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

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Human capital management suites support core HR, payroll, talent management, workforce management and HR service management. Application leaders in organizations with more than 1,000 workers who are pursuing a cloud HCM strategy should use this research to identify vendors for further evaluation.

Strategic Planning Assumption

By 2025, 60% of global midmarket and large enterprises will have invested in a cloud-deployed human capital management (HCM) suite for administrative HR and talent management. However, they will still need to source 20% to 30% of their HCM requirements via point solutions.

Market Definition/Description

This document was revised on 23 September 2019. The document you are viewing is the corrected version. For more information, see the Corrections page on gartner.com.

Cloud human capital management (HCM) suites deliver functionality that helps organizations attract, develop, engage, retain and manage their workforces. These solutions support a variety of HCM capabilities (albeit to varying degrees based on the offering):

- **HR Administrative Functions (Admin HR)** — Include core HR (organizational, job and employee data, employment life cycle transactions, employee, manager, and role-based self-service access); benefits; and payroll administration. This may also include environmental, health and safety (EHS), grievance tracking, wellness, or other value-added capabilities.

- **HR Service Management (HRSM)** — Includes personalized direct access to policy, procedure and program guidance for employees and managers. It may also include integrated case management, knowledge base, digital document management, virtual assistants and chatbots.

- **Talent Management (TM) applications** — Include recruiting, onboarding, performance and engagement management, compensation planning, career and succession planning, learning and development, and workforce planning.

- **Workforce Management (WFM)** — Includes absence management, time capture, time and attendance evaluation, task/activities tracking, budgeting and forecasting, and scheduling.

HCM suites also provide reporting and data as needed by local and international regulations, and most often include analytics and role-based dashboard capabilities. Reporting and analytics may also be assisted by advanced technologies, such as artificial intelligence (AI) or natural language processing (NLP). Transactional employee and manager self-service are now embedded as roles in each supported HCM business process. Mobile access is a fundamental part of these offerings. Vendors also embed collaborative and social capabilities to provide greater transparency, add additional viewpoints that inform decisions or connect previously disjointed processes. The reverse approach of embedding HR transactions, program or policy search, or HR case management into corporate collaboration spaces is emerging.

User interface (UI) options for HCM suites continue to increase with the emerging availability of chatbots and/or virtual assistants. Chat integration allows users to perform basic transactions or retrieve information without leaving their corporate chat windows. Conversational UIs using virtual assistants such as Siri, Alexa or Google Home are also nascent, with low adoption. These new ways of retrieving HR information or performing HR transactions without requiring employees to continually log into an HCM suite promise to be transformational for providing HR services to employees. However, they will take time to mature due to the scope of applications covered and the relative immaturity of the voice/text recognition technologies. Mainstream adoption is unlikely to occur for five years.

Overall user experience (UX) continues to be a leading selection criterion. As organizations support workforces with ever-rising expectations of connectivity, live conversations with HR administrators are being replaced by interactions with devices and applications. This shift to digital HR administration drives the need for compelling and personalized UX, as applications become the "face" of HR departments. HCM suites can be the most visible business applications in an enterprise when taking into account the use of self-service for frequent tasks, such as clocking in and out of shifts or reviewing pay stubs. Annual processes, such as U.S. benefits open enrollment or annual performance and/or compensation cycles, require most of the employee population to work through a complex, multistep process, often involving conditional approval workflows. Usability, process transparency and real-time analysis are critical.

HCM suites are used primarily to manage regular full-time and part-time employees. Some vendors have added functionality specific to contingent and/or freelance workers. However, most customers still use a vendor management system as their primary tool for contingent worker administration to address billing, integration with provisioning systems and related processes. Customer interest in using HCM suites to manage, or at least track, the contingent workforce is increasing. However, most vendor-pricing metrics are cost-prohibitive for maintaining data on temporary workers. Some vendors' organizational structures do not easily lend themselves to temporary or matrixed relationships. Data privacy laws for temporary workers may also influence where the data is stored for those workers.

The midmarket demand for a global HR system of record (SOR) remains strong. The need to operate in multiple countries with diverse regulatory, data access and privacy requirements has become common even for enterprises in the 1,000-to-2,500-employee range. However, the number of countries is typically fewer than five, with populations outside corporate headquarters being a

small fraction of the total workforce. Global needs are modest in comparison to those of large enterprises, and local payroll providers are most often used. However, a robust and consistent repository of HR demographic, organizational and (sometimes) talent data is viewed as necessary to maintain compliance, provide total workforce analytics and streamline administration. As a result, this Magic Quadrant evaluates how well each vendor satisfies HCM functions for large enterprise customers, as well as midmarket enterprises with more than 1,000 employees. It also assesses geographic coverage from product and operational standpoints.

Clients with a limited market presence outside their home region (e.g., North America or Europe) may be considered Niche Players or Challengers, due largely to their addressable market. To get a more accurate representation of vendor capabilities, exercise one of the following options:

- Use the online interactive Magic Quadrant and set the Geographic Strategy criterion to its lowest weighting.

- Review "Critical Capabilities for Cloud HCM Suites for Midmarket and Large Enterprises," which contains five specific use cases for organizations, three of which have a more-limited regional focus:

  - Core HR plus talent HCM suite for larger global organizations (more than 5,000 workers)

  - North America midmarket HCM suite (1,000 to 5,000 workers)

  - Europe-headquartered midmarket HCM suite (1,000 to 5,000 workers)

  - North American administrative compliance suite for hourly workers (more than 1,000 workers)

  - New: Asia/Pacific (APAC)-headquartered midmarket and enterprise suites (more than 1000 workers)

Magic Quadrant

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

Source: Gartner (September 2019)

Vendor Strengths and Cautions

All mentions of "customer satisfaction scores," "survey respondents" or "customer reference feedback" in this section refer to an end-user survey performed in conjunction with this Magic Quadrant (data collected from 30 March through 30 April 2019). Vendor-provided customer references score various overall, functional, product and vendor customer relationship (VCR) criteria on a 1-to-5 scale (1 = Extremely Dissatisfied, 5 = Extremely Satisfied). All mentions comparing a vendor's customer reference feedback to "average" refer to the calculated average score for each criterion across all included vendors (please refer to the Evidence section for more details on this survey). Unless otherwise indicated, reported vendor customer counts are as of June 2019.

ADP (Vantage HCM)

ADP Vantage HCM is a SaaS solution targeted at North America-based multinational corporations (MNCs) ranging in size from 1,000 to 10,000 employees (although a few deployments are significantly larger). Its average customer size is 4,000 employees. ADP Vantage is a solution suited for midsize, U.S.-based MNCs, and supports global operations in 59 countries and 11 languages. Most customers also leverage ADP services, such as payroll or U.S. benefits administration. ADP is a Niche Player in this Magic Quadrant.

Strengths

- ADP has strong business operations and is well funded, which drives significant research and development activity. Through tools such as Manager Insights, ADP Apple Watch Apps and payroll dashboards, Vantage offers innovation in UX and manager experience.

- ADP Vantage is integrated with ADP DataCloud, which leverages ADP's massive amounts of data to provide innovative analytics and benchmarking capabilities through big data products, such as Pay Equity Explorer or Turnover Probability Explorer.

- ADP's customer satisfaction was above the average for administrative HR capabilities (e.g., core HR, payroll and compensation management).

Cautions

- ADP Vantage customer adoption has not kept pace with that of many of its HCM suite competitors. In part, this is because, as organizations increase in size and look up market, Vantage competes with the broader marketplace, as well as with other ADP offerings.

- Customer satisfaction with ADP's ability to customize or extend the application was significantly below average.

- ADP customer satisfaction with Vantage HCM learning, career development and succession planning were below average, lagging behind that of many of the vendor's HCM suite competitors in this Magic Quadrant. This may indicate less-developed functionality in these modules.

ADP (Workforce Now)

ADP Workforce Now is an HCM suite with approximately 68,000 customers. Although the vast majority have fewer than 500 employees, more than 1,200 organizations with more than 1,000 workers also use the solution. ADP Workforce Now offers features such as payroll, core HR, U.S. benefits administration, recruitment, performance, time and labor, and analytics to North American customers. The suite does not include global benefits administration, succession planning or HRSM. ADP Workforce Now is a Niche Player in this Magic Quadrant.

Strengths

- ADP received above-average customer satisfaction scores for payroll and WFM (time and labor) in the reference survey.

- Reference customer satisfaction with product features was strong for product quality, as well as system administration, configuration and workflow.

- A consistent UX with straightforward interfaces for professional users is a highlight of ADP Workforce Now. Enhanced user features, such as drag-and-drop reporting, onboarding process maps and virtual assistants, provide comparatively advanced capabilities for the low end of the more-than-1,000-employee market.

Cautions

- ADP Workforce Now reference customers reported that they found the ease of use for managers to be challenging, revealing below-average satisfaction for this end-user segment.

- ADP Workforce Now reference customer satisfaction with tools for social collaboration and mobile enablement was below average.

- For seekers of a complete solution, there are functionality gaps within ADP Workforce Now. ADP can address those gaps through its solution marketplace; however, the depth of the partnership and integration will be key, as organizations augment third-party service providers.

Ceridian

Founded in 1992, Ceridian acquired WFM vendor Dayforce in 2012, which marked its foray into the cloud HCM suite market. The Dayforce HCM product continues to be a natively developed, single, unified solution spanning core HR, WFM, benefits, TM, and U.S., Canadian, U.K. and Australian payrolls. Localized payroll capabilities for Ireland are targeted for December 2019. The solution has more than 4,000 live customers, with an estimated 700 going live in 2018, and 86% of their customers have between 1,000 and 5,000 employees. The overwhelming majority of these customers are North America-headquartered organizations that leverage Dayforce to manage their workforces in more than 50 countries. Ceridian is a Challenger in this Magic Quadrant.

Strengths

- The robust WFM capability of Dayforce (including labor scheduling and optimization) makes it well suited to North American organizations that require tight integration of WFM to admin HR (including payroll and benefits administration), along with emerging TM and global needs.

- Reference customer satisfaction with Ceridian's overall application functionality, general and technical capabilities, and the VCR were all above average, placing Ceridian in the top three vendors in this Magic Quadrant for overall customer satisfaction.

- Ceridian recently announced that its roadmap now includes flexible earned wage access (FEWA) for its payroll offering. FEWA allows workers to access part of their earned pay in advance of their payday. Although it's early for this technology to deliver value, the pilot makes Ceridian a trailblazer among the leading global vendors.

Cautions

- Ceridian's existing TM functionality is best suited to midmarket companies, and may not satisfy the most complex use cases of large, global enterprises.

- Maturity is needed for Ceridian's offerings for career and succession planning (launched in October 2018), learning management, U.K. payroll and Australia payroll (launched in April 2019).

- Dayforce deployments outside of North America are limited, except for stand-alone WFM implementations. This may affect the ability of prospects in other regions to find enough references similar to their size, industry and planned functional scope. Its Australian operations are nascent.

Cornerstone OnDemand

Cornerstone OnDemand was founded in 1999 and is a publicly traded company. It is best known as a leading global TM suite and learning management system (LMS) vendor, with more than 3,500 clients globally, as of May 2019. Its HR Suite is a new offering with around 200 customers. It is currently marketed only in Europe. Cornerstone OnDemand's reference customers on average had more than 16,000 employees. The vendor's core HR product, HR Suite, originated as a hub for consolidating employee data from multiple HR or legacy systems of record into a single view. This consolidated view was tightly integrated with its TM suite to provide a consistent UX. HR Suite has since been enhanced so that it can function independently as a core HR SOR. Because HR Suite is nascent as an administrative HR product and is marketed only in Europe, Cornerstone OnDemand is a Niche Player in this Magic Quadrant.

Strengths

- Cornerstone OnDemand was a Leader in the now-retired Magic Quadrant for Talent Management Suites. They have a strong international presence with product sales in more than 190 countries. This market presence gives Cornerstone OnDemand a strong cross-sell opportunity, as its administrative HR capabilities mature and product gaps are filled.

- Cornerstone OnDemand reference customers rated learning management, as well as performance and goal management as the strongest capabilities within the platform. Cornerstone offers position management and workforce planning, which are capabilities beyond what is typically found in an emerging HCM suite vendor.

- Product quality, system performance, integration capabilities within the HCM, social collaboration capabilities and available training were rated above average in Cornerstone OnDemand's reference survey results.

Cautions

- Cornerstone OnDemand has a strong TM and talent acquisition focus, but does not offer native payroll or benefits administration. Cornerstone OnDemand offers a payroll API connector; however, as of this publication, no formal partnerships have been announced.

- As HR technology buyers pursue vendor consolidation strategies, Cornerstone OnDemand will need to continue to mature its admin HR capabilities, integration capabilities and strategic vendor partnerships to keep pace.

- Although Cornerstone OnDemand offers documented APIs and supports one formal absence management integration, customer feedback identified a need for improvement with integrations to external applications. Functionality reliant on third-party integrations was negatively affected. Modules affected by overall integration challenges include workforce analytics and mobile support.

Infor

Infor is a privately held company with strength in ERP. Approximately 1,100 customers use its CloudSuite HCM offering (345 were added in the past year). Most of its customers are between 1,000 and 10,000 employees, and it has a large healthcare and retail customer base. In addition to those audiences, Infor has industry-specialized processes for the hospitality, manufacturing, public-sector and service industries. Infor customers have a presence in approximately 50 countries, although there is a heavy North American concentration. Infor is a Niche Player in this Magic Quadrant.

Strengths

- Infor reference customers said they were most satisfied with the U.S. benefits administration and onboarding functionality of CloudSuite HCM. From an overarching product perspective, reference customers were most satisfied with the ability to integrate the software with other applications.

- Infor has a strong industry channel strategy, with members of its various sales and product teams dedicated to industry business lines and knowledgeable about the industries they serve.

- Enhancements to the Infor suite during the past 12 months have addressed UX, workforce analytics (via the acquisition of Birst) and its targeted industry focus.

Cautions

- Although Infor has made product investments during the past year, innovation has not kept pace with the competition. Infor's customer base has grown, but not at the same pace as some competitors. These two factors resulted in a decline in their execution assessment.

- Reference customers of Infor reported low satisfaction scores with reporting capabilities. Reference scores for workforce analytics functionality improved from last year, but still lagged behind most competitors. The acquisition of Birst is still quite new and is not yet fully leveraged.

- Reference customers outside Infor's primary target market of North America remain limited. This may affect the ability of interested prospects to find references that have implemented a similar scope of functionality to their own requirements.

Kronos

Kronos is best known for its global strength in WFM solutions. It acquired SaaShr in 2012 as the basis for its small or midsize business (SMB)-focused admin HCM solution, now branded Workforce Ready. The product has since experienced strong adoption in the lower midmarket (1,000 to 2,500 employees). In recent years, there are some larger customers (2,500 to more than 5,000 employees) who have deployed this solution. Workforce Ready has approximately 3,000 customers. The solution is best suited for North America-based midmarket organizations with predominantly hourly workforces, such as those in manufacturing, healthcare or retail. Kronos added approximately 675 new customers to Workforce Ready in 2018. It also grew its international presence, with 15% of customers now based outside North America. Kronos is a Niche Player in this Magic Quadrant, due largely to its limited lower-midmarket focus.

Strengths

- Kronos provides strong total cost of ownership (TCO) value for midmarket organizations, from a natively built suite that satisfies hourly — and some global — workforce needs. It is primarily designed to be implemented and maintained by small IT or HR departments.

- Kronos Workforce Ready reference customers rated their satisfaction as above average for payroll and WFM. This vendor's WFM satisfaction score was the second highest of all the vendors.

- Kronos has made several new functional module expansions in benefits management, learning administration, and the continued use of AI and machine learning (ML) in WFM (e.g., fraud detection and predictive analytics for flight risk).

Cautions

- Given its HCM focus on midmarket organizations with complex hourly workforces, Workforce Ready may not be suitable for organizations with more-complex TM and analytics requirements. Recruiting, onboarding, engagement measurement, career and succession management, and performance and goals all scored below average in the reference survey.

- Reference customers of Kronos scored overall product satisfaction below average, citing least satisfaction with workforce analytics, as well as social/collaboration capabilities.

- Kronos received a slightly below-average overall VCR score, with reference customers least satisfied with initial implementation and deployment.

Meta4

Meta4 is a privately held company with approximately 1,050 employees. Since 2000, it has delivered the full spectrum of HCM suite functions on a single technology platform — PeopleNet — to more than 1,600 clients, which cumulatively have more than 18 million employees. Most of its customers have between 1,000 and 25,000 employees. Robust core HR and WFM capabilities, as well as natively built localized payroll for Southern Europe and Latin America makes Meta4

suitable for organizations in these regions. Meta4 is a Niche Player in this Magic Quadrant. Meta4 was acquired by Cegid on 6 August 2019. Analysis and assessment for this research had been completed prior to this acquisition announcement.

Strengths

- Meta4 has an established presence in Latin America and Southern Europe, and a strong track record in meeting the requirements of multicountry customers in those regions. Such organizations often require complex configurations to address global and local legislative and compliance differences.

- In the application functionality category, reference customers expressed the most satisfaction with Meta4's WFM module, scoring it above average. Even though PeopleNet has a limited presence in North America, the satisfaction level for U.S. benefits administration functionality has been rated higher than the reference average.

- From the VCR perspective, reference customers were most satisfied with sales process and enhancement request process, scoring them slightly above average.

Cautions

- Meta4 markets PeopleNet primarily to global companies headquartered in Latin America and Southern Europe. Although many of its customers use it to support employees in other geographies, references beyond these regions may be difficult to find.

- Overall product capability satisfaction for PeopleNet was scored below average. Meta4 reference customers were least satisfied with product quality (e.g., runs without bugs), as well as integration within the HCM suite and with other applications.

- Meta4's placement as a Niche Player is largely due to PeopleNet focus on targeted geographies and industries, compared with products from Meta4's competitors. This focus is reflected in its comparatively modest customer growth.

Oracle

Oracle HCM Cloud is natively developed with no major gaps in its suite, as well as additional capabilities, such as work-life applications. Having closed all major gaps in product breadth, Oracle has more recently focused on innovation in UX, enhancing newer modules, as well as deepening support of hourly workforces.

Gartner estimates that more than 2,900 customers have purchased Oracle's Global HR module as of May 2019 (more than 1,800 are estimated to be live). The product is well suited to MNCs that want a global SOR for core HR and talent processes. During the past few years, Oracle has exhibited a sustained commitment to expanding and deepening its HCM applications. Oracle is a Leader in this Magic Quadrant.

Strengths

- Oracle HCM Cloud's overall customer reference satisfaction with application functionality is well above average for this Magic Quadrant. Workforce analytics, compensation planning and payroll were also all well above the average. Oracle's WFM also scored slightly above average, which is evidence of continued investment in hourly workforce features. Scheduling was released in late 2018; however, the feature has not yet been widely adopted.

- Customer reference satisfaction for Oracle with overall product capability criteria is in the top two. Oracle is one of only two vendors included in this research offering feature-rich platform as a service (PaaS) capabilities. Oracle scored well above average for mobile support, incorporation of emerging advanced technologies and integration of HCM suite with other applications. From a VCR perspective, Oracle's after-sales care and delivery of additional deployments and upgrades continue to score well above average.

- Oracle has demonstrated vision and innovation by adding an Experience Design Studio, as well as expanding the use of digital assistants, mobile responsive design and alternative UX. These include conversational UX using virtual assistant technologies, such as Alexa or Siri, as well as integrations with digital workspaces, such as SLAC or Microsoft Teams.

Cautions

- Gartner client inquiry feedback has indicated some discontent with the usability and configuration options for continuous performance management and recognition tools. Experience Design Studio is intended to streamline UX, but has not yet been widely adopted.

- Although Oracle has demonstrated strength in the North American, U.K., Indian and the broader APAC region markets, references in other geographic locations are challenging to obtain.

- Reference data for engagement measurement and workforce planning is sparse.

Ramco Systems

Ramco Systems has more than 1,700 employees across 18 countries, supporting a broad range of enterprise applications. It has established its presence in Australia and the Middle East, expanding beyond its core market of India and the broader, emerging APAC region. The product, Ramco HCM, is well suited to MNCs based in the APAC region that have 500 to 2,500 employees and require competent capabilities in WFM and payroll. It has nearly 600 live customers. Ramco is a Niche Player in this Magic Quadrant, largely due to its geographic and industry focus.

Strengths

- Ramco has continued its investment in technology innovations, such as enabling sign-in through facial recognition and building virtual assistants as the center of employee experience. The voice-enabled CHIA bot processes several transactions of varying complexity, including event-driven workflows for the early adopter customers.

- Ramco reference customers were most satisfied with Ramco's payroll and HRSM functionality. These applications were rated above the all-vendor average.

- Ramco's HCM offering supports localized payroll for more than 45 countries, making it suitable for global organizations with sizable employee distribution in the APAC region. The recent government mandate for Single Touch Payroll (STP) in Australia is also supported.

Cautions

- Ramco's reference customer satisfaction score is below average for the VCR. Respondents were least satisfied with initial implementation and deployment, as well as handover from implementation to support.

- Among application functionalities, customers were least satisfied with the application's engagement measurement, workforce planning and worker wellness functionality.

- Based on Gartner inquiry and Ramco customer references, use of Ramco's HCM functionality centers on core HR, payroll and WFM, with the adoption of the TM modules very low. Learning management is offered only through the vendor's partners: Skillsoft, SumTotal and Sify Technologies.

SAP

SuccessFactors is SAP's designated HCM cloud platform. The solution supports localization and compliance (including benefits, payroll and HR) across 98 countries and is localized for Payroll in 43 countries. It is entirely available via public cloud. In November 2018, SAP acquired Qualtrics, adding extensive employee experience management capabilities to its portfolio. The offering is well suited to MNCs that need a global SOR for HR administration and comprehensive TM processes. SAP SuccessFactors has expansive and innovative capabilities. Overall customer satisfaction has improved notably over 2018. SAP is a Leader in this Magic Quadrant.

Strengths

- SAP has the most extensive capabilities for extending or customizing its applications using the SAP Cloud Platform (PaaS), which is reflected in its above average reference satisfaction with ability to customize or extend the application.

- SAP SuccessFactors' customer references reported above-average satisfaction with all prehire and posthire TM applications. Career and Succession, Performance and Goals, and Compensation Planning were specifically rated well above average.

- SAP SuccessFactors has expansive and innovative capabilities, including the use of ML to promote diversity and inclusion through its Business Beyond Bias capabilities or its differentiated candidate relationship management functionality embedded in recruiting.

Cautions

- Although reference satisfaction has improved substantially across all three major categories of application functionality, general and technical, and vendor-customer relationship, it is not yet equivalent to best-in-class vendors.

- In the past year, SAP SuccessFactors delivered significant enhancements to its native U.S. benefits functionality, including investments in health savings accounts, which have improved the enrollment experience. However, most U.S. customers opt for benefits administration partners.

- From a technical product capabilities perspective, SAP has challenges associated with disparate acquired architectures, such as complex implementations, release absorption and reporting. However, its move to a common object model across acquired applications and heavy investment in integration in the suite are driving improvements in customer satisfaction.

Talentsoft

Founded in 2007, Talentsoft has approximately 650 employees located predominantly in Western Europe and is privately held. It is best known as a regional TM suite vendor, with more than 2,000 clients as of May 2019. Its Talentsoft Hub is a new offering with 100 customers and is mainly marketed in Europe and Canada. The majority of this vendor's customers have from 5,000 to 20,000 employees. The vendor's core HR module can be used as the sole HR SOR, as a secondary to a legacy back-office HRIS for the purpose of supporting a consistent UX within TM processes or in a hybrid model. For this research, it has been evaluated as a sole SOR. Because Talentsoft's administrative HR capabilities are new and maturing and are marketed mainly in Europe, Talentsoft is a Niche Player.

Strengths

- Talentsoft's reference customers rated performance management, career and succession planning, and learning management functionality well above average. References also rated initial implementation and deployment, as well as additional deployments and upgrades, as slightly above average. System performance and ease of use for HR users and employees also scored above average.

- Although Talentsoft's core HR capabilities are new, formal partnerships and supported integrations are in place with global payroll and scheduling application vendors. This enables it to provide additional breadth of administrative and WFM functionality, as well as payroll services.

- Talentsoft is a well-established TM vendor, and has previously been rated as a Visionary in the now-retired Magic Quadrant for Talent Management Suites.

Cautions

- Core HR is an emerging offering in Talentsoft's portfolio, so it will require time and investment to mature. Availability is limited to Europe.

- Reference customers identified challenges integrating Talentsoft with external solutions. As a result of the vendor not providing native payroll or workforce planning, these integrations may explain the lower satisfaction scores for workforce analytics.

- Talentsoft has customers operating in 130 countries, but they are predominantly headquartered in Europe. The vendor is striving to increase its presence in certain markets, such as North America, through partner networks and continuing to innovate and add functionality.

Ultimate Software

Ultimate Software was founded in 1990. It was previously publicly traded; however, in May 2019, it was taken private. Ultimate has more than 5,200 employees, located predominantly in North America. Its cloud HCM suite, UltiPro, had more than 6,100 clients as of May 2019. Its average reference customers were companies with more than 10,000 employees. The product is well suited to midmarket and larger North America-based MNCs that have most of their workforce in the U.S. and pockets of employees in other countries. Ultimate has no major product gaps and is a Leader in this Magic Quadrant.

Strengths

- Ultimate's reference customer scores for the overall VCR category were the highest in this Magic Quadrant, and are consistent with Gartner client inquiries. Above average in every VCR subcategory, Ultimate was especially highly rated for ongoing account management, available training and enhancement request processes. Reference customers also scored overall application functionality and product capabilities well above the average.

- Ultimate's fixed-bid implementations are attractive, particularly for midmarket customers seeking predictable costs. The vendor performs 90% of its own implementations, which fosters a tightly managed methodology and quality control.

- Ultimate has expanded its product footprint through the acquisition of France-headquartered PeopleDoc, adding broad and deep capabilities in HRSM and acquiring a physical presence in Europe. Reference customers reported high levels of satisfaction with performance management and benefits administration features.

Cautions

- Although Ultipro has been steadily expanding its global presence and capabilities by supporting North America-based MNCs, its implementation experience and capacity — as well as its references — are limited outside North America.

- Although fixed-bid implementations and tightly management methodologies are attractive to its midmarket customers, Gartner inquiries indicate that large-enterprise customers, accustomed to high-touch, third-party consulting services, may feel time- or scope-constrained. They may augment the fixed-bid implementation with third-party consulting for change management or business process assistance.

- Learning management, provided by a white-labeled, third-party vendor, has not been widely adopted. Customer references were limited and Gartner inquiry interest and feedback has been tepid.

Workday

Founded in 2005 and publicly traded, Workday's SaaS HCM suite was launched in 2007. As of May 2019, more than 2,700 organizations had purchased Workday HCM, with more than 1,800 of these live. Of the 500 new customers added during 2018, approximately 25% were based outside North America, indicating growing international presence and capabilities. During the past year, Workday released substantial investment in organizational and TM structure flexibility, including Skills Cloud, an AI-driven application for TM, laying differentiated groundwork for future innovation. Workday is the first of the large-enterprise HCM vendors to offer multiple cloud deployment options. In 2018, Workday acquired technology from Rallyteam for a Talent Marketplace, Adaptive Insights for Workforce and Talent Planning, and augmented analytics capabilities from Stories.bi. Workday is a Leader in this Magic Quadrant.

Strengths

- Workday has a unique partner model with its implementation provider network. It enforces higher standards for certifications and experience and will provide implementation quality audits as an additional service. Gartner inquiries indicate that Workday's tighter partner governance contributes to smoother implementation experience relative to competitors.

- Workday reference customers scored the vendor above average for handover from implementation to customer support. They were also satisfied with initial implementation, additional deployment and upgrades, as well as their experiences through the sales process.

- Workday's reference customer satisfaction for application functionality was well above average for compensation planning. Although it's relatively new, learning management also scored above average, along with core HR and workforce analytics.

Cautions

- Workday's PaaS solution, Workday Cloud Platform, is in limited availability, with anticipated general availability late in 2019. This absence is reflected in its below-average reference customer satisfaction score for extensibility.

- Workday has application functionality gaps relative to its competitors. Gaps include the extent of global payroll coverage, advanced scheduling and HR case management. It is using a partner strategy to fill these HR requirements.

- Reference customer satisfaction with the value of the product for the money spent is well below average. Pricing structure — specifically the practice of billing for all modules at the time of installation, rather than offering more flexible options such as price holds — is one contributing factor. Separately, satisfaction with the overall VCR declined from 2018, including a drop in the enhancement request process. Although overall VCR is down, its average customer size has increased, indicating that it is addressing more-complex requirements.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

Added

ADP Workforce Now, Cornerstone on Demand, Talentsoft

Dropped

Talentia

Inclusion and Exclusion Criteria

To be included in this Magic Quadrant, vendors needed to meet *all* of the following criteria:

- Deliver core HR administrative transaction support and reporting/analytics capabilities, plus at least three TM functions (recruiting/onboarding, performance management, career/succession management, learning, compensation and workforce planning), *or* a combination of WFM and at least one TM function.

- Deploy its solutions on either a community cloud or public cloud (subscription-based private cloud is not acceptable).

- Have at least 100 customers, each with more than 1,000 employees, in production with core HR, and at least two TM functions on a community cloud or a public cloud.

- Actively market, sell and implement HCM suites on a stand-alone basis, regardless of additional bundling with ERP suites or other applications.

- Provide evidence of market momentum. They must have closed at least 20 net new deals during the previous rolling four fiscal quarters. Each deal must have more than 1,000 employees and include core HR, plus two or more TM functions or one TM function and WFM.

- Show evidence of customer adoption by providing Gartner with 10 to 15 customer references with more than 1,000 employees in production with the HR administrative transaction support and reporting/analytics capabilities, plus at least two additional modules (TM or WFM).

- The vendor must be regularly identified by Gartner clients and prospects as a notable vendor in the HCM market.

A number of vendor products did not meet *all* of these criteria. Therefore, they were not included in this Magic Quadrant; however, their offerings do meet many customer requirements and could also be considered in an evaluation of HCM suites. "Market Guide for HCM Suite Applications" contains additional profile data for 22 solutions from 17 other vendors, in addition to the 13 participants in this Magic Quadrant.

Honorable Mention

- Japan-based **Works Applications** is an established regional HCM suite vendor. However, its cloud-based AI WORKS HR Suite is quite new and did not meet the customer adoption threshold for inclusion.

- China-based **CDP** is an established HCM suite and services vendor that serves Asia-headquartered customers, as well as the regional operations of many North American companies. Significant portions of its suite comprise third-party applications that have been hosted and configured to meet regional and local requirements.

- France-based **Talentia** is an established regional HCM suite vendor; it has previously been included in this Magic Quadrant as a Niche Player.

Evaluation Criteria

Ability to Execute

Gartner assesses a cloud HCM suite vendor's Ability to Execute by evaluating the products, technologies, services and operations. We assess how these enable it to be competitive, efficient and effective in the market, and how they positively affect revenue, client satisfaction and retention, as well as general market reputation. We judge a provider's Ability to Execute on its success in delivering on its promises, using the following criteria:

- **Product and Service:** This includes the vendor's capabilities in admin HR, TM, WFM and HR service delivery (refer to the Market Definition/Description section for a detailed list of functions). These areas are assessed for functional breadth and ease of use. How well the vendor integrates the components is also important. Reporting and analytics receive considerable attention, because they have been major customer concerns. The architecture, delivery models and use of mobile and social capabilities are also rated. The focus is on the vendor's current functionality, although enhancements and/or new modules on the verge of general availability are also taken into consideration.

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

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

■ **Market Responsiveness/Record:** This refers to the vendor's ability to respond, change direction, build alliances, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness, as this market has developed during the past seven to 10 years.

■ **Marketing Execution:** This criterion assesses the clarity, quality, creativity and efficacy of programs designed to deliver the vendor's message. It assesses how these have influenced the market, promoted its brand and business, increased awareness of its products, and established a positive identification with the vendor's product or brand in the minds of buyers. This mind share can be driven by a combination of publicity, promotions, thought leadership, word of mouth and sales activities.

■ **Customer Experience:** This criterion assesses relationships, resources and programs that enable customers to be successful with the products and services offered. It includes feedback from active customers on generally available releases during the past 12 to 18 months. This can also include the existence and quality of such customer resources as ancillary tools, support programs, the availability of user groups and SLAs. Sources of feedback also include vendor-supplied client references and their responses to a targeted survey, conducted in conjunction with this research and covering a series of product and VCR criteria (see the Evidence section). Others include Gartner inquiries and other customer-facing interactions taking place at Gartner and industry conferences.

■ **Operations:** This criterion assesses the ability of the vendor to meet its goals and commitments. Factors include the quality of the organizational structure — the skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

The relative weighting assigned to each criterion is shown in Table 1.

Table 1: Ability to Execute Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Product or Service	High
Overall Viability	High
Sales Execution/Pricing	Medium
Market Responsiveness/Record	Medium
Marketing Execution	High

Evaluation Criteria ↓	Weighting ↓
Customer Experience	High
Operations	High

Source: Gartner (September 2019)

Completeness of Vision

Gartner assesses the Completeness of Vision of cloud HCM suite vendors by evaluating their ability to successfully articulate their perspectives on current and future market directions, anticipate customer needs and meet competitive forces. We judge a vendor's Completeness of Vision on its understanding and articulation of how market forces can be exploited to create new opportunities for itself and its clients, using the following eight criteria:

- **Market Understanding:** This refers to the vendor's ability to understand buyers' needs and translate them into products and services. Vendors that show the highest degree of vision listen and understand buyers' wants and needs, and can shape or enhance them with their added vision. We specifically looked for how vendors described the integrated market and opportunity for their cloud HCM suites as a whole, not merely that of the component products.

- **Marketing Strategy:** This criterion assesses whether the vendor has a clearly differentiated marketing strategy with a set of messages. These messages must appeal to HR organizations and leaders, and be consistently communicated throughout the organization and externalized through the vendor's website, customer programs and positioning statements.

- **Sales Strategy:** The vendor should have a strategy for selling cloud HCM suite software that uses the appropriate network of direct and indirect sales, marketing, and service and communications affiliates. The strategy should extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base. Key elements of the strategy include a sales and distribution plan, internal investment prioritization and timing, and partner alliances.

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

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

- **Vertical/Industry Strategy**: The vendor should have a strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical industries.

- **Innovation**: The vendor must show a marshaling of resources, expertise and/or capital for competitive advantage or investments in new areas. Potential areas include advanced analytics, ML, diversity and inclusion, service delivery, engagement measurement, and worker wellness. It must also show UX improvements or new access methods, such as conversational UIs, chatbots, smartwatches or other wearables.

- **Geographic Strategy**: We examine the vendor's strategy to direct resources, skills and offerings to meet the specific needs of regions outside the corporate headquarters location — either directly or through partners, channels and subsidiaries — as appropriate for that geography and market.

The relative weighting assigned to each criterion is shown in Table 2.

Table 2: Completeness of Vision Evaluation Criteria

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

Source: Gartner (September 2019)

Quadrant Descriptions

Leaders

Leaders demonstrate a market-defining vision of how HCM technology can help HR leaders achieve business objectives. Leaders have the ability to execute against that vision through products and services, and have demonstrated solid business results in the form of revenue and earnings. Leaders effectively leverage cutting-edge technologies in impactful ways. In the cloud HCM suite market, Leaders show a consistent ability to win deals. These deals include the foundational elements of admin HR (with a large number of country-specific HR localizations) and high attach rates of TM, WFM and HR service delivery capabilities. They have multiple proof points of successful global and regional implementations by customers with workforces in multiple geographic regions, in a wide variety of vertical industries and sizes of organization (by number of employees). Leaders are often what other providers in the market measure themselves against.

Challengers

Vendors in the Challengers quadrant have a broader addressable market than the vendors in the Niche Players quadrant. They have developed a substantial presence in one market and have growing presence in multiple markets, but are not able to execute consistently or equally well in all geographies. They understand the evolving needs of an HR organization, yet may not lead customers into new functional areas with a strong functional vision. Challengers tend to have a good technology vision for architecture and other IT organizational considerations, but are not be as operationally mature as Leaders. The have strong customer growth and momentum, financial health and sustained product investment. The Challenger in this Magic Quadrant began in the North American payroll services market, but has added the capabilities (e.g., functional, technical and operational) needed to compete in the broader cloud HCM suites market. Relative inability to execute consistently across the full range of cloud HCM suite functionality for large and complex global enterprises is primarily what separates these vendors from the Leaders.

Visionaries

Visionaries are ahead of most potential competitors in delivering innovative products and/or delivery models. They anticipate emerging/changing market needs and move the market ahead into new areas. Visionaries have a strong potential to influence the direction of the cloud HCM suite market, but are limited in execution and/or demonstrable track record.

There are no Visionaries in this Magic Quadrant, predominantly due to the greater importance placed on the execution (including cost-effective and reliable delivery of standardized processes) of admin HR functions that are, by their nature, more limited in innovation. In addition, much of the innovation in HCM has taken place in niche TM and analytics applications, which have been adopted by cloud HCM suite vendors. However, many have had to focus on the threshold of what is "good enough" for their target segments, so that the benefits of an integrated solution are able to overcome feature/function gaps.

Only the Leaders (two of which we have also designated as TM suite leaders) have been able to consistently deliver strong vision in this market.

Niche Players

Niche Players offer cloud HCM suite functionality, but they may lack some functional components, may focus on limited geographic or workforce scale, or may lack strong business execution in their chosen market. Niche Players may offer complete portfolios for a specific vertical or workforce size, but are unable to fully support cross-industry requirements for several HCM functions — such as WFM, recruiting or learning in TM. They may offer limited HR localizations in admin HR. From an execution standpoint they may lack the ability to support large-enterprise requirements or complex global deployments. Despite the challenges described, Niche Players can offer the best solutions to meet the needs of particular HR organizations whose requirements align with the vendor's market focus and capabilities. The price/value ratio for these vendors is often high. These vendors may consistently win evaluations in a specific region or industry, but are not consistently winning the whole suite across multiple regions. Although this may be a matter of execution or relative maturity, it may also be a matter of the vendor's chosen market focus.

Context

All vendors included in this Magic Quadrant sell and support admin HR functions with the option for the customer to utilize functional capabilities for payroll, benefits, TM, WFM and HRSM. The extent of support for country-specific HR regulatory requirements and common practices (as well as their actual implementation experience in countries) varies by vendor. They have customers that are successfully using their products and services.

This is not an exhaustive list of all providers, because many other regional and/or vertical industry specialists did not fully meet our inclusion criteria. Other vendors have substantial customer bases that have deployed their solutions on-premises and are now making the transition to full cloud HCM suites; these vendors were also excluded from this Magic Quadrant, but are profiled in the "Market Guide for HCM Suite Applications."

Regardless of the provider you're considering, ask yourself, "Will this vendor enable more-effective support for HCM processes across my organization?" and "How well does this vendor align with our HCM technology strategy?" In many cases, an HR organization must evaluate not just a vendor's direct product offerings, but also the ecosystem of technology and services providers that can fill in whatever functional or business process gaps the vendor may not offer.

Cloud HCM suite clients must continually rely on vendors for continued releases and reliable infrastructure and service. This relationship is a departure from the relative autonomy in on-premises deployments. As such, the vendor's track record for CRM, reliable operations and executing on product roadmaps should be weighted heavily in selection processes. With new features being regularly released multiple times per year, checking every "nice to have" box on an RFP is less important than alignment with longer-term product direction and confidence that the vendor will execute against plans and provide good service.

Use this Magic Quadrant as a reference for evaluations, but explore the market further to qualify the capacity of each vendor to address your unique business problems and technical concerns. Depending on the complexity and scale of your requirements, your shortlist will be unique. This

Magic Quadrant is not designed to be the sole tool for creating a vendor shortlist. Use it as part of your due diligence, in conjunction with discussions with Gartner analysts and companion research, such as Gartner's "Market Guide for HCM Suite Applications" and "Critical Capabilities for Cloud HCM Suites for Midmarket and Large Enterprises."

The placement of a provider in the Leaders quadrant does not mean that provider is necessarily the best fit for every buyer's needs.

Companion Research

"Market Guide for HCM Suite Applications"

"Critical Capabilities for Cloud HCM Suites for Midmarket and Large Enterprises"

"Toolkit: Administrative HR and HR Service Management Software RFI"

Market Overview

The core human resources management system market (which is predominantly on-premises) had matured by 2005. Most innovation shifted to TM point solutions, as well as emerging TM suites. However, a number of vendors bringing cloud admin HR capabilities to market — combined with difficulties of integrating and absorbing disparate release cycles — resulted in a desire for broad suites. Advantages of these suites include support for a wider range of HCM processes within a single UX, a data model and a reporting platform.

Multiple vendors offer most, if not all, of the fundamental modules expected in a full HCM suite in the cloud. These vendors are now turning their attention toward deepening industry functionality in areas such as healthcare or manufacturing and expanding their geographic reach. They are also differentiating with new functionality to broaden user engagement and new use cases that are not yet qualitatively assessed, although certainly considered as innovation. Examples of new capabilities believed to be differentiating include Workday's Skills Cloud, Cornerstone on Demand's microlearning and learning content creation, and Oracle's Experience Design Studio.

The entrance of leading TM suite vendors as HCM suite vendors promises to bring new choices for customers with simple core HR requirements seeking strong TM functionality. The adoption of these HCM suites with core HR as the main HR SOR is new. However, core HR modules had their origin in two established application functions:

- As an employee record consolidation point for companies with multiple HR systems that want a single TM suite

- As an intermediary migration step with intention of eventually shutting down a main legacy core HR system once functionality reaches adequate maturity

Although there is differentiation to be found and new vendors are entering the landscape, there are also some common market themes emerging.

Key Findings

Single-Vendor Strategies Are Being Replaced by Augmentation for Selective HR Processes

Not all modules in a broad suite receive equal or sustained vendor investment. It is not unusual for customers with advanced requirements to opt out on, or replace, a TM module with a more innovative best-of-breed solution. Sometimes it is not the talent application functionality itself, but its dependence on traditional organizational constructs housed in core HR that prompts experimental customers to consider alternatives for process innovation. Although buying preferences are not returning to best-of-breed purchasing, there is market acknowledgment that broad HCM suites do not achieve all HR aspirations equally well.

The current trend is to use as much of an HCM suite as meets the customer's needs; however, exceptions are expected and pursued when business aspirations cannot be met. This exception-based strategy is often assisted by advanced integration technologies, such as integration platform as a service (iPAAS) or HRSM platform capabilities to ease data and process flow challenges.

Customers that adopt comprehensive suite functionality still source at least 20% of their HCM applications from additional vendors. Customers go outside their primary HCM suite vendors to experiment with emerging technologies, wait out existing contracts, seek out ancillary services not included with most broad HCM suites (e.g., compensation benchmarks) or when the delivered functionality fails to meet their business requirements. Customers need to develop a framework for deciding when and under what circumstances they should go outside their HCM suite vendor's capabilities to consider a best-of-breed solution (see "Best Practices for Planning a Digital HR Transformation").

Even the largest HCM suite vendors may leverage partnerships for certain fundamental functionality. The most prevalent example of third-party functionality reliance is global payroll, but others include WFM, analytics platforms and advanced benefits administration. These third-party product extensions allow vendors to support customers with extensive or unusual locations, without undertaking ongoing development or legislative maintenance themselves. Other examples of embedded partnerships may include modules such as workforce scheduling or learning. These types of modules require a high level of domain or legislative expertise, ongoing technological innovation and/or an industry-specific focus. In particular, midmarket vendors may decide that the investment barrier to entry is too high.

HR and application leaders should be realistic about their system consolidation goals when adopting an HCM cloud suite. Customers can certainly simplify and reduce their vendor management and integration complexities; however, one vendor or technology will not satisfy every need.

Leading Suite Vendors Have Been Acquisitive This Year

Vendors in any market segment may determine that revenue opportunity doesn't justify diverting resources from their key competencies. They may also decide that acquiring new capabilities, and the teams that built them, is the faster path to market, as opposed to building skills and products from scratch.

Noteworthy 2018-2019 HCM suite acquisitions include:

- Ultimate Software's acquisition of PeopleDoc (HRSM)

- SAP's acquisition of Qualtrics (employee engagement)

- Workday's acquisition of Adaptive Insights (planning and analytics)

None of these acquired products contained any redundant HR data architecture or held HR historical records. They were each originally designed to leverage the core data architecture resident in the HR SOR. This made them attractive acquisition targets and simplified their integration into the acquiring vendors' portfolios.

HR and application leaders should evaluate acquired functionalities for their immediate business value, as well as for how well they complement (or complicate) the overall value of the suite and the required maintenance.

AI Investment Differentiates and Divides Vendors

Whether AI is invisibly triaging job applicants, NLP is identifying gender bias in performance feedback, virtual assistants are interactively answering HR policy questions or ML is mining history to predict the future, intelligence is increasingly applied. Every vendor in the Leaders quadrant and some Challenger and Niche vendors have made considerable investments in a future that applies intelligence. Various forms of intelligence are being applied to streamline repetitive tasks, support or suggest more informed actions, or facilitate new ways of interacting with underlying systems. Vendor commitment to ongoing AI capability development is expensive, because talent is scarce and demand is high. Vendors must pay "top dollar" or acquire resources. A technology divide is beginning to grow between vendors that can make these investments and those that can't or choose not to.

Evidence

Gartner's 2019 Human Capital Management Suites Customer Reference Study involved 151 total vendor-provided references for the 13 products included in this Magic Quadrant. The data was collected in April and May 2019, and all mentions of "customer references" throughout this document refer to this study, unless otherwise noted.

Respondents were asked questions spanning HCM business drivers, decision criteria, implementation experiences, deployment scope, and current and planned functional adoption. They were also asked to rate satisfaction with their vendor's offering on a 1 to 5 scale (1 = Extremely Dissatisfied, 5 = Extremely Satisfied) for several key areas spanning application functionality, general product capabilities and the vendor/customer relationship.

These survey results are balanced with insights gathered between June 2018 and 2019 from 738 inquiries on the topic of HCM suites. Vendor demos and functionality and services questionnaires are also evaluated.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

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