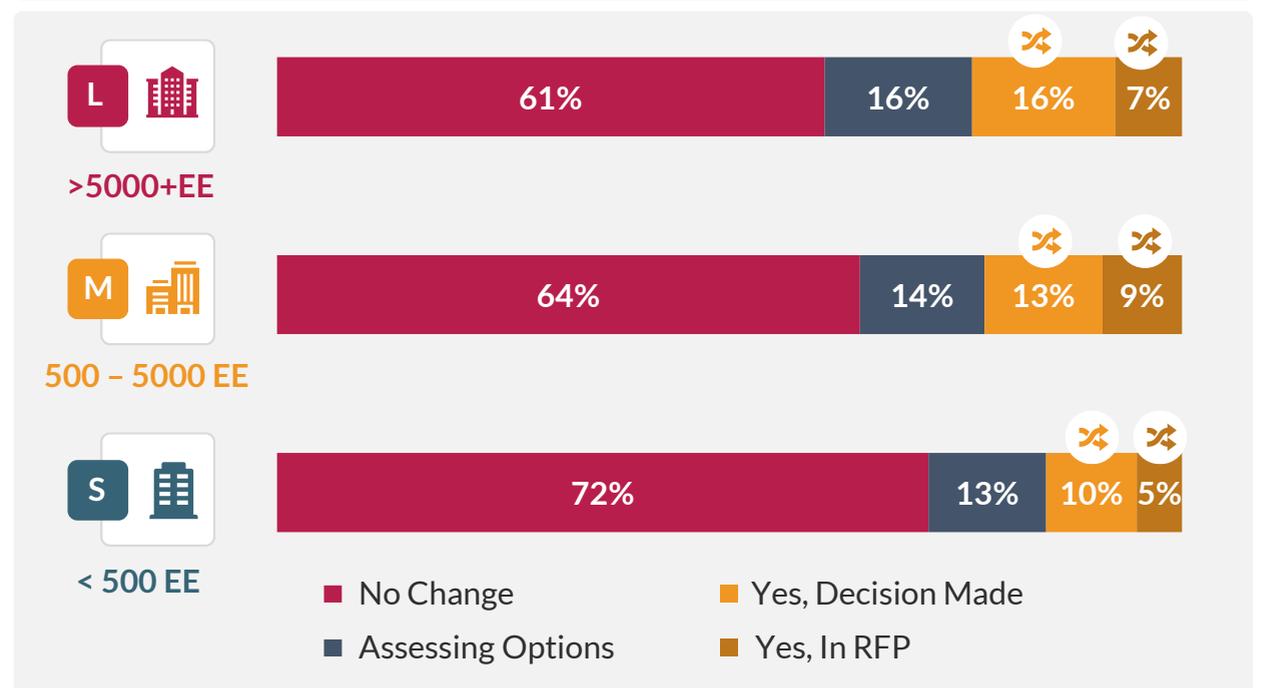


FIGURE 38: CORE HRMS REPLACEMENT PLANS BY SIZE





VOICE OF THE CUSTOMER CORE HR MANAGEMENT SYSTEMS

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

FIGURE 39: HRMS PURCHASE APPROACH AND OWNERSHIP

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

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

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

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

ERP/HRMS SUITE CUSTOMER QUOTES:

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

High-Tech, 60000+ EE

ERP/HRMS SUITE CUSTOMER QUOTES:

Serves as a great connector module to other applications.

Manufacturing, 4000+ EE

PAYROLL/HRMS SUITE CUSTOMER QUOTES:

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

Energy/Utilities, 1900+ EE

HRMS POINT SOLUTION CUSTOMER QUOTES:

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

Construction, 30+ EE



VOICE OF THE CUSTOMER CORE HR MANAGEMENT SYSTEMS

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

FIGURE 40: HRMS VENDOR ADOPTION, ENTERPRISE

>5000+EE	Today Adoption Level	Expected Growth	12 Month Adoption Level
Workday	32.41%	↑	34.3%
Oracle HCM	8.70%	→	8.91%
SAP HCM	7.21%	↓	5.34%
SAP SF Employee Central	6.41%	↗	7.31%
Oracle PeopleSoft	6.31%	↓	5.1%
Other Applications	6.48%	↓	4.6%
Ceridian Dayforce	5.86%	↘	4.85%
UKG Pro	5.09%	↗	5.6%
ADP Enterprise	4.95%	↓	2.91%
ADP Workforce Now	3.24%	→	3.2%
ADP Vantage	2.78%	↑	4.20%
Infor HCM	2.78%	↑	4.18%
SAGE HRMS	1.55%	↓	0.34%
SAGE People	0.45%	↗	1.25%

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

E HRMS VENDOR ADOPTION - ANALYST INSIGHTS:

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

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

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

Expected Growth Legend

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

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

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



VOICE OF THE CUSTOMER CORE HR MANAGEMENT SYSTEMS

FIGURE 41: HRMS VENDOR ADOPTION, MID-MARKET

M 500 - 5000 EE

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

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

M HRMS VENDOR ADOPTION - ANALYST INSIGHTS:



Many vendors see the greatest opportunity for growth in the category of Mid-Market sized organizations, between 500 and 5000 Employees - 20 of the 27 HRMS vendor solutions we highlight have 2% or more adoption in this category. Workday also holds the top current and future adoption level for our survey participants in this category, but it's closely followed by UKG Pro and Ceridian Dayforce. All three of these solutions are trending upward and were the most likely applications to be listed as RFP options in this category.

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

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

Expected Growth Legend

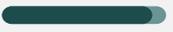
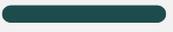
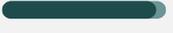
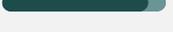
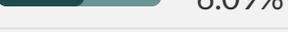
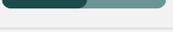
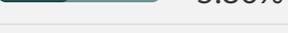
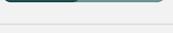
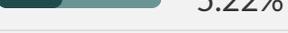
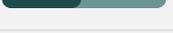
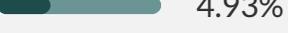
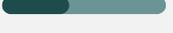
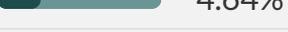
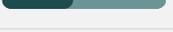
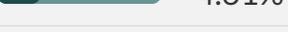
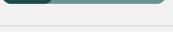
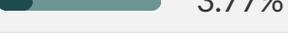
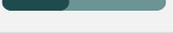
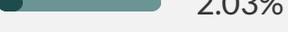
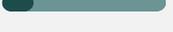
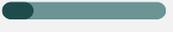
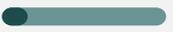
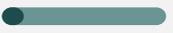
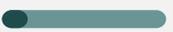
- ↑ Substantial Growth
- ↗ Slight Growth
- Flat
- ↘ Slight Decline
- ↓ Substantial Decline

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



VOICE OF THE CUSTOMER CORE HR MANAGEMENT SYSTEMS

FIGURE 42: HRMS VENDOR ADOPTION, SMB

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

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

S HRMS VENDOR ADOPTION - ANALYST INSIGHTS:

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

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

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

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

Expected Growth Legend

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

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



VOICE OF THE CUSTOMER CORE HR MANAGEMENT SYSTEMS

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

Big differentiators now include:

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

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

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

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



Enterprise Vendors pushing down market to Mid-Market

Workday, Oracle HCM, SAP SuccessFactors



Key Mid-Market Vendors: pushing up market to Enterprise

UKG Pro, Ceridian Dayforce , Infor Lawson , ADP Workforce Now



Vendors pushing up market to Mid-Market

Paycor, Paylocity, Paycom, Paychex, SAGE People

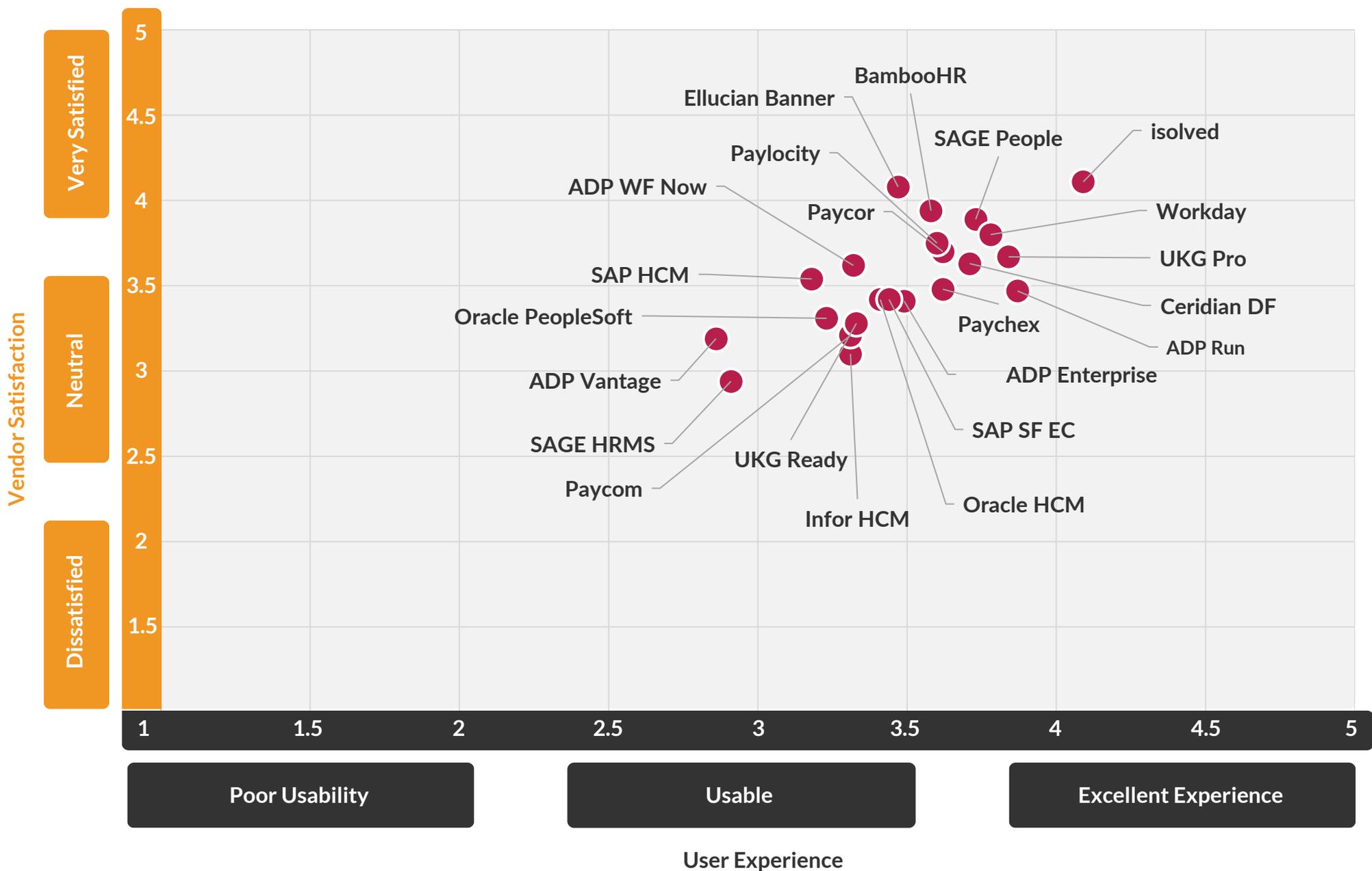
*By intelligent features, we refer to such technologies as machine learning, artificial intelligence, etc.



VOICE OF THE CUSTOMER CORE HR MANAGEMENT SYSTEMS

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

FIGURE 43: HRMS VOC CHART, USER EXPERIENCE AND VENDOR SATISFACTION RATINGS



HRMS

Major factors driving Vendor Satisfaction and User Experience ratings include:

- Cost
- Reporting
- Integrations
- Customer Service



VOICE OF THE CUSTOMER CORE HR MANAGEMENT SYSTEMS

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

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

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



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

FIGURE 44: TOP FIVE VOC RATINGS BY WORKFORCE SIZE

ENTERPRISE, >5000 EE - CORE HR SYSTEMS		
	User Experience	Vendor Satisfaction
Top, #1	Workday	Workday
Top	UKG Pro	UKG Pro
Top	Ceridian Dayforce	Ceridian Dayforce
Top	SAP SuccessFactors	Oracle HCM
Top	Oracle HCM	ADP Enterprise

MID-MARKET, 500 - 5000 EE - CORE HR SYSTEMS		
	User Experience	Vendor Satisfaction
Top, #1	UKG Pro	Workday
Top	Workday	UKG Pro
Top	Ceridian Dayforce	Oracle HCM
Top	Paylocity	Ceridian Dayforce
Top	ADP Workforce Now	ADP Workforce Now

SMB ORGANIZATIONS, <500 EE - CORE HR SYSTEMS		
	User Experience	Vendor Satisfaction
Top, #1	isolved	isolved
Top	ADP Run	BambooHR
Top	SAGE People	SAGE People
Top	Paycor	Paycor
Top	BambooHR	ADP Run



VOICE OF THE CUSTOMER CORE HR MANAGEMENT SYSTEMS

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

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

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

CUSTOMER QUOTES:

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

Professional Services, 1600+ EE

The top factors given for high Vendor Satisfaction ratings:

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

The top factors given for high User Experience ratings include:

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

ENTERPRISE

HRMS UX AND VS RATINGS - ANALYST INSIGHTS:



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

WORKDAY CUSTOMER QUOTES:

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

Financial Services, 7000+ EE

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

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



VOICE OF THE CUSTOMER CORE HR MANAGEMENT SYSTEMS

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

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

UKG PRO CUSTOMER QUOTES:

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

Hospitality, 1200 + EE

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

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

SMB HRMS UX AND VS RATINGS - ANALYST INSIGHTS:

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

ISOLVED CUSTOMER QUOTES:

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

Non-Profit, 100+ EE

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

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



VOICE OF THE CUSTOMER CORE HR MANAGEMENT SYSTEMS

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

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

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

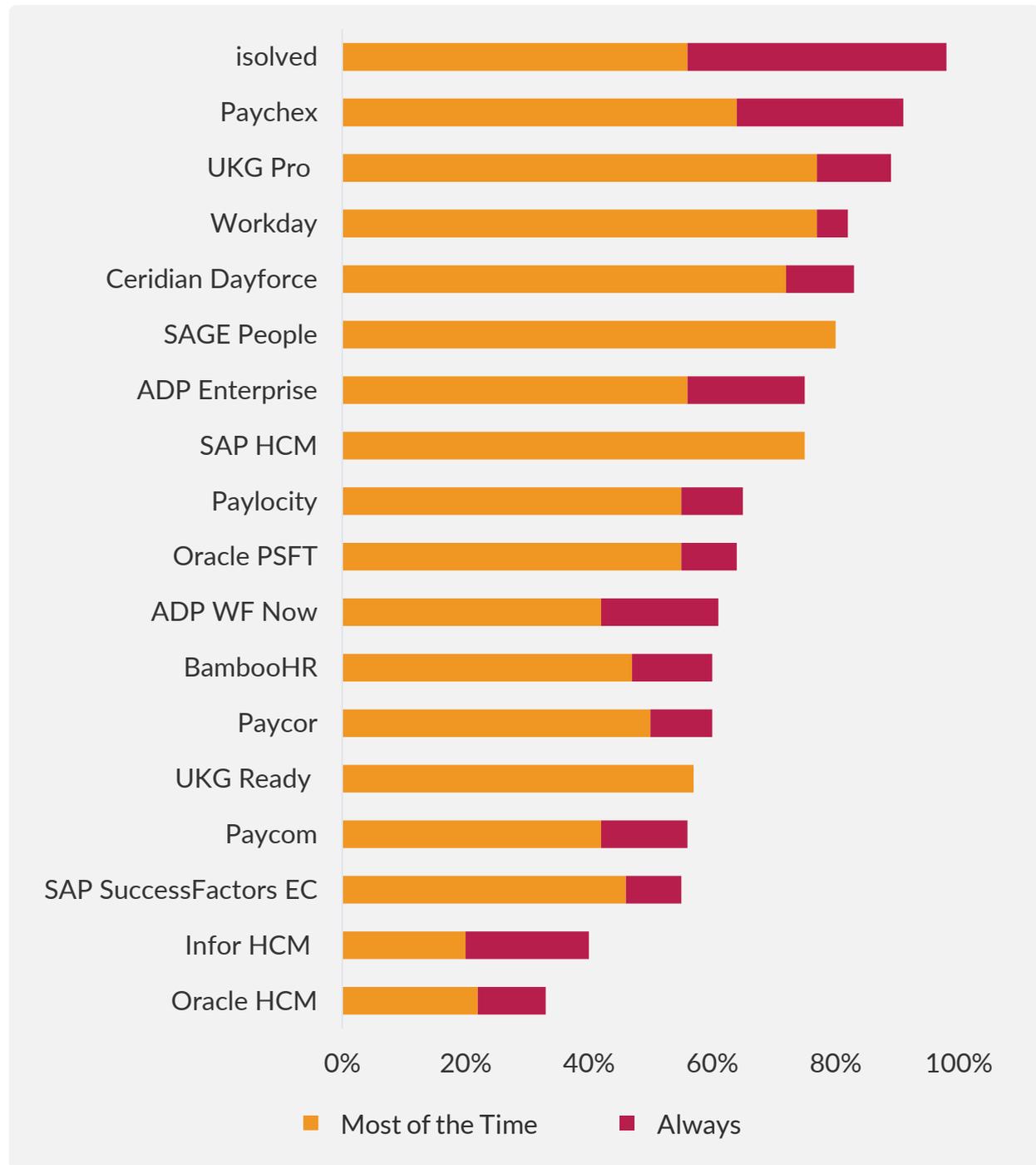
TOP HRMS GAPS IN MEETING BUSINESS NEEDS

 **HRMS Application**

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

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

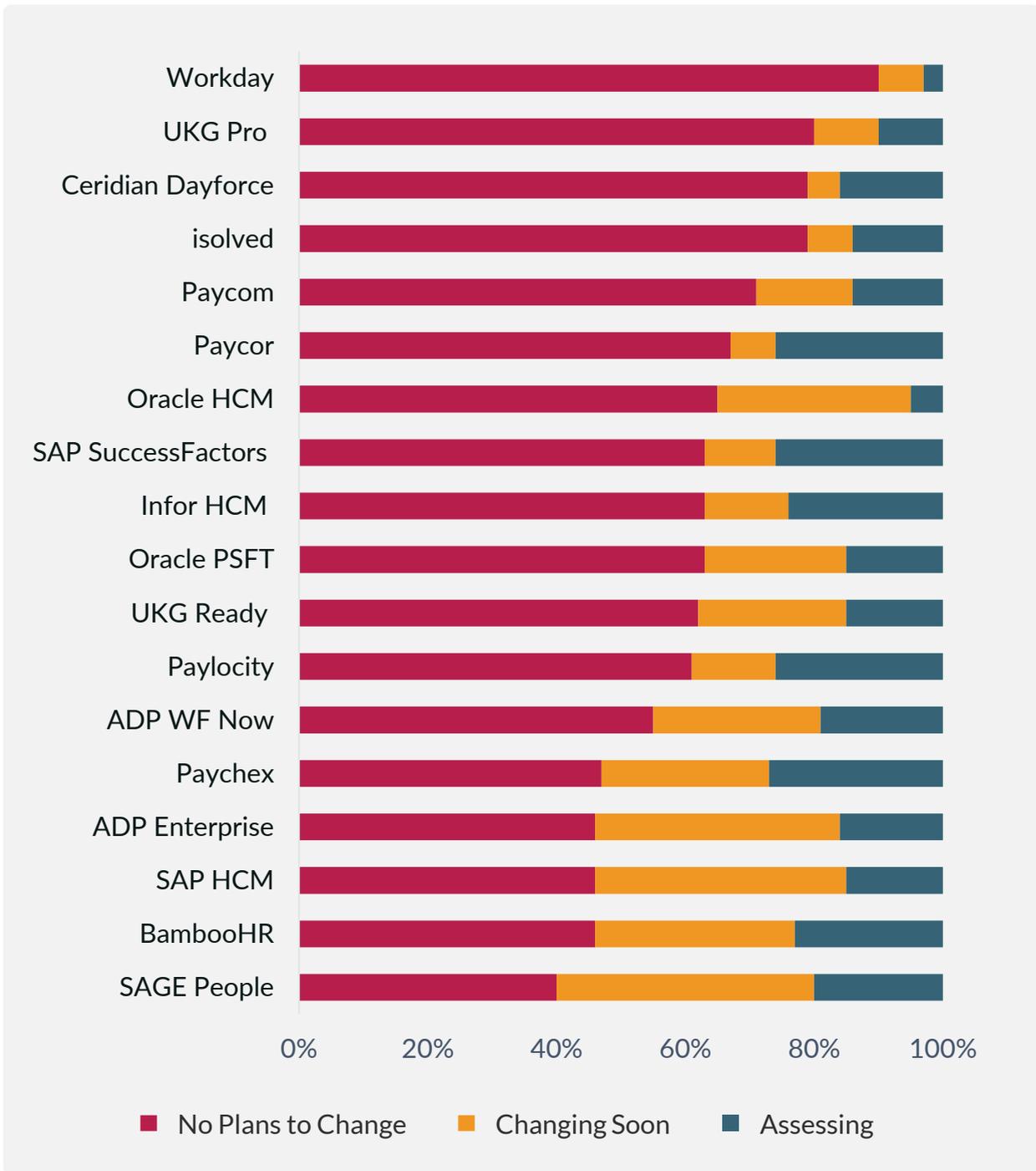
FIGURE 45: DOES YOUR HRMS MEET CURRENT BUSINESS NEEDS?





VOICE OF THE CUSTOMER CORE HR MANAGEMENT SYSTEMS

FIGURE 46: ARE YOU PLANNING TO CHANGE YOUR CURRENT HRMS?



Still, we don't see a dramatic focus on switching out Core HRMS systems in the next few years, with 66% of organizations making no plans to review their current HRMS needs. The average ownership for an HRMS application now sits at 6-7 years for most organizations, and the reasons for making changes range from:

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

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



VOICE OF THE CUSTOMER CORE HR MANAGEMENT SYSTEMS

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

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

Additional emerging trends to watch in Core HRMS applications include:

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

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



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

Healthcare, 4000+ EE



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

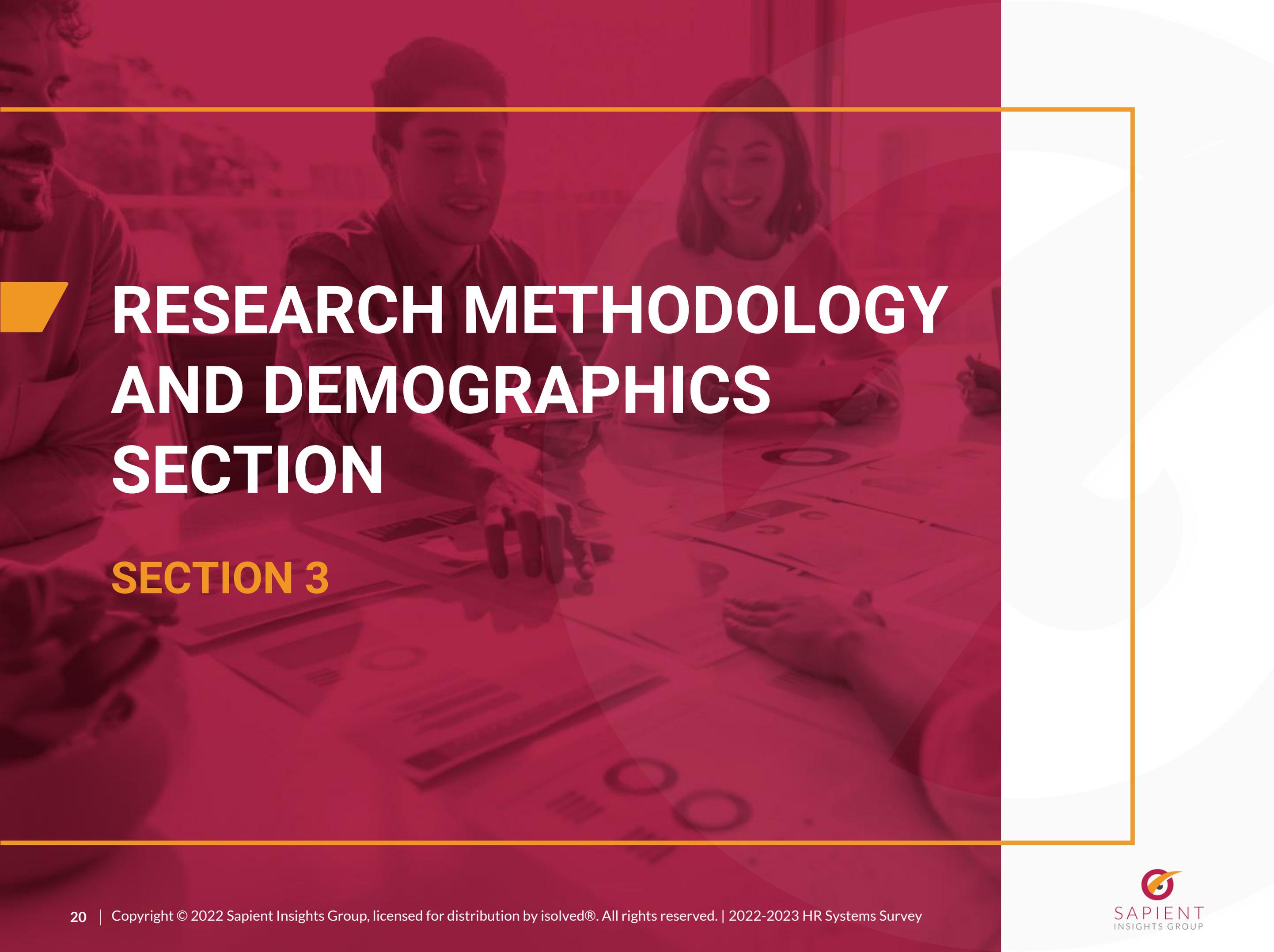
Healthcare, 3500+ EE



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

Transportation, 620+ EE

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



RESEARCH METHODOLOGY AND DEMOGRAPHICS SECTION

SECTION 3

RESEARCH METHODOLOGY & DEMOGRAPHICS

SURVEY & RESEARCH HISTORY

This report was taken from the Sapiient Insights 2022-2023 HR Systems Survey White Paper, 25th Annual Edition, which is the latest installment in a continuous annual research effort that began in 1997 by The Hunter Group. It's now published under Sapiient Insights Group.

Since its inception, the sponsoring organization has changed its name several times. However, this primary industry research continues to follow a rigorous research methodology each year and is overseen by well-known and trusted industry analysts. The Annual HR Systems Surveys and resulting published research continue to be invaluable resources that provide insights and guidance to business leaders around the world concerning their HR and finance technology decisions.

THE DEPTH & BREADTH OF THE RESEARCH

Each year, more than 2,000 organizations worldwide complete our systems surveys, providing us with valuable research data from companies of all sizes and industries. Survey participants come from multiple known industry distributors, with the majority from outside Sapiient Insights Group's client base.

This outreach approach gives us a broad and varied audience for gathering data on tech adoption and usage metrics – while safeguarding against data bias toward any particular vendor or user community. The data is, therefore, representative of the overall HR tech community and its practices.



Target survey participants are HR and IT practitioners and leaders at the center of HR Technology decisions.

Participants answer in-depth enterprise systems questions that cover multiple topic areas, including:

- Enterprise outcomes and business financials
- HR technology selection, replacement, and deployment plans
- HR technology integration and implementation practices
- HR resourcing and system budgets
- HR functional processes and social responsibility behaviors
- Customer feedback and satisfaction drivers for major HR applications

Target survey participants are HR, finance, IT, and shared services leaders and practitioners at the center of tech decisions, implementations, maintenance, and/or change management efforts. Each year, our annual reach provides a wealth of knowledge that we share within the HR and finance communities. Many executives and business leaders who focus on workforce and finance technology use these survey results to make better, more-informed business decisions.

RESEARCH METHODOLOGY & DEMOGRAPHICS

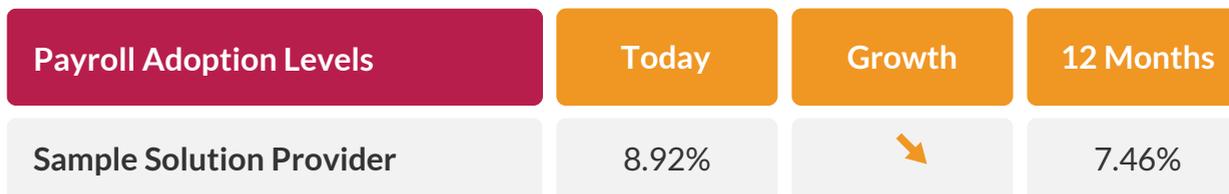
VOICE OF THE CUSTOMER METHODOLOGY

The importance of an organization's relationship with their HR Technology solution provider is often overlooked and under-appreciated. A good solution provider relationship, built on respect, leads to better outcomes, less stress, and improvement opportunities for both parties. A solid solution provider relationship includes more than just appreciation and communication between the primary contacts; it also considers how well the solution meets the organization's business needs and is perceived by the end users.

For 25 application categories we ask participants to identify each solution:

- In use today
- Implementing in the next 12 - 36 months
- Replacing in the next 12 - 36 months

This data creates our Vendor Adoption charts (Sample Below), which only include applications that achieve 2% or more of the overall **in-use or planned-to-be-in-use** solution responses.



Our research then gathers quantitative and qualitative data from survey participants on four key factors that impact the overall customer relationship for each of their identified solutions:

Meets Business Needs:

We ask our respondents to rate how effective their specific HR solution is at meeting their organization's current business needs from always to sometimes.

- Organizations that respond that the system always meets their needs, are asked additional questions about the impact of that application.
- Organizations that respond that the system does not meet their needs, are asked additional questions concerning the type of gaps and specific examples of those gaps.

User Experience:

We ask our respondents to rank the quality of their solution User Experience on a scale of 1-5 (poor to excellent) for all deployed applications. We specifically ask them to focus their answers on the applications end-user experience for all stakeholders; including IT, HR, Managers, and Employees.

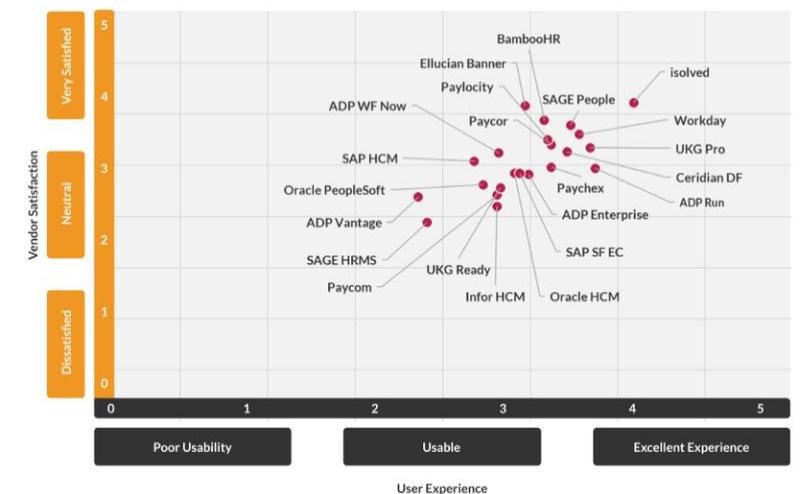
Vendor Satisfaction:

We ask our respondents to rank the quality of their Vendor Relationship on a scale of 1-5 (very dissatisfied to very satisfied) for all deployed applications. We ask them to specifically focus on their relationship factors such as service levels, vendor communications, and alignment of product roadmap to their needs.

All survey participants are then asked additional open-ended questions to provide further details on the reasons they gave a specific rating to each solution on its User Experience and Vendor Satisfaction.

Based on these questions we provide an average User Experience and Vendor Satisfaction rating for every application that receives at least 20 responses from validated buyers. This data is used to create our Voice of the Customer (VoC) Charts of these 10 HR solutions:

- Core HRMS
- Benefits
- Payroll
- Time Management
- HR Service Delivery
- Learning
- Recruiting
- Performance Management
- Compensation Management
- Analytics and Planning



Our goal with all of the data in these sections is to provide a broad overview of the Vendor Landscape for all buyers and HR Technology community members through the Voice of the Customer as they assess their own current solutions and needs. More details on our Vendors who have achieved Top 5 User Experience and Vendor Satisfaction ratings for each HR Technology category and by size can be found on **our Voice of the Customer HR Systems Top 5 Performers Page**.

LEGEND

Organization Sizes:

-  SMB
<500 Employees
-  Mid-Market
500-4,999 Employees
-  Enterprise
>5,000 Employees

The HR Systems BluePrint:

-  Data Governance
-  Strategy
-  Culture

Generational Compositions:

-  Greatest Generation
1930-1945
-  Baby Boomers
1946-1964
-  Gen X
1965-1980
-  Millennial
1981-2000
-  Gen Z
2001-2010

Voice of the Customer:

-  Core HR Management Systems
-  Payroll Systems
-  Benefits and Wellness
-  HR Service Delivery Systems
-  Time Management Systems
-  Talent Management Systems
-  HR Analytics & Planning Systems

Contacts:

-  Email

Research@SapientInsights.com

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

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Applications we track in 6 categories:

-  Payroll
-  HRMS
-  Benefits
-  Health and Safety
-  Wellness
-  Employee and Manager HR Self-Service
-  HR Portals and Communications
-  HR Content and Document Management
-  Employee Engagement/Surveys
-  Employee Help Desk/Case Management
-  Time and Attendance
-  Absence Management
-  Leave Management
-  Labor Scheduling
-  Labor Budgeting
-  Productivity /Task Management (assessing)
-  Recruiting and Acquisition
-  Onboarding and Mobility
-  Performance Management
-  Learning and Development
-  Compensation and Rewards
-  Skills Management
-  Career Planning and Succession
-  Embedded HR Tech Analytics Applications
-  Generic Analytics, Vis, and Stats Tools
-  Enterprise Business Intelligence Platforms
-  HR Intelligence /Analytics Platforms
-  Workforce and Org Planning Applications
-  Data Mapping and Integration Tools
-  Data Storage Applications: Warehouses and Lakes

ABOUT SAPIENT INSIGHTS



**RESEARCH AND
ADVISORY SERVICES.
BRINGING CONFIDENCE AND
CLARITY TO OUR CLIENTS.**



HR | Finance Systems Research and Selection



Strategy and Transformation



Communication and Change Management



Culture Building and Leadership Coaching

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

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

Everything we produce is rooted in decades of experience, primary research or proven practices. When we can't find what you need, we know the people who can! We build communities, guide you to the right results and inject some fun along the way...

We specialize in research serving these communities:

- Enabling HR, Finance, IT, and Sales/Marketing as they tackle technology transformation, modernize business practices, and invest in the change management and people development required for success.
- Informing technology vendors and investors using primary data, market landscapes, and analyst insights to guide product roadmaps, sales strategies, market pricing and vendor partnerships.
- Supporting Consultants with targeted data to shape their advice to customers and inform their consulting practice.

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Sapiient Insights Group is an independent research and advisory organization that focuses on providing primary research data gathered directly from the practitioner community, a "Voice of the Customer" perspective. Our research approach is vendor-agnostic and open to all organizations for participation.

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To participate in next year's research and receive an advanced copy of the Annual HR Systems Survey Research, please join our [Research Community](#).



To request a media interview, email us at Research@SapiientInsights.com.



This licensed report contains one or more sections from the full **Sapiient Insights Group White Paper, 25th Edition**. More details on our research approach can be found in our [research methodology](#).



To learn more about additional research efforts conducted by Sapiient Insights Group, please visit [our website](#).



Our research is an annual community effort and key aggregate findings can be found [here](#).



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