

RESEARCH NOTE TECHNOLOGY VALUE MATRIX 1H11: WORKFORCE MANAGEMENT

THE BOTTOM LINE

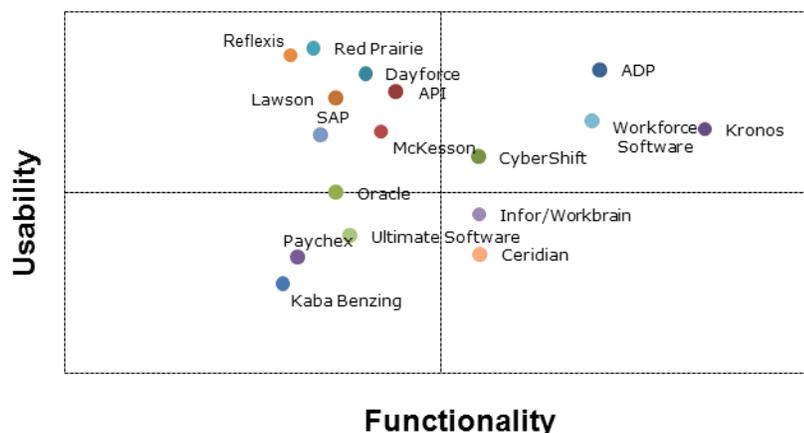
Organizations continue to invest in workforce management (WFM) in order to reduce and control their largest operating expense: labor costs. The Technology Value Matrix evaluates WFM vendors that provide functionality in three core areas: workforce scheduling, time and attendance, and leave management.

The 1H2011 Value Matrix for workforce management (WFM) software addresses both on-premise and software-as-a-service (SaaS) vendors.

MARKET OVERVIEW

Workforce management continues to be a hotly contested market, and recent Nucleus ROI case studies have shown that a number of vendors deliver significant value. Nucleus expects progressive investments necessary by workforce management vendors in order to keep up with technology and market changes.

Nucleus Value Matrix - WFM



Workforce management vendors offer varying levels of workforce scheduling, time and attendance, and leave management core functionality. They also provide various options for data collection, employee self-service, reporting, analytics, and other niche workforce management functionality themselves or through third-party providers. High functionality and usability vendors are recognized for relatively advanced capabilities across all three core application areas, user interaction

TOPICSEmployee Management
Applications

Software as a Service

methods, and other factors that contribute to quicker deployment and user adoption.

WFM vendors are challenged to keep pace with the following five market issues:

- Different mobile technologies. WFM vendors are required to support multiple, evolving smartphone and tablet technologies that provide manager and employee functionality (for example, time off requests or timecard review) for everyday WFM operations.
- Changing usability expectations. Consumer familiarity with iPod ease of use is driving vendors to develop, or partner with third-party vendors, to provide functionality that incorporates device-specific user gestures and interactions across various smartphone and tablet devices.
- Analytics and reporting requirements. Savvy business analysts are looking for elegant ways to work with WFM data sets or cubes and examine them using in-house analytics tools (and Crystal Reports is just not the answer anymore).
- Cloud computing acceptance. The benefits of cloud computing have become commonplace (thanks to applications like Salesforce.com and its AppExchange marketplace) and IT organizations are outsourcing as much administrative IT work as possible based on demands to focus on strategic initiatives.
- Changing niche, best-of-breed, and ERP based offerings. New acquisitions and third-party partnerships cause the WFM landscape to change on a weekly basis. What was once a niche scheduling application could now be part of a best-of-breed WFM or ERP suite of applications (for example, Kronos's acquisition of PDSI).

Keeping up in all five areas requires constant development and investment efforts. Mobile technology is a good example of a moving target technology area that offers largely untapped value related to potential user productivity improvements, minimal training requirements, and little-to-no impact on an organization's IT department. Organizations like Kronos, ADP, WorkForce Software, and CyberShift - offering various capabilities across different devices - will need to continually respond to market and user expectations. Organizations will also be challenged to properly assess ever-changing vendor functionality and compare these with internal IT requirements, user requirements, and quantifiable value to the organization.

Nucleus found the following vendors qualified as usability and functionality leaders in the Value Matrix at this time:

- Kronos. Breadth of offering, global capabilities, application usability improvements, and the ability to provide ROI throughout an organization's initial and ongoing application lifecycle makes Kronos a leader. Kronos products cover a spectrum of industry-focused functionality, data collection options, and managed services that address most any hourly workforce's needs and deliver value. Kronos has already released mobile applications on multiple devices designed for manager and employee use and plans to continue increasing functionality.
- ADP. Considering highest levels of usability and functionality, ADP resells Kronos products as a subscription service. This results in relatively quicker deployments and a quicker time-to-value than licensed software deployments. Furthermore, because ADP has deeper expertise in the HR and payroll industry,

ADP clients have access to more industry knowledge and configuration advice compared to other WFM vendors. Nucleus found that organizations working with ADP are less likely to require third party consultants or compliance experts because of ADP's depth and breadth of compliance and regulations knowledge.

- WorkForce Software is a leader because of high ROI associated with quick deployment and breadth of functionality. Nucleus has noted high levels of flexibility from labor collection and reporting configurability, mobility offered through various data collection options, and labor reporting granularity as strengths of Workforce Software.
- CyberShift's capabilities consist of multiple data collection options including third-party offerings (for example, Telliris IVR), functionality that other WFM vendors do not provide (for example, contingent labor management), and both SaaS and licensed software options.

There are 13 other offerings in the Matrix. Some of these have superior functionality or usability in specific application areas, so should not be ignored in the evaluation process; however, they do not have a compelling proposition as value leaders in terms of both functionality and usability. For example, ERP or Human Capital Management (HCM) vendors provide solutions that automate workforce management as part of a broader, integrated application suite. These vendors include Oracle, SAP, McKesson, Lawson, and Ultimate Software. Because these vendors deliver their applications mainly through partners, the degree of functionality and complexity supported by the applications are more related to partner investment and ease of integration than the applications themselves. Vertically-focused, niche WFM vendors provide best-of-breed functionality in specific application areas for unique market verticals. These include vendors like Red Prairie, API, and Reflexis. These applications achieve high levels of usability related to, for example, specific role-based GUI's and improved end-user productivity, in targeted application areas of the overall workforce management suite.

METHODOLOGY

The Value Matrix is based on functionality and usability, the two core attributes that Nucleus has found enable a deployment to deliver initial ROI and, ultimately, maximum value over time. Each vendor's location on the Matrix is the result of usability and functionality scores assigned to that vendor based on interviews that Nucleus analysts have had with end users. Usability composite scores are based on factors that include intuitiveness of the application, availability of role-based interfaces, training requirements, and the impact on end-user productivity. Functionality composite scores are based on the breadth and depth of functionality in the core application, the availability and ease of integration of add-on functionality that delivers additional benefit, and the vendors' investment in innovative, non-core functionality.

Nucleus expects the center point of the Matrix, which represents the composite average point in the market, will move up and to the right over time as vendors make more investments in functionality and usability – effectively increasing returns to buyers.