

NEAT EVALUATION FOR UKG:

New World Workforce Management

Market Segments: Overall, Cost Value Capability, Scheduling Capability, Employee Empowerment Capability, IoT Capability, Multi-Country Capability

Introduction

This is a custom report for UKG presenting the findings of the 2024 NelsonHall NEAT vendor evaluation for *New World Workforce Management* in all market segments: *Overall, Cost Value Capability, Scheduling Capability, Employee Empowerment Capability, IoT Capability, and Multi-Country Capability*. It contains the NEAT graphs of vendor performance, a summary vendor analysis of UKG for workforce management, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering workforce management (WFM) services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall, and with specific capability in cost value, scheduling, employee empowerment, IoT, and multi-country delivery.

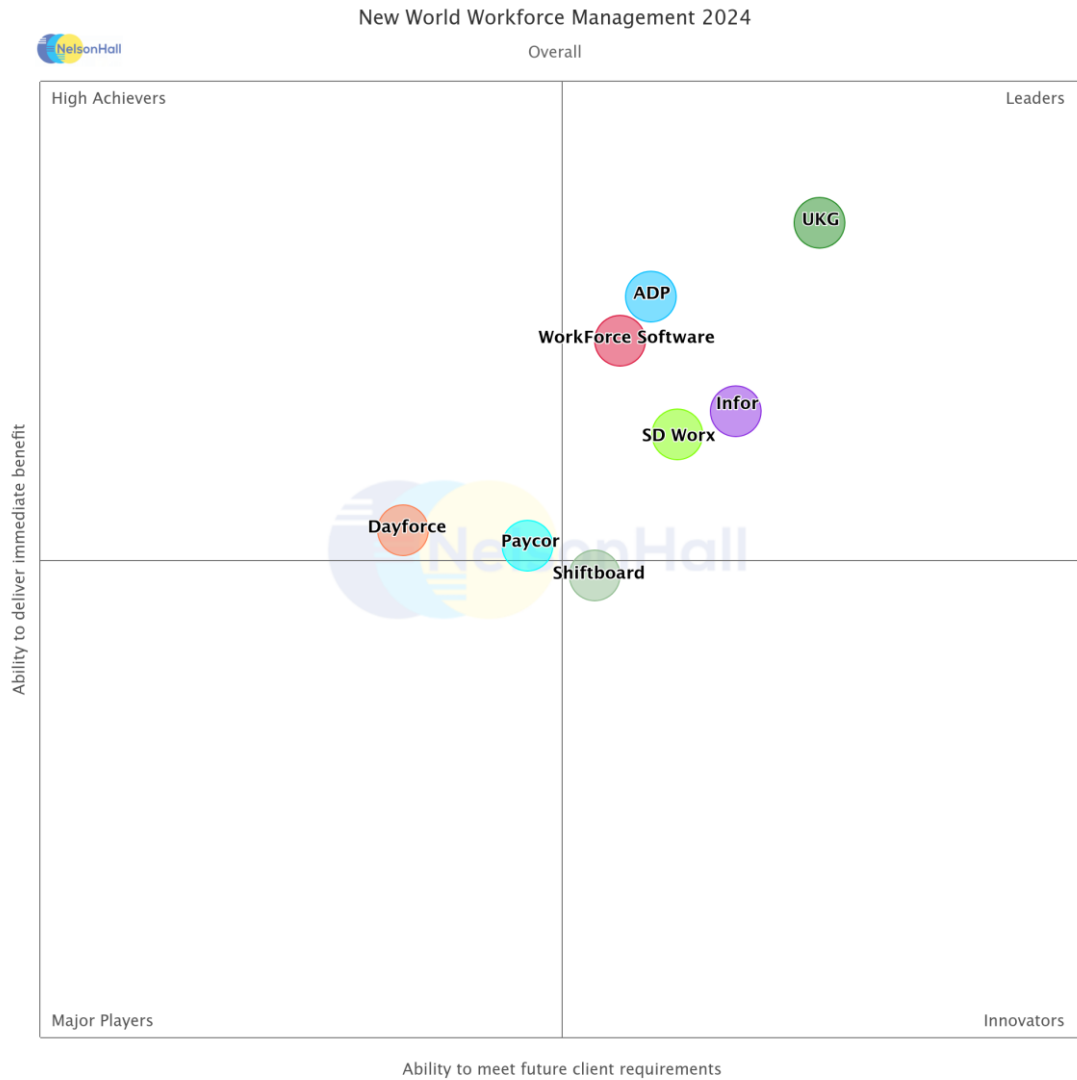
Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: ADP, Dayforce, Infor, Paycor, SD Worx, Shiftboard, UKG, and WorkForce Software.

Further explanation of the NEAT methodology is included at the end of the report.



NEAT Evaluation: New World Workforce Management (Overall)



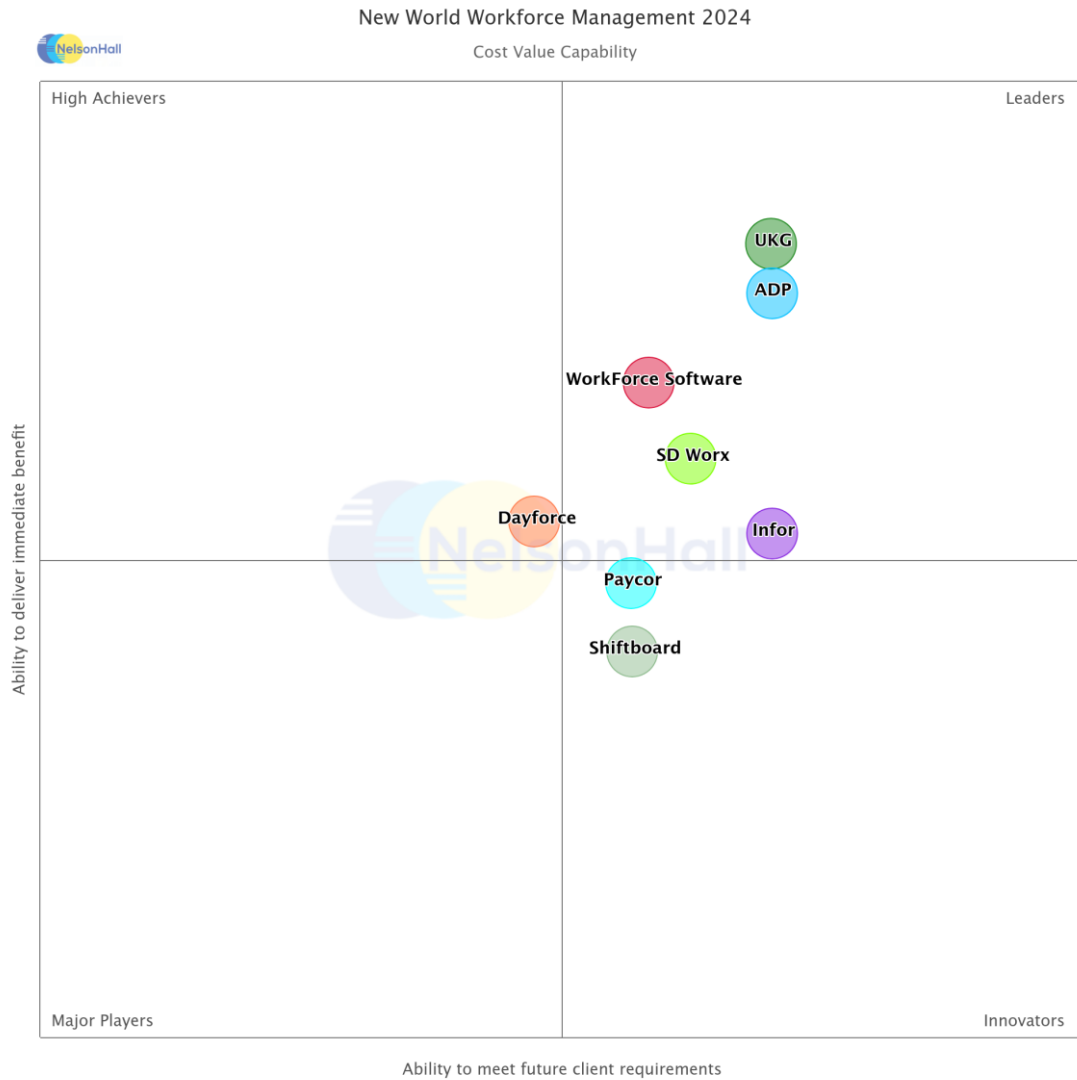
NelsonHall has identified UKG as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects UKG’s overall ability to meet future client requirements as well as delivering immediate benefits to its workforce management clients.

Leaders are vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements.

Buy-side organizations can access the *New World Workforce Management* NEAT tool (*Overall*) [here](#).



NEAT Evaluation: New World Workforce Management (Cost Value Capability)

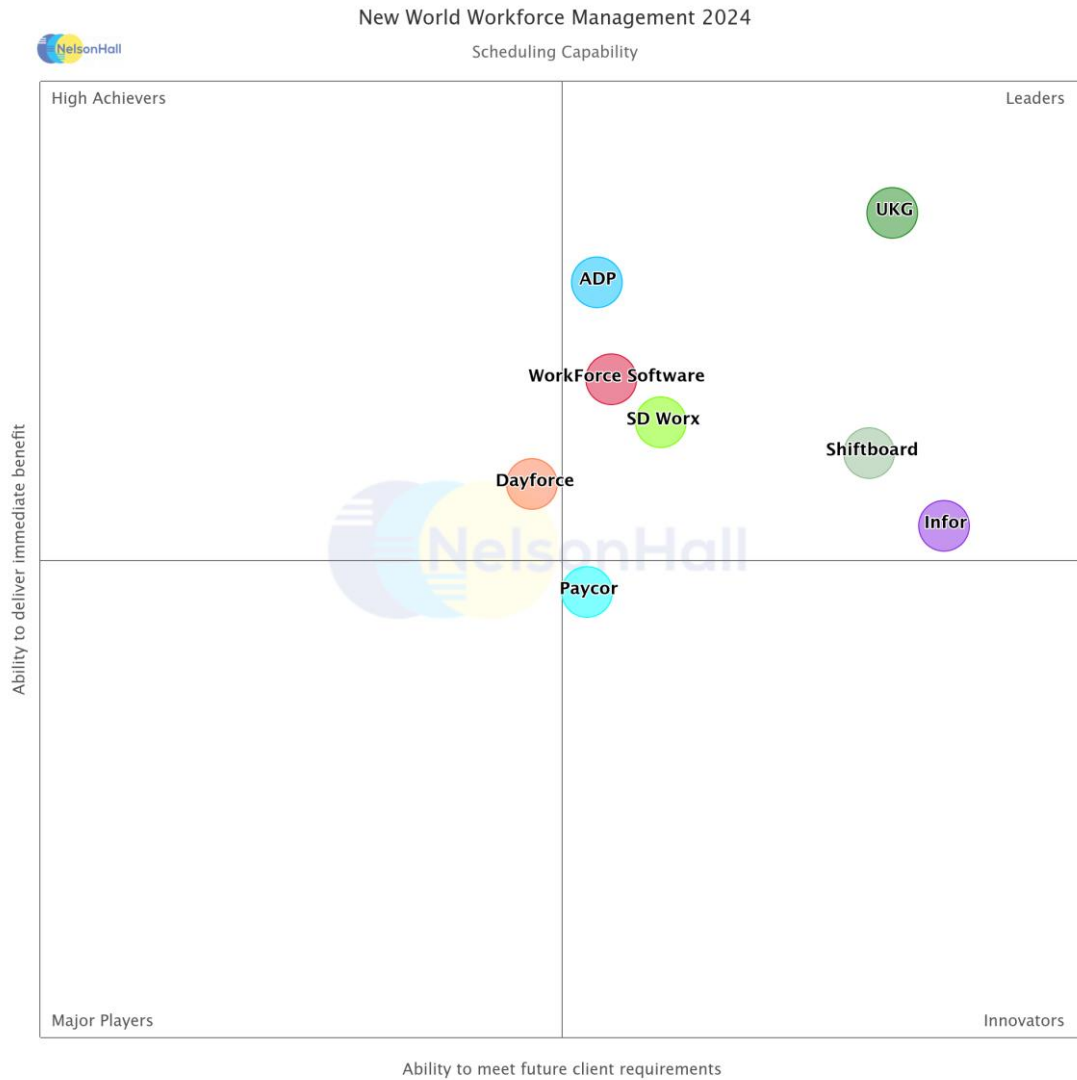


NelsonHall has identified UKG as a Leader in the *Cost Value Capability* market segment, as shown in the NEAT graph. This market segment reflects UKG’s ability to meet future client requirements as well as delivering immediate benefits to its workforce management clients with specific capability in enhancing return on investment (ROI).

Buy-side organizations can access the *New World Workforce Management* NEAT tool (*Cost Value Capability*) [here](#).



NEAT Evaluation: New World Workforce Management (Scheduling Capability)

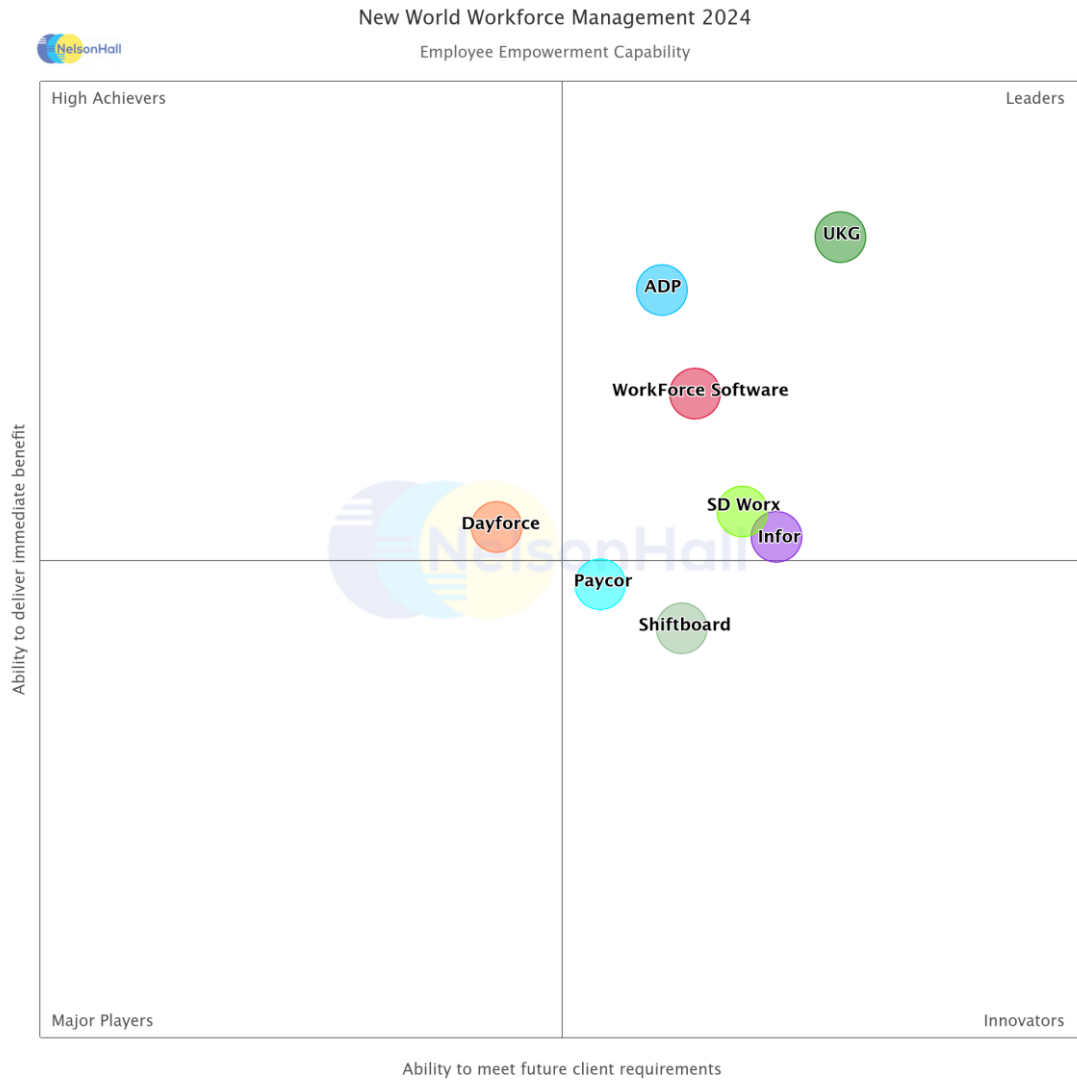


NelsonHall has identified UKG as a Leader in the *Scheduling Capability* market segment, as shown in the NEAT graph. This market segment reflects UKG’s ability to meet future client requirements as well as delivering immediate benefits to its workforce management clients with specific capability in scheduling.

Buy-side organizations can access the *New World Workforce Management* NEAT tool (*Scheduling Capability*) [here](#).



NEAT Evaluation: New World Workforce Management (Employee Empowerment Capability)

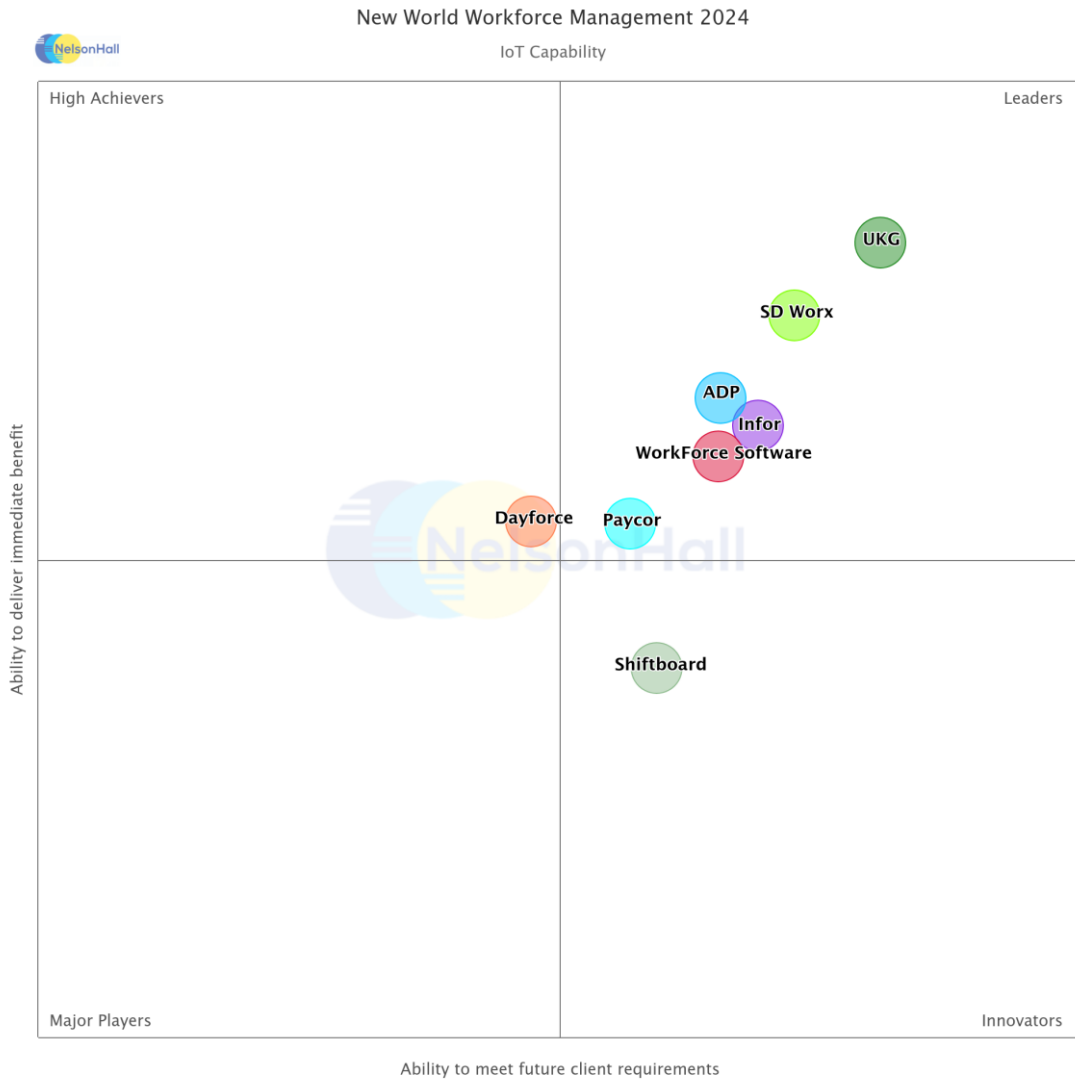


NelsonHall has identified UKG as a Leader in the *Employee Empowerment Capability* market segment, as shown in the NEAT graph. This market segment reflects UKG’s ability to meet future client requirements as well as delivering immediate benefits to its workforce management clients with specific capability in empowering employees.

Buy-side organizations can access the *New World Workforce Management NEAT tool (Employee Empowerment Capability)* [here](#).



NEAT Evaluation: New World Workforce Management (IoT Capability)

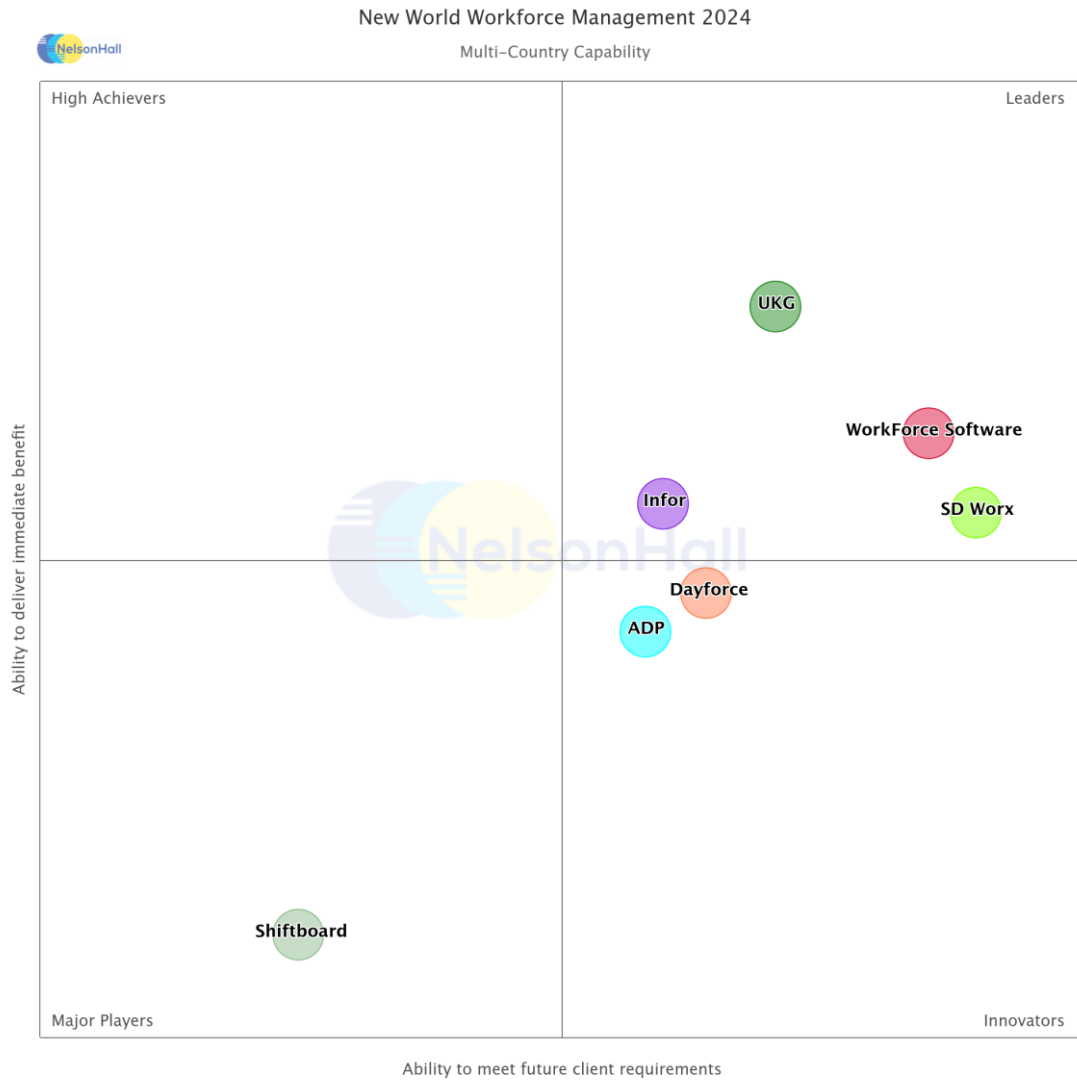


NelsonHall has identified UKG as a Leader in the *IoT Capability* market segment, as shown in the NEAT graph. This market segment reflects UKG's ability to meet future client requirements as well as delivering immediate benefits to its workforce management clients with specific capability in IoT.

Buy-side organizations can access the *New World Workforce Management* NEAT tool (*IoT Capability*) [here](#).



NEAT Evaluation: New World Workforce Management (Multi-Country Capability)



NelsonHall has identified UKG as a Leader in the *Multi-Country Capability* market segment, as shown in the NEAT graph. This market segment reflects UKG’s ability to meet future client requirements as well as delivering immediate benefits to its workforce management clients with specific capability in multi-country delivery.

Buy-side organizations can access the *New World Workforce Management* NEAT tool (*Multi-Country Capability*) [here](#).



Vendor Analysis Summary for UKG

Overview

UKG is a privately-owned corporation that provides full-suite solutions, as well as stand-alone products, focused on workforce management (WFM) and human capital management (HCM).

UKG was formed in April 2020 through the merger of Ultimate Software and Kronos, creating one of the largest global cloud technology providers with a combined 70+ years of experience and ~15k global employees, the majority based in North America.

The company provides technology and managed services, collectively supporting ~80k client organizations across 150 countries, including:

- WFM technology:
 - UKG Pro WFM (formerly known as UKG Dimensions): serves ~15.6m users with ~5k global clients
 - UKG Ready: serves ~6k clients and 40m users
- HCM Technology:
 - UKG Pro (~8.7k clients): HCM platform tailored for midsized to large enterprise firms with >500 employees
 - UKG Ready (~42k clients): HCM platform tailored for SMB firms with <500 employees with an ability to scale up to midsize firms
 - UKG HR Service Delivery (~5k clients): employee file and case management, including a knowledgebase, targeted to mid to large-sized organizations
 - UKG Employee Voice (~1.5k clients): employee feedback and sentiment analysis solutions, using language processing, targeted at any size of organization
 - Great Place to Work (~21k companies): proprietary model and platform offering workplace certification and lists, data and benchmarking, and research and insights
- Managed services:
 - HR transformation consulting and change management
 - Benefits administration services
 - Multi-country and global payroll services
 - Partial and fully managed payroll services.

UKG Pro WFM product functionality includes timekeeping, scheduling, strategic workforce planning, communication and engagement, analytics, workflow configuration, and enterprise-grade data warehousing. UKG has customized solutions specifically tailored for the needs of each industry, including healthcare, retail, manufacturing, banking, education, government, and services and distribution. These solutions target the complexities of staffing, scheduling, and ensuring employees are paid accurately.

UKG has ~4.4k employees dedicated to WFM development, implementation, and service delivery.



Financials

UKG's 2023 full fiscal year (ended September 30) revenues were ~\$4.4bn. As a private company, it does not formally report its earnings.

NelsonHall estimates ~45% (or \$1.98bn) of UKG's FY 2023 total company revenues relate to WFM. 88% of UKG's WFM revenues are derived from North America.

Strengths

- Strong heritage and legacy of development and innovation across both HCM and WFM technology
- Customer retention of 94% in its UKG Pro WFM product with capabilities to manage global labor complexities and compliance, including union and labor rules and European and Australian working directives
- ~20% of annual revenue is invested in R&D, leading to new technology and service innovations
- Long heritage in WFM technology and significant client base, many with long relationships (10+ years) enabling industry insights such as the UKG Workforce Activity Report to be produced
- Open API platform allowing bi-directional integration to be built between UKG Pro WFM and external systems and giving access to many business processes to import from external data sources to support functionality such as workforce forecasting
- Life-work technology approach to focus solutions on employee engagement and experience such as 'Ask Bryte AI' and the expansion of the partner marketplace (currently 250+ partners) including partnerships with MS Teams and Slack to incorporate tasks and processes into the flow of work
- UKG People Analytics designed specifically for frontline managers featuring 125+ KPIs and metrics available out-of-the-box, as well as a KPI builder. Additional analytics provided through Frontline Worker Insights via UKG Bryte
- Focus on providing superior service as evidenced by the UKG 'Partner for Life' customer commitment
- Industry-specific solutions for manufacturing, healthcare, retail, gaming, and public sector with industry experts hired to pair with customers, with capabilities for both short and long-term workforce planning
- Best Places to Work Institute allows UKG to deliver both technology and service offerings and access to workplace culture experts. It also provides a wealth of organizational data and industry insights that UKG leverages to provide prescriptive analytics and develop its GenAI capabilities
- UKG Workforce Activity Report (U.S. only, monthly) shares benchmarking and labor index data, including employee shift work, across ~40k businesses and their ~4.5m employees.



Challenges

- Consolidation and standardizations across products and services to offer one customer experience while converting legacy clients onto its cloud solutions
- Navigating the complexities and compliance concerns of integrating GenAI and other emerging technology throughout its product suite
- Lack of offerings catered to very small businesses (below 100 employees), a rapidly growing buyer segment of WFM solutions and technology.

Strategic Direction

UKG maintains its focus on innovation by continuing to reinvest 20% of its annual revenue into research and development of its HCM and WFM solutions. This allows for the expansion of its WFM offering and the underpinning of technology with new and enhanced services and offerings, such as its Great Places to Work Platform (GPTW). UKG continues to build momentum for GPTW following strong client adoption of the GPTW Hub in its first full quarter of availability.

UKG also plans to strategically leverage the extensive benchmark data from its GPTW datasets to further advance its innovation goals. UKG GenAI models are currently being trained using the ~30 years of proprietary GPTW research and strategies to proactively identify suggestions and key data points to help customers better evaluate their organizational culture and identify areas of opportunities for workforce equity advancement. These GenAI models are being combined with ML and the UKG Partner for Life strategy to enhance UKG's CX offerings with support models that include:

- 24x7 Rapid Response to ensure that customers are supported with appropriate resources at all time
- 'Success Crews' comprised of experienced and tenured SMEs with deep technical and product expertise to collaborate with and provide guidance to customers at any stage of their UKG partnership
- Executive Relationship Managers, with in-depth knowledge of their customers, to proactively share best practices, industry trends, data insights, and culture data based on an organization's size, goals, and unique needs
- GenAI and ML to automatically route support cases to the appropriate teams and help resolve cases faster by identifying the appropriate resources.

Additionally, UKG Bryte will be a key focus area, enabling frontline employees and managers to use GenAI-based analytics and guidance to further simplify work processes, get actionable insights and enhanced reports, and create personalized experiences to increase employee engagement. Analyze Employee survey data analytics and Smart Insights will highlight opportunities for leaders to correct inequities in employee demographics, pay, promotions, overtime, and other key KPIs. UKG Bryte will also provide Employee Insights to frontline and hourly workers to easily manage schedules, shifts, and location preferences.

UKG also plans to continue its global expansion and is particularly focused on the Asia-Pacific and Latin American regions, specifically India and Brazil. Australia has already proven to be a growth area for the organization via its experience managing complex Australian labor laws and policies, such as those enforced by the Australian Fair Work Ombudsman. It will continue to invest significantly in growing in the area.



Outlook

UKG is well-positioned to continue its WFM growth market strategy. Expansion into new markets such as India and Brazil are made possible by UKG's existing strong global reach and knowledge base of navigating complex international labor and compliance laws and regulations. UKG's presence in these regions via its previous Workforce Central platform provided an existing customer base and there should be several new contract wins within these regions to further bolster UKG's market standing. The expansion of its global Innovation Hubs will also help to ensure that compliance measures and complex labor rules are identified and adhered to. UKG also maintains a strong ability to offer industry-specific solutions for manufacturing, healthcare, retail, gaming, and the public sector and will look to continue these deliverables focusing specifically on healthcare and retail, which has given the organization its most significant growth over the last 12 months.

UKG is also highly focused on product enhancements and employee engagement. Several key offerings will elevate UKG's Pro WFM suite, including its Great Places to Work platform and hub and UKG Talk, with UKG Pro Advanced Scheduling and UKG Strategic Workforce Planning strengthening its commitment to provide frontline workforces with the tools needed to navigate rapidly changing environments. Additionally, UKG's focus on integrating GenAI throughout its offerings to simplify work processes provide managers and employees with actionable insights within the flow of work and demonstrates its ability to respond to current buyer demands and market trends.

NelsonHall expects UKG to achieve strong revenue growth of between 17% and 20% in its WFM offerings for the calendar year 2024.



New World Workforce Management Market Summary

Overview

The workforce management market continues to adapt across the HR spectrum to meet evolving needs for hybrid work models, specifically as it relates to supporting hourly, shift, and deskless workers with flexible workforce requirements.

Reimagined solutions use industry-leading and innovative technology to facilitate both local and global administration, manage risk assessments, and offer adaptable workplaces. This includes the ability to reinvent and digitalize workforce management solutions to support transformed workplace practices, focus on more holistic employee experiences, attract and retain top talent, and use in-depth prescriptive analytics. There continues to be a strong focus on digitalized offerings that enhance automation to better manage the speed of business change through emerging technologies such as Gen AI, AI and ML.

Buyers continue to look to providers for industry best practices, as well as innovation that adapts to long-term business goals. Employee engagement tools are a key development focus currently, providing the democratization of workplace practices and more robust communication functionality. AI-driven enhancements enable advanced scheduling capability across vendors through recommendation engines and automated scheduling and approvals, while Gen AI is being integrated for stronger communication and employee support tools. Additionally, vendors are strengthening API capabilities with solutions and expanded marketplaces that help organizations more easily integrate with new and emerging applications.

The WFM market has also experienced significant progress with acquisitions, including Sheepblue and Gavdi Poland by SD Worx, and technology and service partnerships, such as UKG's expanded relationships with Microsoft and Google Cloud.

Buy-Side Dynamics

The top priorities for buyers of WFM center on leveraging modern technology to enable greater agility and effectiveness to achieve strategic business goals, including:

- Increased focus on shift and deskless workers requiring automated scheduling, absence management, and workforce planning
- Digitalization and technological advancement
- Labor cost management to more effectively manage employee fatigue and compliance adherence
- AI-based automated tools that enable management to quickly assess and audit productivity
- The need for enhanced scheduling tools that integrate with existing payroll and HR platforms
- Data analytics that allow for real-time reporting and auditing
- Leveraging technology for effective communication, information sharing, and community building
- Focus on long-term organizational goals and sustainability measures



- Ability to better support business through easy-to-configure technology
- Improved compliance for expanding regional and global businesses with complex workforce needs.

Market Size & Growth

NelsonHall estimates the WFM market to be worth ~\$5.8bn in 2024, with North America the largest market (58% of the global market). Greatest growth is expected in healthcare and manufacturing.

Growth will be driven by the demand for modern technology to automate administrative offerings, enhance the employee experience, mature HR operations, and enable greater agility in supporting current and future strategic business goals through AI-enabled forecasting analytics and peer benchmarks.

Global benefits will see significant growth as vendors look to increase market shares in EMEA and other regions.

Challenges & Success Factors

Key challenges faced by WFM providers include:

- Supporting clients and solutions with best practice guidance and advocating for transformed digital practices, especially in specific industries that have unique staffing and workforce needs
- Labor forecasting that can account for various scenarios (high/low traffic times, weather, holiday, etc.) and provide prescriptive guidance
- Conservative organizational spend due to economic uncertainties
- Innovative incentives and rewards
- Ability to support talent management as buyers seek to increase competitiveness for talent attraction and retention, especially in high turnover industries
- Lack of leadership buy-in for change management, along with limited bandwidth for administrators to take on the implementation, deployment, and maintenance of new platforms
- Supporting compliance across multiple countries, worksites, and job requirements
- Many organizations expect compliance to be delivered 'out of the box' by the vendor
- Vendors that have a heavy reliance on partners to manage deployments are less likely to have compliance built into the product across multiple countries
- Developing effective consulting partnerships to assist with the deployment of workforce management products
- Time to ROI expectations for process improvements and cost reduction
- Driving greater insights from improved analytics
- Developing and integrating employee communications alongside WFM solutions that are easily accessible within the flow of work.



Key success factors for WFM providers include:

- Deeper domain knowledge and industry-specific solutions to ensure developments are suitably tailored to meet unique customer needs
- Enabling compliance and keeping up-to-date with changes in legislation in countries serviced
- Ensuring configuration can be easily updated by end users to support ongoing change and can meet needs
- Strong analytics, predictive insights, and benchmarking to drive continuous improvements
- Adaptability in clock technology such as facial recognition/touchless, durable equipment to withstand rugged and all-weather conditions, freestanding kiosks for deskless employees
- Demonstrating (e.g., referenceable clients) proven experience, leadership in execution and innovation
- Supporting integrations with HCM, payroll, access management (security), and service delivery (CRM) platforms for optimized experiences
- Supporting employee engagement solutions that support a holistic approach to workforce needs
- Aligning to specific industries and engaging with industry experts to develop industry specific solutions and innovations
- Integration of emerging technologies such as AI and ML to bolster scheduling and labor forecasting functionalities
- Ongoing investments in product and service roadmaps.

Outlook

In 2024 and beyond:

- Demand is expected to continue to see an uptick, with ~10% growth, driven by evolving labor needs as well as multi-country and global growth. Greatest growth in 2024 is expected in manufacturing and healthcare
- AI will be increasingly used to optimize staffing and labor forecasting with automated scheduling and approvals and prescriptive guidance
- Extensive compliance offerings will be a necessity for businesses operating and expanding both regionally and globally
- WFM and payroll solutions are expected to become more closely integrated through on-demand pay, whereby hourly employees can opt to be paid at the end of a shift
- Shift planning is expected to continue to attract new buyers as AI-driven algorithms enable more flexible working for shift-based and deskless staff, as well as remote/office-based staff, so that employees can more easily share preferences and availabilities and trade/auction shifts themselves as part of an employee empowerment focus
- Enhanced communication tools will continue to develop to include features such as task management, labor optimization, and post-shift employee sentiment analysis



- Innovative employee engagement tools will be a key differentiator as organizations continue to navigate high turnover and retention difficulties
- Industry-wide benchmarks will continue to grow as organizations seek KPI data related to functions including recruiting, performance, and industry best practices
- Business continuity plans will be an integral part of workforce management as businesses invest in crisis management preparedness.



NEAT Methodology for New World Workforce Management

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet future client requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet future client requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders:** vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements
- **High Achievers:** vendors that exhibit a high capability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet future client requirements
- **Innovators:** vendors that exhibit a high capability relative to their peers to meet future client requirements but have scope to enhance their ability to deliver immediate benefit
- **Major Players:** other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.



Exhibit 1

‘Ability to deliver immediate benefit’: Assessment criteria

Assessment Category	Assessment Criteria
Offerings	<ul style="list-style-type: none"> Range of WFM offerings Scheduling offerings IoT integration Breadth of employee engagement Capability to offer decision support tools Ability to support benchmarking User Experience and Mobile Offering Depth of Industry-specific solutions
Delivery Capability	<ul style="list-style-type: none"> Breadth of implementation, integration & support services Application of intelligent technology features Configuration flexibility Partnerships in support of WFM solutions Strength of proprietary IP Ability to scale delivery North America presence Global capability
Market Presence	<ul style="list-style-type: none"> North America presence EMEA presence ROW presence Small Market (<500 employees) Mid Market (>500 to 15k employees) Large Market (>15k employees)
Benefits Achieved	<ul style="list-style-type: none"> Increased workforce management effectiveness Speed and agility to support business changes Improved decision making from better insights & visibility Improved compliance Supported HR Transformation Cost savings for process improvements Improved digitalization of WFM processes



Exhibit 2

‘Ability to meet client future requirements’: Assessment criteria

Assessment Category	Assessment Criteria
Innovation Culture	Suitability to meet WFM needs
	Flexibility
	Caliber of personnel
	Proactively brings best practice
	Value
	Innovation & creativity
Roadmap Initiatives & Developments	Ability to deliver transformation
	WFM solutions roadmap
Market Momentum	Multi-Country offerings roadmap
	WFM market momentum

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.



research.nelson-hall.com

Sales Inquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager: Darrin Grove at darrin.grove@nelson-hall.com

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