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Industry Bulletin From The Starr Conspiracy Intelligence Unit

Ceridian's giant leap toward an integrated, complete HCM platform

Two years after its Dayforce acquisition, the company now has a fully cloud-based code stack for HCM. Is a move upmarket next?

By George LaRocque, Director of Go-to-market Services, TSCIU

NEW PROVIDENCE, N.J. (March 26, 2014) — In late 2012, Ceridian made a bold move. The company announced that it was sunsetting its existing HCM and payroll technology and moving 100 percent to the cloud via its newly acquired Dayforce HCM product. This is the kind of strategic move that is clearly the best thing for your customer and your business in the long term, but is so disruptive and expensive in the short term that most vendors fail to do it.

Two years later, as I spent the day with the company's executive team at Ceridian's Analyst Day, it seems Ceridian is now starting to reap the benefits of that bold move:

- Ceridian may be the best example in the HCM marketplace of the value delivered to the customer by having a single cloud-based code stack.
- Having moved to one code stack, the pace of innovation and execution in product strategy and development is rapid.
- Ceridian is making considerable investments in customer success, demonstrating commitment and patience with customers who remain on their older platforms, while ensuring a growing book of recurring revenue via Dayforce HCM.

Ceridian has delivered on 100 percent of its product road map commitments into 2014. While boosting customer and market confidence, this also makes Ceridian a formidable competitor beyond payroll and core HR technology. The Dayforce HCM platform now includes time and attendance, payroll, core HR, workforce management, talent management via recruiting, screening and performance management, strong business intelligence and analytics tools, as well as wellness and employee assistance programs (EAP).

Having a single code stack in HR is a big deal for the end user. Having to integrate/interface data among multiple core systems such as time and attendance, benefits, compensation, payroll, and workforce management leaves HR in a position where their execution is only as good as their last data batch refresh. Ceridian solved that problem in 2012 with the move to Dayforce HCM. In 2014, it demonstrated success in extending that core value into the rest of the employee life cycle.

Most of the platforms getting attention in today's HR/HCM space do not have payroll, and as a result, payroll data, at their core. None of them, to my knowledge, have time and attendance. Ceridian may have the most complete technology stack in HR and HCM.

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Over the course of the day, I got the sense that under the leadership of CEO David Ossip, Ceridian has also been successful in making the necessary internal cultural changes to support the transition from "service bureau with technology" to cloud software innovator. This is no small feat. The company has moved to quarterly product releases; revisited core processes like implementation, support, and change management; and invested in actual technology infrastructure to help deliver and bolster customer success (winning Influitive's [BAM award](#) for Customer Advocacy Impact).

Ceridian was able to demonstrate capabilities in some innovative new areas:

- **A move into engagement.** Ceridian is one of the first platform vendors demonstrating the linkages among wellness/EAP, employee engagement, and general HCM/HR. Integrating content from its LifeWorks Wellness and EAP programs into its core platform creates some interesting possibilities for Ceridian and its customers. I've anticipated the emergence of "Engagement Platforms" in HR technology. It's refreshing to see a platform HR player become one of the leaders of the movement.
- **Payroll innovation.** Because Dayforce HCM payroll is the result of 100 percent new development in the cloud, it doesn't just offer efficiency gains for the HR department — it also offers the employee real-time access to their pay data. Think of shift workers being able to see what they've earned this week based on their hours worked. Could your payroll system be a point of engagement for your workforce? Ossip shared a further vision of workers being able to avoid payday loans via this same functionality.
- **Talent management, performance, and recruiting.** Ceridian has moved into talent management. The capabilities here were a strong example of how rapid the development cycles are at Ceridian today, especially in the world of talent management, assessment, and performance. In recruiting, Ceridian demonstrated the expected applicant tracking capabilities, but then offered an interesting strategy related to recruitment marketing and sourcing. Because tools, technology, and media used to support recruitment marketing and sourcing go in and out of fancy so rapidly, Ceridian has opened up its platform with open APIs and integration that don't just bring data, but also functionality, from these systems into its interface.
- **Business intelligence and analytics.** One of the biggest advantages of a single code stack is having all of the data accessible in real time. Ossip demonstrated an incredibly strong analytics tool that was both impressively visual and used natural language processing to generate a report. HR would no longer have to fumble through data tables to build a view they need. They would simply type, "Show me hours worked by division and department, against budget." The system does the rest. But Ceridian assured me that users who enjoy digging through data sets and tables would still have the ability to do so.



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- **Global strengths.** Ceridian has long been strong outside of the U.S.; Canada, the U.K., and Ireland are its strongholds. With its core systems now in the cloud, the company is poised to expand into a targeted list of other countries as either a direct provider or aggregator of payroll services, all delivered through the Dayforce HCM platform.

These innovations help Ceridian move beyond payroll/core HR and toward a true HCM platform, and the company has some interesting market-based decisions ahead of it. Ceridian currently targets customers with between 500 and 50,000 employees, but its largest customer has 186,000 employees. The only thing stopping Ceridian from going upmarket is its own commitment to its target. Ossip stated that we may see Ceridian "upstream in four or five years because we've been brought there by our customers."

While there is great momentum at Ceridian, a transition to a new technology delivery model always presents challenges in the go-to-market arena. It starts on the marketing and sales front. HR/HCM technology and payroll buyers are different. The value proposition and benefit of each solution is different. Payroll is more transactional, and cloud-based HR solutions can be tied to different business outcomes, even varying by module. Buyer personas differ from payroll to tech as well. Not just in the customer demographics, but in the psychographics that make up what drives them and how best to engage them. The messages you deliver that find success in these two camps, along with the people who deliver them, tend to be very different.

You can't underestimate the ongoing challenges associated with transitioning an entire customer base that didn't ask for the change. Ceridian has been incredibly patient, not forcing customers to make the move. In fact, Ceridian has been willing to contractually commit to extending the move for customers, renewing agreements for multiple years. That said, large groups of customers respond to change in much the same way individuals do. Some embrace, some resist, some resent, some do nothing until there is no choice and then go kicking and screaming, and some take change as an opportunity to evaluate all of their options.

The added level of communication and relationship development needed to manage a customer base through a change like this that affects their core infrastructure systems and processes could be equivalent to an entirely duplicated marketing effort, which comes with great expense. Kudos to Ceridian for taking on the added effort and expense associated with this kind of dedication to its customers' success. How the company fares in this regard could be directly correlated to how this transition is viewed not just in hindsight via Net Promoter Scores, but as reflected in its recurring revenue base.

We're used to hearing about the newest and most innovative tech coming from startups. We forget that some of the biggest and boldest moves often come from the companies that have the deepest



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resources, both financial and knowledge-based. Ceridian's decades in payroll and core HR combined with its new cloud-based Dayforce HCM platform make it an HR company to watch.

George LaRocque is Director of Go-to-market Services for The Starr Conspiracy Intelligence Unit. You can reach him at george@thestarrconspiracy.com. Editor's note: Ceridian is not a client of The Starr Conspiracy, but they did cover travel expenses to cover their analyst day.

About The Starr Conspiracy Intelligence Unit

There's a new era of enterprise technology that can finally unleash the full promise of human potential. If you're on board, we're ready to get you there.

The Starr Conspiracy Intelligence Unit (TSCIU) delivers growth-oriented strategy, research, and advisory services, providing the guidance and key insights you need to grow market share and increase profitability. Let's face it: The protectors of the status quo in marketing fall back on outdated formulas that won't deliver growth and aren't sustainable. We've seen it before, and that approach to marketing is dead.

TSCIU takes your business as personally as you do, and we will challenge you to shift your perspective. Most important, though, we deliver marketing clarity so you can make decisions with confidence.