Capgemini Consulting

Cloud Watch on HCM
Cloud Solutions

CC India, Research
April 2016

Table of content

Objectives and Approach

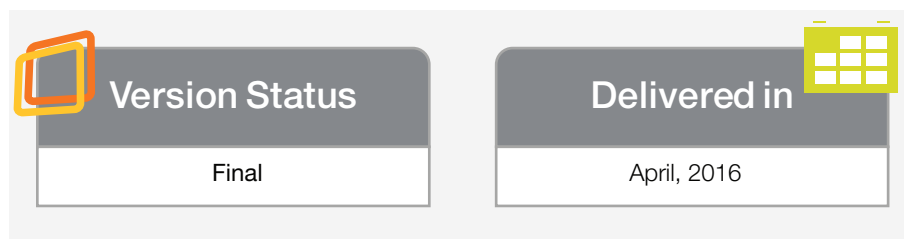- Provide a single source of information on leading HR Cloud solution providers across the globe

- Identify leading players across HRM SaaS functionalities

- The study uses publicly available information sources:

    - Company websites
    - Text line searches
    - Industry reports
    - Analysts reports

Version Status	Delivered in
Final	April, 2016

Context

- Cloud computing is a general term for anything that involves delivering hosted services over the Internet

    - These services are broadly divided into four categories: Infrastructure-as-a-Service (IaaS), Platform-as-a-Service (PaaS), Software-as-a-Service (SaaS) and Containers-as-a-Service (CaaS)

- Software as a Service (SaaS) is a software distribution model in which applications are hosted by a vendor or service provider and made available to customers over a network, typically the Internet

    - SaaS is a growing phenomenon in the market and has made a successful penetration into mainstream Enterprise IT
    - Coupled with the buyer side objective of reducing the cost of ownership, the SaaS revolution is bound for exclusive growth across all forms of a business

- Globally, Capgemini helps many of its clients with the selection and implementation of SaaS solutions, and this document intends to provide a single source of truth about HR SaaS solutions currently available in the market, with a focus on the European market

A Sneak Peek at HCM Cloud Market

VENDOR CORNER

- Pittsburg State University selected Oracle Higher Education Cloud to modernize their IT and HR systems

- Rolls-Royce implemented Workday HR cloud solution

- Salida Hospital District improved employee engagement through Kronos Workforce Ready suite, deployed in the Kronos cloud

- American Cancer Society implemented the SumTotal Talent Expansion Suite

PARTNERSHIPS AND M&A'S

- NGA HR expanded its global partnership with Thomsons Online Benefits

- Kronos acquired Empower Software Solutions

- Infor partnered with OpenSesame to provide customized e-learning training courses for business and healthcare

- IBM and Globoforce announced a partnership which includes future developments within IBM's Smarter Workforce partner ecosystem

ANALYSTS SPEAK

- HR Excellence Awards voted Oracle Best HR Technology Solutions & Integration Company, for the third year in a row

- Kronos was ranked the highest for time and attendance in "2015/2016 Best in KLAS: Software & Services" report, published by KLAS

- PeopleFluent was recognized as a Leader in the annual Aragon Enterprise Learning Report

EVENTS

- Oracle HCM World to be held on April 5th-7th, 2016 in Chicago   >> Read More

- LEHRN Expo to be held on April 28th, 2016 in Minnesota   >> Read More

- Cloud & Devops World to be held on June 21st-22nd, 2016 in London   >> Read More

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HCM Cloud Solution Footprint

HCM SaaS solutions can be categorized into HRM Core, Workforce, Talent, Learning & Development, Recruitment & Hiring and Compensation & Rewards
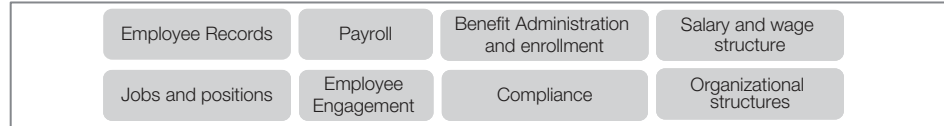
HCM Cloud Solution Footprint

Compensation & Rewards
- Wellness
- Bonus Programs
- Base Salary Administration
- Stock and Long Term Incentives
- Retirement and Savings
- Market Pricing and Equity
- Employee Recognition
- Commissions

HRM Core Functions
- Employee Records
- Jobs and positions
- Employee Engagement
- Benefit Administration and enrollment
- Organizational structures
- Salary and wage structure
- Compliance
- Payroll

Recruitment and Hiring
- (Strategic) Workforce Planning
- Sourcing and Social Recruitment
- Diversity & Compliance
- Applicant Evaluation
- Requisitions
- Candidate Engagement
- Onboarding

HCM Solutions (Cloud & Mobile)

Workforce Management
- Time reporting
- Attendance
- Paid Time Off
- Absence Management
- Productivity Analysis
- Labor Cost Distribution
- Workforce scheduling and assignments

Learning and Development
- Collaboration
- Professional Certification
- Social and Informal Learning
- Content Management
- Learning Course Administration
- Leadership Development
- Mobile Learning
- Mentoring

Talent Management
- Goal Management
- Talent Review
- Performance Management
- Succession Planning
- Competency Management
- Retention Management
- Career Planning

Sources: Embrace Future Trends To Deliver HRM Business Impact, Forrester 2014; CC India Analysis

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Organizations are moving towards integrated cloud-based HRM Core Functions in an effort to boost collaboration and thereby driving better business outcomes

HRM Core Functions

HRM Core Functions	Licensed on-premise software remains the dominant deployment model in production with SaaS based solutions for HRM Core Functions solutions

Employee Records	Payroll	Benefit Administration and enrollment	Salary and wage structure
Jobs and positions	Employee Engagement	Compliance	Organizational structures

Trends		Description	Vendor Example
	Mobile and app-enabled HR	▪ Companies are leveraging technology to upgrade skills and move away from traditional core HR technology — This is intended to ease the use of self-service and ease the burden on HR	▪ Ultimate Software is developing mobile-ready solutions, with responsive designs that match the type of device being used
	Focus on full technology integration	▪ Companies need to move away from information silos to unified Core HR systems ▪ Solutions must centralize the HR management throughout the life cycle of employees	▪ SuccessFactors 'Employee Central' enables global HR teams to focus on creating strategic value for the business by streamlining processes and providing access to information that supports faster decision-making

Vendor Landscape

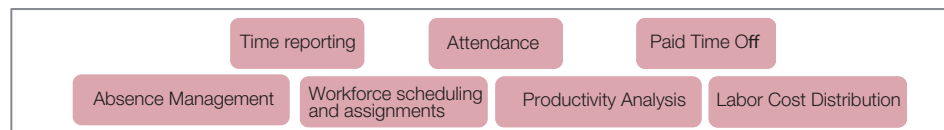Completeness / Strength of the offering (SaaS and Mobile);

Cornerstone   **euHReka**   **AFAS**   **Talentsoft**   SABA   **Lumesse**   **Sumtotal**   **SAPSuccessfactors**

IBM Smarter Workforce   **Salesforce**   **infor**   **RAET**   **PeopleFluent**   **ORACLE**   **KRONOS**   **SilkRoad**   **ADP**   **Workday**

Automated work force tools and analytics are helping organizations to achieve better output and improve efficiency

Workforce Management Solutions (WFM)

Workforce Management	SaaS adoption continues to grow, as the leading vendors have now begun to offer both on-premise and SaaS solutions

Time reporting	Attendance	Paid Time Off
Absence Management	Workforce scheduling and assignments	Productivity Analysis	Labor Cost Distribution

Trends		Description	Vendor Example
	Real-time processes	▪ Organizations are adopting analytics in their HR departments like talent and recruitment which facilitates easier report creation and opportunity to address business challenges	▪ Workforce Central 8 - Kronos
	Automated Time and Attendance process	▪ Organizations are adopting automated time and attendance process to achieve better output on critical initiatives of productivity, availability of resource, data accuracy and compliance	▪ Online Time Clocks and Solutions - ADP

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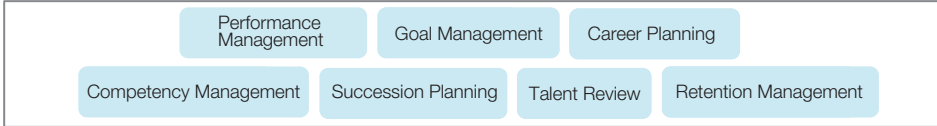Completeness / Strength of the offering (SaaS and Mobile);

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Organizations are leveraging predictive analytics solutions to retain talent, this in turn ensures cost savings and better performance of the organization as a whole

Talent Management Solutions

Talent Management	The market for talent management software has seen an increase in the implementation of predictive analytics across its various functions

Performance Management | Goal Management | Career Planning

Competency Management | Succession Planning | Talent Review | Retention Management

Trends		Description	Vendor Example
	Gamification in Talent Management	▪ Gamification drives higher employee engagement, boosts productivity and encourage healthy planning	▪ Cornerstone on demand – Cornerstone ▪ Language Quality – Microsoft Silverlight
	Talent Retention through predictive analytics	▪ Organizations are increasingly using predictive analytics solutions to predict which employee is going to quit, they also try to ascertain the reasons and come up with strategies to retain talent and recruit new staff	▪ Workday Insights Analytics – Workday ▪ SuccessFactors workforce Analytics – SAP ▪ People Fluent advanced analytics reporting and enhanced mobile experience

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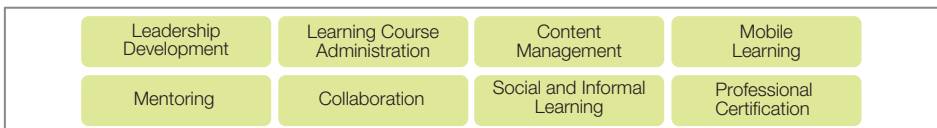Completeness / Strength of the offering (SaaS and Mobile);

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Salesforce RAET infor Talentsoft Cornerstone KRONOS SilkRoad SABA Sumtotal Workday

Sources: Global Human Capital Trends; HRM Solutions: Traditional Models clash With Next-Generation Processes And Technology; Talent Management Solutions based on Big Data; Gamification; CC India Analysis, PeopleFluent – Press release;

Real-time data reporting and mobile enabled learning are major trends in improving employee engagement and learning experience

Learning and Development

Learning and Development	Recent innovations in the Learning and Development function has provided organizations with agile and effective services

Leadership Development | Learning Course Administration | Content Management | Mobile Learning

Mentoring | Collaboration | Social and Informal Learning | Professional Certification

Trends		Description	Vendor Example
	Real-time data reporting	▪ A high future investment is expected for reports that integrate real-time data ▪ Almost one-third of L&D professionals plan high levels of investment in reporting real-time data	▪ Adrenalin and Deskera integrate real-time data in their solution offerings
	Mobile enabled Learning and Bring Your Own Device (BYOD)	▪ Organizations are adopting automated time and attendance process to achieve better output on critical initiatives of productivity, availability of resource, data accuracy and compliance	▪ SuccessFactors LMS along with its suite of mobile apps offers at-a-glance learning thereby allowing employees to complete the learning courses from a mobile device anytime

Vendor Landscape

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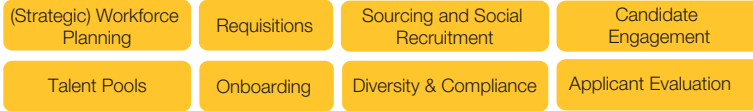AFAS RAET Salesforce Talentsoft Lumesse PeopleFluent Cornerstone SilkRoad

Sources: SuccessFactors website; Saba's website; Gamified elearning; CC India Analysis

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Recruiting technology is now gravitating toward mobile enabled recruiting, with people analytics to identify the right candidate from the entire pool

Recruitment and Hiring

Recruitment and Hiring	Recent solutions in the Recruitment and Hiring function help organizations determine the 'best-fit' candidate pool

(Strategic) Workforce Planning	Requisitions	Sourcing and Social Recruitment	Candidate Engagement
Talent Pools	Onboarding	Diversity & Compliance	Applicant Evaluation

Trends		Description	Vendor Example
	People Analytics	■ The solution leverages external data, such as data from social networks, hiring patterns, external turnover and demographic data to predict workforce trends and target top talent	■ Oracle HR Cloud delivers workforce predictive analytics
	Social recruiting and sourcing are becoming the major channels for HCM	■ Using social media, companies are changing the way to promote opportunities, as well as tap into employees personal and professional networks for talent acquisition	■ SilkRoad is enabling crowdsourcing activities by offering collaboration via social portals for recruiting talent

Vendor Landscape

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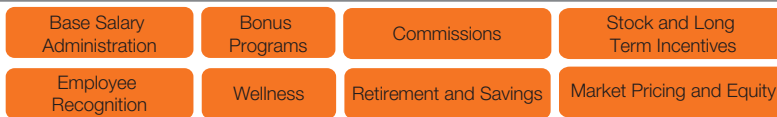

Compensation and Rewards solution vendors are providing solutions to their customers based on pay-for-performance

Compensation and Rewards

Compensation & Rewards	SaaS penetration in the Compensation and benefits function has gained momentum and contributes 52% of this segment's product revenues

Base Salary Administration	Bonus Programs	Commissions	Stock and Long Term Incentives
Employee Recognition	Wellness	Retirement and Savings	Market Pricing and Equity

Trends		Description	Vendor Example
	Compensation vendors leverage pay-for-performance	■ With more companies adopting pay-for-performance, vendors are providing solutions to help companies align goals and reward programs for their workforce	■ Workscape added performance to its Compensation & Benefits capabilities
	Real time financial solution	■ The financial management tool or application allows creation, collaboration, and taking action on budgets and forecasts to optimize business growth	■ Workday introduced new planning, budgeting and forecasting application to unify real-time finance and HR data

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HCM Market Overview

Riding on high adoption level of HCM solutions, Global HCM applications market is expected to have a positive growth by 2019

Executive Summary

GLOBAL HCM APPLICATION MARKET OVERVIEW

- Global HCM applications market is expected to grow at a CAGR* of 8.2% over the period 2013-2018 from $10.4bn in 2013 to $15.4bn in 2018
- Streamlining of human resource operations is one of the key factors contributing to the market growth
- The future global HCM market would be driven HRM Core Functions & Compensation and Rewards segments in both Americas & EMEA markets
- The fastest growing segment (CAGR of 10%) is compensation management, which is the newest and smallest in terms of revenue

HCM APPLICATION ADOPTION LEVEL

- Administrative HCM solutions has high level of industry adoption compared to other solutions
- Large organizations continue to be the biggest adopters of HCM applications
- The HCM Solutions vendors are increasingly adopting mobile enabled processes, HR shared services and embedded analytical solutions to their HCM solutions
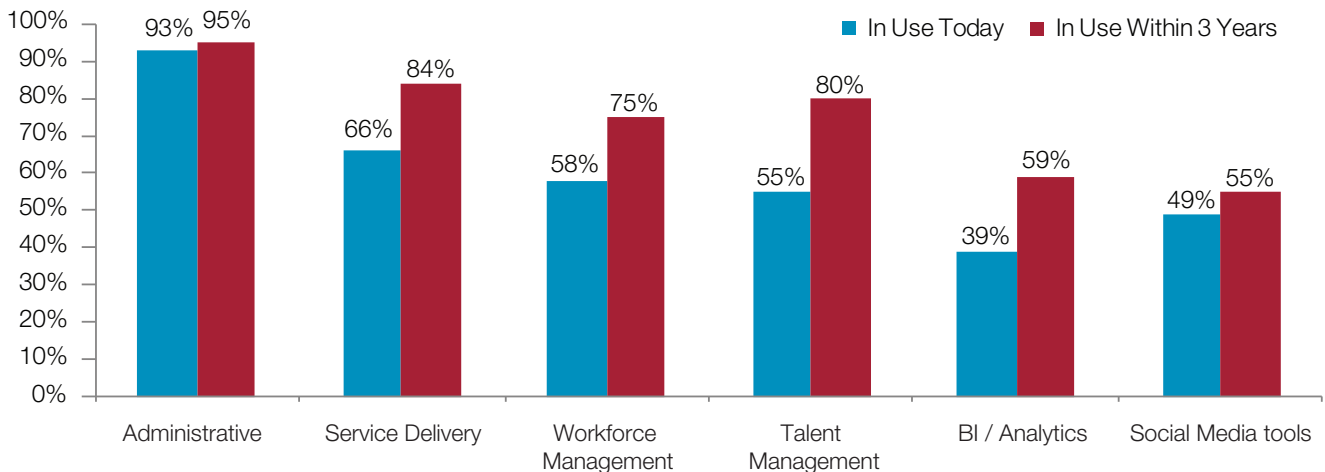
EMERGING TECHNOLOGIES

- Companies are leveraging mobile apps to 'appify' their HR tools, to offer employees seamless services, that can be accessed quickly and easily
- Learning technology that provides real-time data is expected to have a growing role in the next two years

Note:*Compound Annual Growth Rate

HRM application SaaS adoption

Three-Year Adoption Outlook (n=1,204)

Social Media and Workforce Optimization has highest forecasted adoption growth over the next three years

Legend: ■ In Use Today   ■ In Use Within 3 Years

Category	In Use Today	In Use Within 3 Years
Administrative	93%	95%
Service Delivery	66%	84%
Workforce Management	58%	75%
Talent Management	55%	80%
BI / Analytics	39%	59%
Social Media tools	49%	55%

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Want to know more?

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