

Cloud Buyer's Bill of Rights: SaaS Apps – Ultimate Software

Ultimate Achieves Epic Status in Inaugural Bill of Rights Certification for Cloud Apps Suites



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Purpose and Intent

This Constellation Cosmos™ Certification for the Cloud **Buyer's** Bill of Rights: SaaS Applications is intended to help buyers and prospective buyers of enterprise cloud applications. Ultimate Software Group, Inc.'s **UltiPro product** was certified against the **criteria listed in Constellation's Cloud Buyer's** Bill of Rights and the Constellation Cosmos™ methodology. **Constellation's goal is to** recognize vendors for honoring these rights upfront in their existing contract language and throughout the buyer and ownership experience.

This paper offers insights into two of Constellation's primary research themes, the Consumerization of IT/The New C-Suite and Technology Optimization and Innovation.

Executive Summary

The Enterprise Cloud Buyer's **Bill of Rights** provides a tool for clients and vendors to change the tenor of contract negotiations from user subservience to an equal and collaborative long-term partnership.

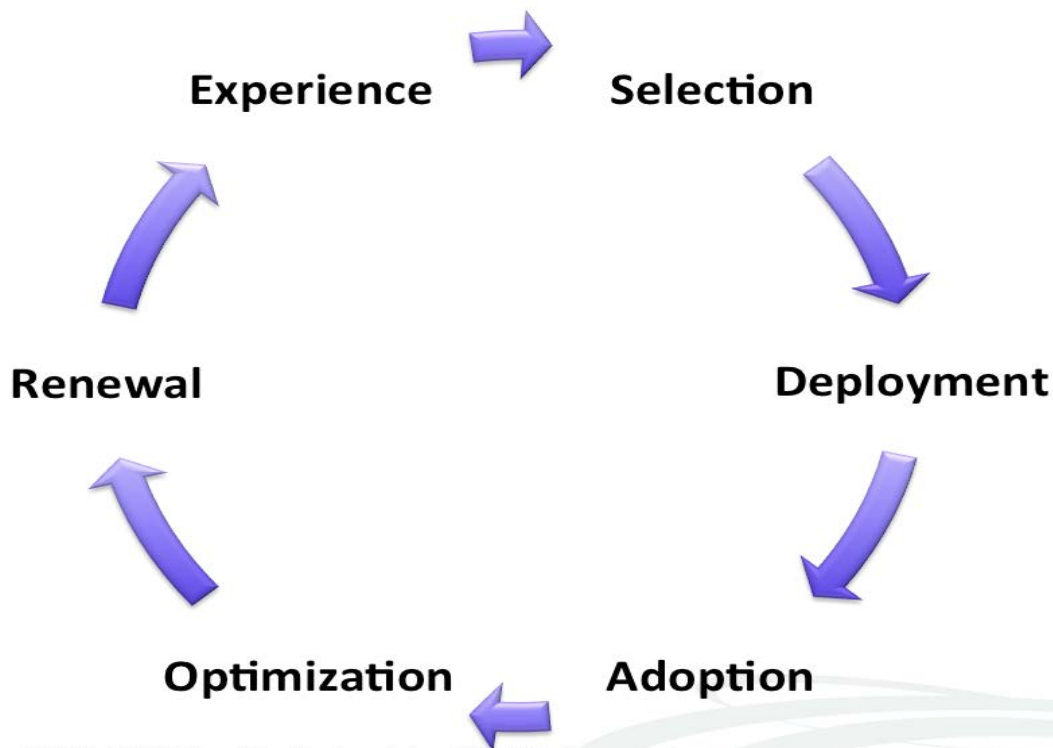
Ultimate Software provides SaaS-based delivery of a Human Resources and Payroll application suite. This application and its contract were evaluated on 61 criteria in the Cloud **Buyer's** Bill of Rights: SaaS Applications. The four main categories include ownership experience, use case support, corporate vision and ecosystem feedback. Constellation rates vendors on a 0- to 5-point scale. Ultimate Software achieved a 4.84 weighted score and achieved the highest certification – Epic - for its achievement in meeting the 61 requirements of the Cloud **Buyer's** Bill of Rights.

Take Charge with the Enterprise Cloud Buyer's Bill of Rights

The Enterprise Cloud Buyer's Bill of Rights follows the natural path of the cloud software ownership lifecycle. The cloud shifts ownership from perpetual licenses to perpetual usage. Thus, a new opportunity emerges to improve the relationship between clients and vendors. On one hand, vendors should expect a minimum standard of respectful, sincere and earnest behavior from clients. On the other hand, users must consider the implications of near-perpetual usage and a perpetual relationship.

These 55 rights represent a client-focused perspective on what vendors should provide as basic rights. The six phases across the cloud ownership life cycle are divided into critical, important and nice-to-have rights (See Figure 1):

Figure 1. Cloud Software Ownership Lifecycle Spans Six Phases



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Certification Methodology

Constellation Cosmos™ Overview

Constellation Cosmos™ is Constellation’s flagship quantitative and qualitative product and solution comparison tool. This Cosmos contains exception-based criteria used to help buy-side clients with product and solution selection across the galaxy of choices.

This certification consists of four major categories where Constellation evaluates key criteria on a 0- to 5-point scale, with 0 being the lowest and 5 being the highest:

1. **Ownership experience.** Criteria include quality guarantees and remuneration, ownership of and access to data with no questions asked, ongoing financial and risk management transparency, timely and meaningful interaction, cloud vendor executive advocacy and accountability and professional customer relations.
2. **Use case support.** Criteria include the ability to support the complete cloud software ownership life cycle. Key areas include selection, deployment, adoption, utilization and renewal. The bulk of the weighting is in use case support.
3. **Corporate vision.** Criteria include the strength of the management team, level of innovation and market leadership.
4. **Ecosystem feedback.** Criteria include indirect customer feedback, direct customer feedback, partner feedback and analyst contract negotiations experience, including inquiries and interactions.

Constellation evaluated solutions on four categories of 61 criteria. Details on the weighting factors for the evaluation are stated below (See Figure 2):

Figure 2. Weighting Criteria Emphasize Solution Offering and Use Case Support

Weighting of Evaluation Criteria	
Ownership experience	9.84 percent
Use case support	78.69 percent
Corporate vision	4.92 percent
Ecosystem feedback	6.56 percent



Rating Definitions

The final ratings will place solutions into five categories:

1. **Epic.** Composite scores typically above 4.25
2. **Stellar.** Composite scores typically between 3.25 and 4.25
3. **Emerging.** Composite scores typically between 2.25 and 3.25
4. **Nascent.** Composite scores typically between 1.25 and 2.25
5. **Laggard.** Composite scores typically between 0 and 1.25

Vendor Inclusion Criteria

This edition of the Cloud **Buyer's** Bill of Rights certification includes vendors who:

- Offer a cloud-based solution
- Provide Constellation with a copy of the standard contract
- Serve more than 50 customers
- Are visible in Constellation's vendor selection deal flow

Cosmos Graphical Tool

The Constellation Cosmos™ graphic is a three-dimensional visualization tool built from three axes:

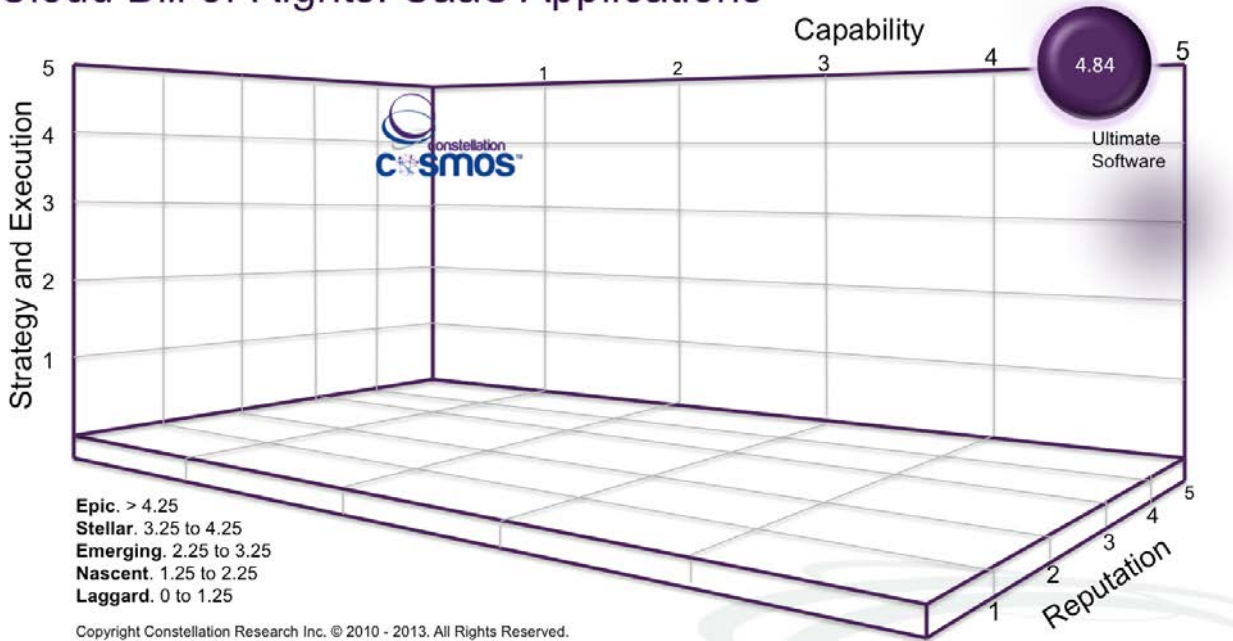
- **Capability represents the X-axis.** Capability includes the use case support and solution offering categories. In this report, solution offering is not evaluated.
- **Strategy and execution drives the Y-axis.** The score consists of market execution and corporate vision. Market execution is not calculated in this evaluation.
- **Reputation forms the Z-axis.** The scores come from the ownership experience and ecosystem feedback categories.
- **Weighted score defines the radius of the sphere.** The scores are the composite from capability, strategy and reputation.

Ultimate Software Achieves Epic Status

In the evaluation of 61 criteria, Ultimate Software's HR and Payroll suite achieved a composite weighted score of 4.84 (see Figure 3). Ultimate's score reflects its epic adherence to the spirit of the Cloud Buyer's Bill of Rights.

Figure 3. UltiPro Achieves Epic Status

Cloud Bill of Rights: SaaS Applications



Constellation's Cosmos™ 3-D Coordinates

Capability (X)				4.56
	Use case support			4.56
	Solution offering (not scored)			
Strategy and Execution (Y)				5.00
	Corporate vision			5.00
	Market execution (not scored)			
Reputation (Z)				4.95
	Ownership experience			5.00
	Ecosystem feedback			4.88

Figure 4. Evaluation Criteria and Scoring

		100.00%		4.84	283.50
1. OWNERSHIP EXPERIENCE		9.84%		0.49	30.00
	Quality guarantees and remuneration		25.00%	1.25	5.00
	Ownership of and access to data with no questions asked		25.00%	1.25	5.00
	Ongoing financial and risk management transparency		25.00%	1.25	5.00
	Timely and meaningful interaction		15.00%	0.75	5.00
	Cloud vendor executive advocacy and accountability		5.00%	0.25	5.00
	Professional customer relations		5.00%	0.25	5.00
2. USE CASE SUPPORT		78.69%		3.79	219.00
				1.48	90.00
Selection	Agree on contract and billing start date	29.51%	7.00%	0.35	5.00
	Access licensing and pricing terms and conditions		7.00%	0.35	5.00
	Price protection options		7.00%	0.35	5.00
	Confirm price increase schedules over a five year period		7.00%	0.35	5.00
	Obtain clear policies on additional costs		7.00%	0.35	5.00
	Receive disclosure about solution defects		7.00%	0.35	5.00
	Stipulate data management requirements		7.00%	0.35	5.00
	Receive security safeguards at scale		7.00%	0.35	5.00
	Perform due diligence on a vendor		5.00%	0.25	5.00
	Contract for third party advice		3.00%	0.15	5.00
	Obtain a comprehensive "entire" agreement clause		5.00%	0.25	5.00
	Try before buying		5.00%	0.25	5.00
	Receive an 18- to 24- month product roadmap		5.00%	0.25	5.00
	Understand the architecture of the solution		4.00%	0.20	5.00
	Address regulatory requirements for data sets		4.00%	0.20	5.00
	Calculate a business value analysis during the sales cycle		4.00%	0.20	5.00
	Get customer and partner references		5.00%	0.25	5.00
	Receive a list of qualified implementation partners and estimated costs		4.00%	0.20	5.00
				0.47	25.00
Deployment	Receive a clear statement of work and project status reporting	9.84%	25.00%	1.25	5.00
	Contract for vendor expertise		25.00%	1.25	5.00
	Access training programs		25.00%	1.25	5.00
	Seek multiple implementation options		10.00%	0.50	5.00
	Adopt single sign-on standards		10.00%	0.50	5.00
	Move across deployment options		5.00%	0.00	0.00
				0.70	41.00
Adoption	Intellectual property (IP) indemnification	14.75%	15.00%	0.75	5.00
	Auditing and logging		15.00%	0.75	5.00
	Integration and API support		15.00%	0.75	5.00
	Clarity on lockout rules		15.00%	0.75	5.00
	Freedom of speech		10.00%	0.50	5.00
	License equivalency		10.00%	0.40	4.00
	eDiscovery options		10.00%	0.50	5.00
	Data quality support		5.00%	0.25	5.00
	Software escrows		5.00%	0.10	2.00
				0.60	33.00
Utilization	Affiliate usage assignment	13.11%	15.00%	0.75	5.00
	Consumption analytics and adoption benchmarks		15.00%	0.75	5.00
	Ongoing performance metrics		15.00%	0.75	5.00
	Security breach notifications		15.00%	0.75	5.00
	Privacy safeguards		15.00%	0.75	5.00
	Merger and acquisition scenarios		10.00%	0.30	3.00
	Multiple support options		10.00%	0.50	5.00
	Installed base transparency		5.00%	0.00	0.00
				0.55	30.00



Renewal	Provide input into future capabilities	11.48%	20.00%	1.00	5.00
	Receive ample notice before upgrades		20.00%	1.00	5.00
	Determine termination criteria		20.00%	1.00	5.00
	Receive migration assistance		15.00%	0.75	5.00
	Transition to alternative deployment options		15.00%	0.75	5.00
	Purchase the software		5.00%	0.00	0.00
	Share post-mortem feedback		5.00%	0.25	5.00
3. Corporate Vision		4.92%		0.25	15.00
	Strength of management team		33.33%	1.67	5.00
	Level of innovation		33.34%	1.67	5.00
	Market leadership		33.33%	1.67	5.00
4. Ecosystem Feedback		6.56%		0.32	19.50
	Indirect customer feedback		25.00%	1.13	4.50
	Direct customer feedback		25.00%	1.25	5.00
	Partner feedback		25.00%	1.25	5.00
	Analyst contract negotiation experience		25.00%	1.25	5.00

Ownership Experience

Ultimate Software received perfect scores in the ownership experience category. Constellation spoke with over 100 customers and 17 partners at the 2013 Ultimate Connections user conference. Customers confirmed that **Ultimate Software's** management team was proactive in addressing key issues and were usually responsive to new suggestions for product fixes. Partners also expressed their confidence in the technology and the management team to address most ongoing issues.

Use Case Support

Ultimate Software achieved a perfect score in the selection use cases. The UltiPro contracts received standard scores for the deployment use case as a pure SaaS platform. Pure SaaS platforms do not offer other deployment nor implementation options. In the adoption use case, Ultimate addresses the software escrow issue at **the customer's request with a unique approach of at-cost and no-cost options**. In addition, fair policies in negotiating license equivalency between on-premises and SaaS licenses provided better-than-average outcomes. For utilization, customers may want to negotiate mergers, acquisitions and divestiture criteria along with installed base transparency. In renewal, customers cannot negotiate the rights to purchase the software because this is a pure SaaS product. Keep in mind, purchase is a very rare scenario.

Corporate Vision

Ultimate Software received a perfect score for corporate vision.



Ecosystem Feedback

Ultimate Software scored well for ecosystem feedback. Partners and customers have provided significantly positive feedback. In contracts, Constellation has found Ultimate Software above and beyond reasonable to work with.

Recommendations: Remember to Align Contract Negotiations with Apps Strategy

Successful contract negotiations require organizations to align their business strategies with their apps strategy. Form follows function and, without an alignment, contracts often focus purely on price and fail to achieve the larger goal – successful deployment and adoption in the business. Constellation suggests the following:

- **Use the Enterprise Cloud Buyer’s Bill of Rights to bring the business, procurement and IT teams together.** Walk through the best practices to establish future cloud procurement policies. CIOs can use the Bill of Rights to establish frameworks for business units to speed up the vendor selection process. Procurement staff can standardize templates to ensure speedy yet compliant purchases.
- **Include the Enterprise Cloud Buyer’s Bill of Rights in SaaS evaluation and selection criteria.** Use the rights as a starting point in establishing a long-term, productive client–vendor relationship. The Bill of Rights should be a launch pad for discussions. Users should also keep in mind their responsibilities as a client in the relationship. Understand that some rights push today’s limits and are designed as conversation starters.
- **Expand the rights to meet organizational requirements.** The Enterprise Cloud Buyer’s Bill of Rights provides just a starting point. Organizations should apply the rights to specific industries, geographies, regulatory conditions and changing enterprise needs.
- **Join the Cloud Buyer’s Bill of Rights ecosystem.** Constellation has put together a series of community tools, including an invitation-only group to continue the discussion. Your experiences, feedback and thoughts on new rights can be contributed in the Consumerization of IT/The New C-Suite community or the Technology Optimization and Innovation community sections of Constellation’s website. Participate in surveys and make a difference!

Disclosures

Your trust is important to us, and as such, we believe in being open and transparent about our financial relationships. With our clients’ permission, we publish their names on our website.

Analyst Bio: R “Ray” Wang

Enterprise Strategist and Disruptive Technologies Expert

R “Ray” Wang is a Principal Analyst and CEO of Constellation Research, Inc. and the author of the popular enterprise software blog, “A Software Insider’s Point of View.” He previously was a founding partner and research analyst for enterprise strategy at [Altimeter Group](#).

With viewership in the millions of page views a year, his blog provides insight into how disruptive technologies and new business models affect the enterprise. A background in emerging business and technology trends, enterprise apps strategy, technology selection and contract negotiations enables Ray to provide clients and readers with the bridge between business leadership and technology adoption.

Expertise

Buyers seek Ray’s research in disruptive technologies and their impact on business processes, business models and organizational design. Business topics focus on harnessing innovation, creating next-generation business and IT leadership and applying the new rules of business. Technology topics include SaaS/Cloud solutions, Social CRM, Next Gen ERP and apps, business process transformation, Project Based Solutions, Order Management, Master Data Management and middleware technologies.

For technology sellers, Ray provides strategic guidance in go-to-market strategies, reviews and designs software licensing, pricing, support and maintenance policies, delivers competitive assessments, evaluates software partner ecosystems and researches business processes such as the perfect order and customer experience for the enterprise and SMB markets.

Media Influence

Ray blogs at Forbes’ CIO Central and for Harvard Business Review. News organizations such as The Wall Street Journal, Bloomberg, Business Week, Fortune, The Associated Press, CIO Magazine, Information Week, ComputerWorld, Financial Times, eWeek, CRM Magazine, IDG News, ZDNet, TechTarget and Managing Automation frequently seek his [point of view](#). Ray is an energetic and passionate keynote speaker, and has also been featured on major TV news outlets such as CNBC.

Industry Recognition

In both 2008 and 2009, Ray was recognized by the prestigious [Institute of Industry Analyst Relations \(IIAR\)](#) as the [Analyst of the Year](#), and in 2009 he was recognized as one of the [most important analysts for Enterprise, SMB, and Software](#). In 2009, A Software Insider’s POV was listed in the top 20 of Jonny Bentwood’s [Technobabble 2.0 Top Industry Analyst Blogs](#). In 2010, Ray was listed as one of the [Top 5 Analyst Tweeters in Edelman’s TweetLevel Index](#), recorded as part of the [ARI Insights Power 100 List Of Industry Analysts](#), and named one of the top [Influential Leaders in the CRM Magazine 2010 Market Awards](#).

Education

Ray graduated from the Johns Hopkins University with a B.A. in natural sciences and public health. His graduate **training includes a master's degree from the Johns Hopkins University** in health policy and management, and health finance and management. He is also certified in SAP FI/CO modules, facilitation and program management office.

Ray currently serves on the Board of Advisors for the [University of Toronto's Rotman School of Management's Centre For CRM Excellence](#).

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About Constellation Research

Constellation Research explores the technologies and business models that not only disrupt established players, but also create transformational innovation. We share our research insights with business leaders seeking more than just rubber stamp approval or rearview mirror confirmation by traditional legacy analyst firms. Every piece of research begins by understanding how to deliver business value, applying real world experience and insights and incorporating disruptive technologies and innovative business models as appropriate. Our mission is to identify, validate and share these insights with our clients.

As a result, our research community includes members of boards of directors, C-suite executives, line of business leaders and IT visionaries who are not afraid to challenge the status quo. Most of our clients share a common trait - the passion for learning, innovating and delivering impactful results.

Organizational Highlights

- Founded and headquartered in the San Francisco Bay Area, United States, in 2010.
- Named Institute of Industry Analyst Relations (IIAR) New Analyst Firm of the Year in 2011.
- Serving over 200 buy-side and sell-side clients around the globe.
- Experienced research team with an average of 21 years of practitioner, management and industry experience.
- Growing firm with 30 members, including 9 research analysts and futurists, 7 sales professionals, 4 professional staff and a board of 10 industry-recognized advisors.
- Creators of the Constellation Supernova Awards - the industry's first and largest recognition of innovators, pioneers and teams who apply emerging and disruptive technology to drive business value.
- Organizers of the Constellation Connected Enterprise - an innovation summit and best practices knowledge-sharing retreat for business leaders.

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