UltiPro

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TEC CERTIFICATION REPORT

TEC Certification Reports provide detailed analysis of leading software solutions that have successfully completed TEC's Certification Program

Technology Evaluation Centers

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Technology Evaluation Centers (TEC) is pleased to announce that UltiPro by Ultimate Software is now TEC Certified for online evaluation of Human Resources (HR) solutions in the Human Capital Management (HCM) Evaluation Center. The HCM Evaluation Center enables you to compare and evaluate functionality based on TEC's comprehensive model of HR software. Data used in the Evaluation Center are obtained from the vendor's responses to TEC's research questionnaire. Certification ensures that Ultimate Software has demonstrated UltiPro's support for specific real-world business processes chosen by TEC analysts, and that TEC analysts have analytically and comparatively reviewed research questionnaire data about UltiPro against known benchmarks.

Compare Human Resources Solutions Now!

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Use TEC Advisor to compare UltiPro with other HR solutions, according to your organization's needs and characteristics. It's free, fast, online, and easy— and you'll see the results immediately.

About This Report

There are many benefits to evaluating a **TEC Certified product**. To potential clients of a software vendor, TEC certification provides the following:

- **Reassurance**: You can be assured that the data TEC provides about its certified products conform to a well-defined standard of accuracy. When a vendor's product is TEC Certified, it means that a trusted, independent third party has seen the product up close.
- **Better communication with vendors**: TEC certification helps ensure that vendors understand and respond accurately to their clients' RFIs. Certification with TEC analysts provides the opportunity to clarify any issues with the RFI criteria. This ensures that the vendor is speaking the same language as its potential clients—and gives the clients an unambiguous specification of product functionality to inform their selections.

The certification seal is a valuable indicator for organizations that rely on the integrity of TEC's research services for assistance with their software selection projects. Organizations looking for a solution can be confident that they're comparing the product on an "apples to apples" basis with other, similar products.

Report Card

This **TEC Focus Indicator™** shows you which types of functionality are likely differentiators for Ultimate Software's UltiPro solution in the HR software space.
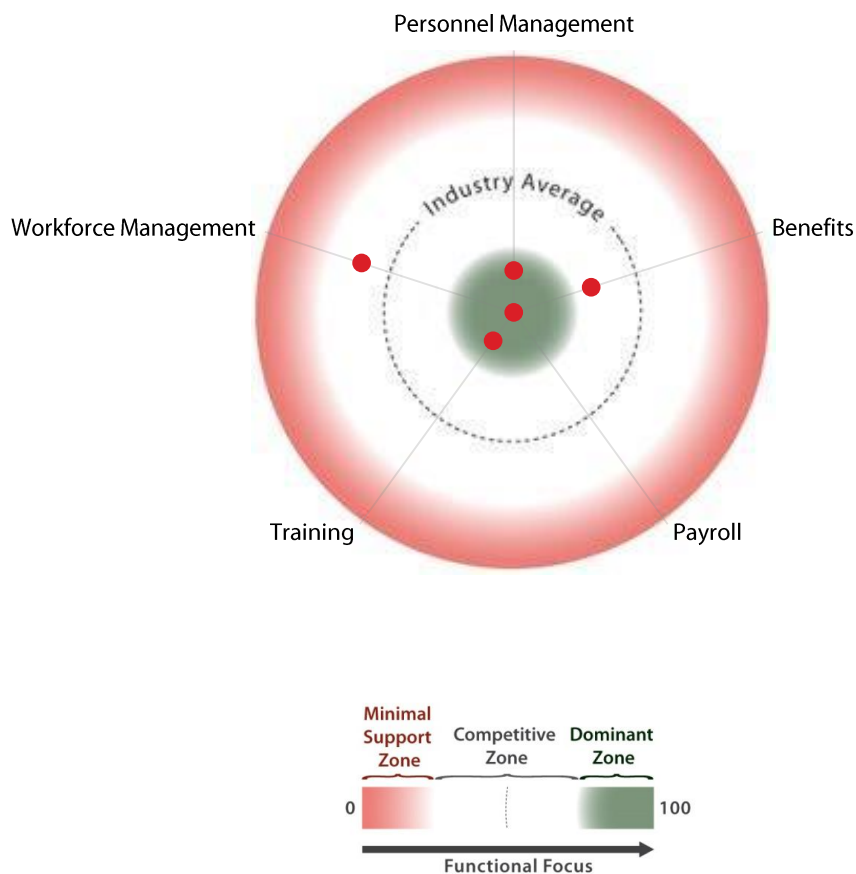
TEC Focus Indicator for UltiPro

Reading the Focus Indicator

Axes represent the modules of a typical HR product. Red dots show how much functionality UltiPro supports compared to the average HR product.

UltiPro can fall into one of three zones for each module: the Dominant Zone (green), the Competitive Zone (white), or the Minimal Support Zone (red). The closer a red dot is to the Dominant Zone in the center, the more functionality the product supports for that module.

If your needs correspond to modules ranked closer to the center of the Focus Indicator, UltiPro may be a solution worth evaluating.

As HR vendors tend to deliver similar core functionality, understanding how a product really differs from the competition can help you identify solutions that offer the functionality you need.

The Focus Indicator represents neither the quality of the product nor an absolute quantity of supported functionality. Rather, *the rankings show support relative to the average quantity of functionality supported by HR products.*

Dominant Zone

UltiPro has 3 modules located in the **Dominant Zone**: Personnel Management, Payroll, and Training. UltiPro's strength in these modules is due to its strong support in a breadth of management functionalities.

Competitive Zone

UltiPro has 2 modules located in the **Competitive Zone** Benefits, and Workforce Management. UltiPro is competitive with most products in these core areas.

The product functionality graphs (see Appendix A: Functional Scope on page 15) detail how UltiPro scores in the modules that make up the TEC Focus Indicator.

For more details about the TEC Focus Indicator, see Appendix B (page 20).

Company and Product Overview

Headquartered in Weston, Florida, Ultimate Software was founded in 1990 and has been publicly traded since 1998. Although over time the company's main product has changed dramatically, evolving from client server to cloud (multitenant software as a service [SaaS]), the company's focus on culture has stayed the same. On January 16, 2014, Ultimate Software was included in FORTUNE®'s 100 Best Companies to Work For—for the third consecutive year. Ultimate Software focuses exclusively on developing human capital management (HCM) technology—that is, core human resources (HR; payroll and benefits) with talent acquisition, talent performance management, time and labor management, and compensation management.

The founding members of Ultimate Software put employees at the heart of the business, as happy employees are productive employees who develop great products and ensure superb customer experiences. In fact, Ultimate Software's philosophy goes beyond its internal functioning, and extends to the relationships the company builds with its customers, whose employees they treat with care—acknowledging the person-to-person relationship that occurs during any exchange between two companies.

The 'people first' philosophy is also reflected by the UltiPro solution, which has to go through a 'witness test,' where users (the customer's employees) evaluate whether the solution simplifies things for them, in an effort to ensure that the software does not complicate users' work (see figure 1). Similarly, Ultimate Software takes an ethnographic approach to user experience, as it observes users' interactions with HCM technology in their work environment, such that it can build its solutions around how people actually work.

Furthermore, Ultimate Software acknowledges the impact of the fast-changing consumer Internet on users, who expect products to be faster and more flexible to activate and put in place. This recognition is central to the company's future development practices, which take a domain-driven design approach. This approach allows for the autonomous development of domain-specific capabilities (core HR, talent management, time and labor management, etc.) and the development of an evolutionary architecture, as opposed to a monolithic one.

In addition, the service-based architecture facilitates communication among all parts of the system and the system parts and third-party solutions. Furthermore, Ultimate Software will be delivering its solution through the new UCloud Platform (a hybrid private/public infrastructure as a service [IaaS]), which will enable continuous delivery and which is aligned with ongoing product development in a secure and scalable manner.

Ultimate Software has been bringing new technology platforms to the market since its inception. In 1997, its client-server 32-bit object-oriented HR and payroll product was hot technology. In 2002, pioneering into the HCM cloud market, Ultimate Software introduced its version of multitenant SaaS. Today, Ultimate Software has four data centers—in Atlanta, Phoenix, Toronto, and Vancouver.

Ultimate Software's two main target markets are midsized companies (500–1,500 employees) and large enterprises (more than 1,500 employees). The company will also strategically be targeting smaller companies (100–499 employees). Its sweet spot is represented by North American companies whose HR strategy focuses on acquiring and retaining the best talent worldwide.

Ultimate Software's largest customer employs around 88,000 people. Customers range over a number of industries: manufacturing, high-tech, hospitality, sports and entertainment, etc. Ultimate Software has more than 2,700 customers with employees in 144 countries, and it has hit the 15 million employee record mark in the cloud.

Ultimate Software has been taking a controlled approach to its growth (around 25% per year), such that it can maintain a high level of customer satisfaction and customer retention.

Listed below are the top-three product differentiators that Ultimate Software uncovered by interviewing its customers:

- Unified nature of UltiPro—integration of core HR, payroll, and benefits with talent management

- Strength of payroll functionality—seniority of Ultimate Software in the payroll market

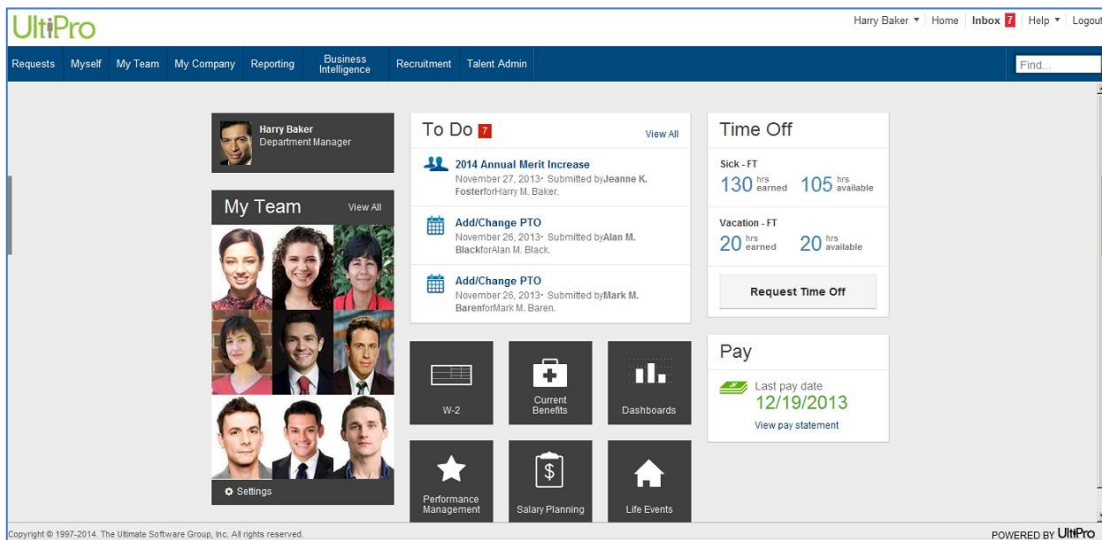- Cloud technology—response of Ultimate Software to increased demand

Figure 1. UltiPro Manager Homepage Screenshot

As UltiPro addresses HCM requirements only—as opposed to covering multiple areas of enterprise software, such as enterprise resource planning (ERP) and customer relationship management (CRM), etc.—Ultimate Software delivers strong integration with third-party solutions, including benefits providers, SaaS solutions, and on-premise systems.

The UltiPro Carrier Network—an open platform that provides customers with 'connector templates' to quickly and easily exchange employee benefits information with medical, dental, vision, and other benefits providers, as well as other third parties—takes advantage of the data integration infrastructure of its technology partner Informatica (the independent data integration software provider). To meet securing and accuracy standards, the open platform provides validation and monitoring tools including HIPAA 834 validation, 80+ data quality checks, summary and error reports, success and failure notifications, end-to-end file monitoring, as well as rapid deployment aided by a comprehensive catalog of benefits providers.

Ultimate Software has also founded the HCM Online Academy, a free offering for any HR professional—regardless of whether it is an Ultimate Software customer. Users can watch content aimed at the professional development of HR professionals on various topics such as strategic talent management, the Affordable Care Act (ACA), etc. Each module in the academy is certified for Human Resource Certification Research (HRCI) re-certification credits—allowing HR professionals to obtain up to 18 credits by watching HCM Online Academy courses. Ultimate Software adds content every month and aspires to become a massive open online course (MOOC) supplier with an HCM focus.

Analyst Observations

During my interactions with Ultimate Software as part of the certification process, I learned that the company's HCM suite was developed around a unified core HR global people management system of records in order to capture the entire employee life cycle—from recruitment to retirement. UltiPro provides key HR capabilities (highlighted in this section of the report).

Payroll has been built to allow for self-configuring business processes and processing any number of employees (see figure 2). In addition to delivering gross-to-net capability out of the box, Ultimate handles all the regulatory and legislative updates for clients (tax, HR, etc.). Two additional services that complement the payroll solution offering are check printing and tax filing. In March 2013, Ultimate Software also announced a partnership with the global payroll provider Celergo. The UltiPro and Celergo prebuilt integration will enable customers to easily exchange relevant employee HR, pay, and compensation data from UltiPro to Celergo's global payroll service in more than 30 countries.

Figure 2. UltiPro Payroll Screenshot

Time and labor management is geared toward enterprises that have employees who need to clock in and out everyday. The data collected through the time and labor application drives payroll as well as other HR-related activities such as workforce planning and scheduling. The module has a new time clock: the UltiPro TouchBase®, which Ultimate Software was able to develop thanks to the acquisition of EmployTouch Inc. UltiPro TouchBase is a wall-mounted tablet that takes pictures of employees when they clock in and out. This photo-taking feature eliminates the "buddy punching" behavior of some employees, thereby translating into substantial cost savings for the employer over the long term. And as it is not just a piece of hardware, the system can interact with employees and grant them access to various capabilities of the system—i.e., HR, payroll, benefits, etc.

Compensation management interacts with other parts of the system that compensation relies on (talent information, past compensation history, position changes, etc.). The application allows administrators and managers to interact with the compensation process, such that all the people that participate in allocating money to employees can set up and review the compensation plan. UltiPro also supports the planning of compensation in multiple currencies.

As **recruitment** is the first, and oftentimes most critical, step in the employee life cycle, UltiPro ensures that the right person is connected to the right company and department. The new recruitment offering—currently

in beta testing—focuses on more than the automation of recruitment processes. The offering has been designed with the candidate in mind, such that it facilitates searching and finding pertinent job/position information and driving recruiting from the candidate's perspective.

Talent development is the natural next step after recruiting and deals with a more in-depth discovery of a candidate's potential. In doing so, the solution includes functionality for onboarding, goal planning, performance management, and succession management. Again, these capabilities are in line with Ultimate Software's philosophy—putting the employees' well being at the center of its business and striving to provide functionality that will help employees understand how they can grow within a company and be able to take advantage of future opportunities to do so.

Business intelligence allows customers to pull together information coming from the various UltiPro modules to produce reports, dashboards, and different types of analytics. Indeed, UltiPro offers the ability to report on all aspects of HCM, from compliance reporting to more advanced reporting—e.g., cross-referencing recruiting information with salary increases, performance distribution, talent assessment 9 dimensions matrix, and more (see figure 3).
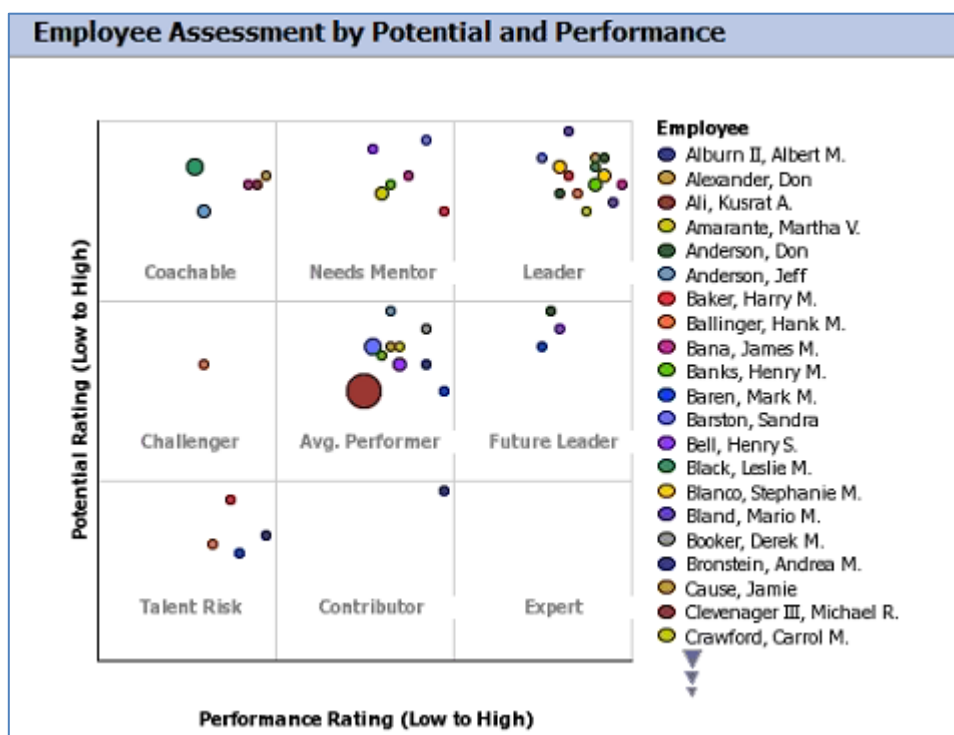

Figure 3. UltiPro Talent Assessment 9 Dimensions Matrix Screenshot

Mobile features take advantage of the HTML5 infrastructure and are designed to be device agnostic (see figure 4). Users can access pay and benefits, time-off requests, team and individual goals, and performance assessments. The purpose is for users to not only get their jobs done quickly and easily on the go, but also have the same experience across various devices.

User experience is achieved through responsive design, built from a 'mobile-first' standpoint. The user interface unifies all experiences, as it connects to all the domains and different application services.
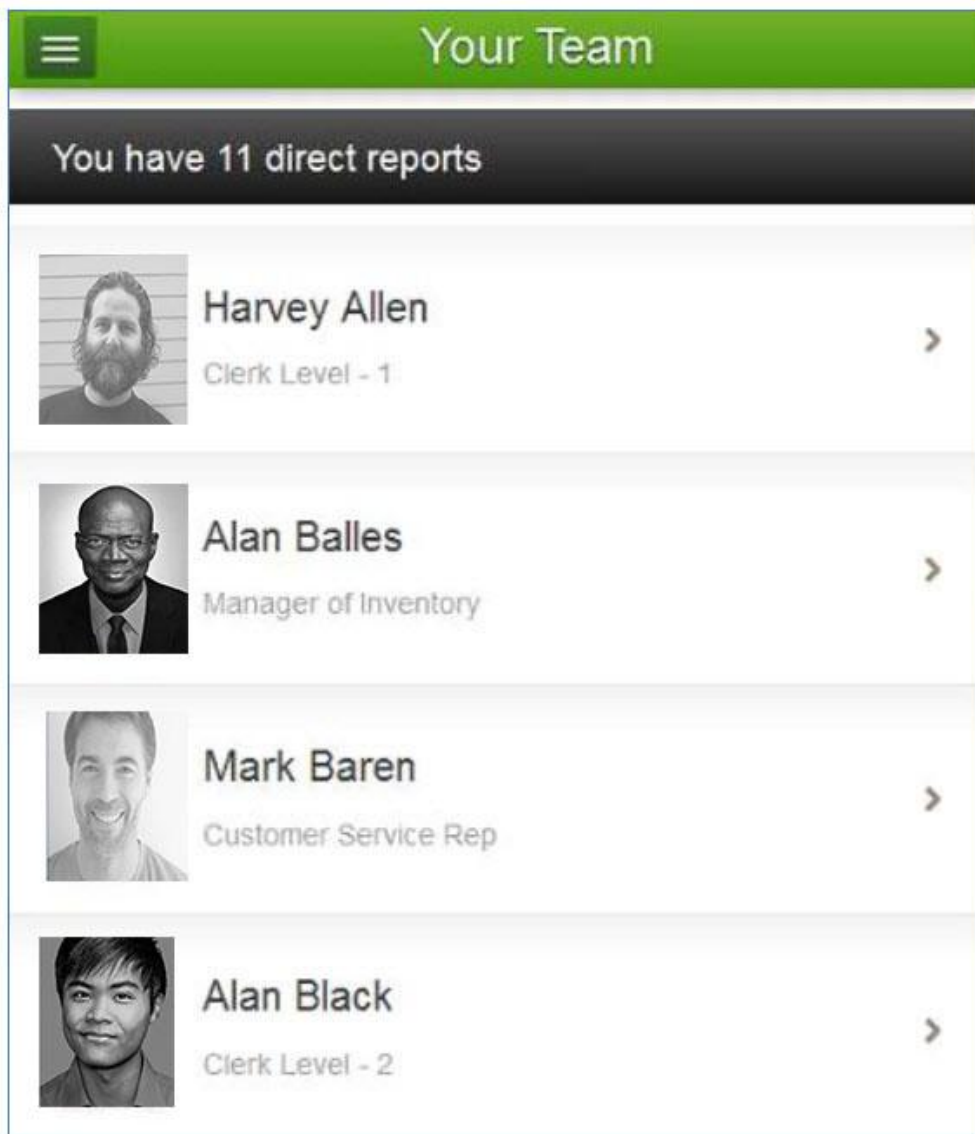
Figure 4. UltiPro Mobile User Interface

Ultimate Software's **SaaS** model is multitenant and has been awarded a number of certifications—ISO/IEC 27001 Certification, Safe Harbor Certification, and Statement on Auditing Standards No. 70 (SAS70) Type II Certification. The Ultimate SaaS footprint includes more than 14 million employees in 144 countries.

Ultimate Software offers the following **services**:

- *Activation and implementation*—starts with a fixed activation fee, which implies that there is no cost overrun in case the implementation takes longer than expected.

- *Training*—comes at no charge and lasts for the lifetime of the customer; it includes physical classroom and virtual training, flexible learning events, and self-paced learning materials.

- *Customer service*—denotes that representatives are exclusive to each client (or, in other words, when a client calls with any issue, the client actually reaches out to one specific person, not a company); moreover, Ultimate Software ensures that the customer service team has a low turnover rate to preserve the UltiPro knowledge and expertise within the company (most customer service representatives become certified payroll professionals).

- *Professional services/consulting*—is done the vast majority of the time by Ultimate Software, as the company does not resort to implementation partners, unless otherwise requested by the client.

- *UltiPro Managed services*—is Ultimate Software's newest offering, which takes into account the fact that customers would like to outsource some components of their HCM operations (payroll, benefits, human resources information system [HRIS], etc.); this offering was developed with the help of Excel HR—a company that worked exclusively with Ultimate Software for the past 7 years and which was recently acquired by the vendor. This series of services allows clients to resort to Ultimate's services as needed. UltiPro managed services include:

  o maintenance of new hires, terminations, promotions, life events, department changes, and time and attendance management;

  o preparation of masterfile data, 401k contributions, benefits updates, garnishments, and tax rates;

  o processing of payroll, time files, pay-data entry, audit reporting, gross to net, pre-check reporting, and approvals; and

  o post/closing of ACH direct deposits, check printing/PosiPay, distribute, tax files, garnishment file, audit reports, and general ledger (GL) files.

Up next, throughout 2014, Ultimate Software will be releasing the new recruitment tool—currently in beta testing—and will be introducing a new gamified onboarding experience. Aligning with their goal to support multinational companies with talent across the world, UltiPro will be enhanced with new languages, more than 10 country localizations to support payroll, as well as capabilities to support global organization management and global workforce management. Within the talent management spectrum, Ultimate Software will be releasing its new compensation management capabilities as well as adding the top-performers predictor function alongside the already-existing retention-predictor function. Furthermore, UltiPro will expand its configurability, simplify integration with other systems, as well as offer more 'connector templates' to customers that need to integrate with other service providers—benefit carriers, for example.

Analyst Recommendations

Ultimate Software offers functionality for both midsize and large enterprises. Although the vendor targets clients in the US and Canada only, its systems are well suited for multinationals that handle employees from across the world.

Due to its 'people first' philosophy, Ultimate Software offers a full range of customer experience services:

- 24/7 multichannel access to subject matter experts (SMEs) on top of the dedicated customer service representative assigned to each account.

- Ultimate Software uses Web-based, remote-access customer support technology that enables the support team to troubleshoot and resolve technical issues. By using a remote diagnostic tool, support representatives can connect to UltiPro and experience firsthand any issues a client may be encountering.

- An online social community built right into the solution, the "UltiPro Ideas" portal allows customers to submit ideas, request features, and communicate HCM best practices with peers. The online community tool is equipped with a search tool to search for postings from other UltiPro customers —and users can comment and vote on suggestions.

- Ultimate Software maintains regional and national user groups. Each regional group meets at various frequencies (monthly, quarterly, etc.). The National conference takes places annually in March, and it counts around 1,200 attendees.

- Communication regarding any issues and upcoming enhancements, compliance updates, etc., is done via the Customer Portal and Newswires e-mail service that is available to all customers.

- The levels of system uptime and availability are consistent with industry standards; application performance is expected to be consistent with that of other Internet traffic from the customer's organization when browsing publicly available consumer-based sites.

- Managed HRIS administration—part of UltiPro managed services—is a service designed for optimal utilization, and ongoing improvements of how technology is used. It includes reporting, business intelligence and dashboard setup, administration of configuration changes, interface testing, and user training and helpdesk.

As can be seen in the graphs showing the functional scope of UltiPro (p. 15), the solution covers the area of Personnel Management very well, scoring above the TEC average solution. According to TEC's data, the solution excels in management of rewards, budgeting and cost control, employment history and personnel reporting, tracking of discipline actions, and employee self-service. In addition, UltiPro offers the ability to assign general required competencies per company and per department—a capability not delivered by half the vendors surveyed in TEC Advisor.

Support for benefits management is also a strongpoint for the UltiPro solution, covering the full spectrum of the standard Benefits module. In the case of the Profile for Employee Benefit Plan and Administering Benefits submodules, UltiPro still scores above the average solution, but covers some functionality through customization or a third-party partner, or plans to have it in a future release. To boost its capabilities, Ultimate Software offers managed benefits administration—as part of UltiPro's managed services. These capabilities include planning, building and managing third-party and carrier benefit data, billing and reconciliation, open enrollment, reporting, employee support, and Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and Flexible Spending Accounts (FSA) support.

Payroll is an outstanding component of UltiPro, as it accumulates maximum score in this area of TEC's HR research questionnaire. This confirms the overall market and practitioner view of the product—oftentimes referred to as a top payroll solution. In addition, as part of UltiPro's managed services, Ultimate Software offers payroll administration, which covers a large spectrum of payroll management components such as time record support, pre-process audit, payroll tax filing/W-2s, payroll compliance reporting, garnishment management, GL posting, year-end close, and more.

UltiPro's Training module is also well supported; both the Planning and Administration submodules rank above the average. UltiPro delivers these capabilities through a partnership with the learning management system (LMS) provider Certpoint. Thanks to the partnership with Certpoint, Ultimate Software can also address complex learning needs within an organization.
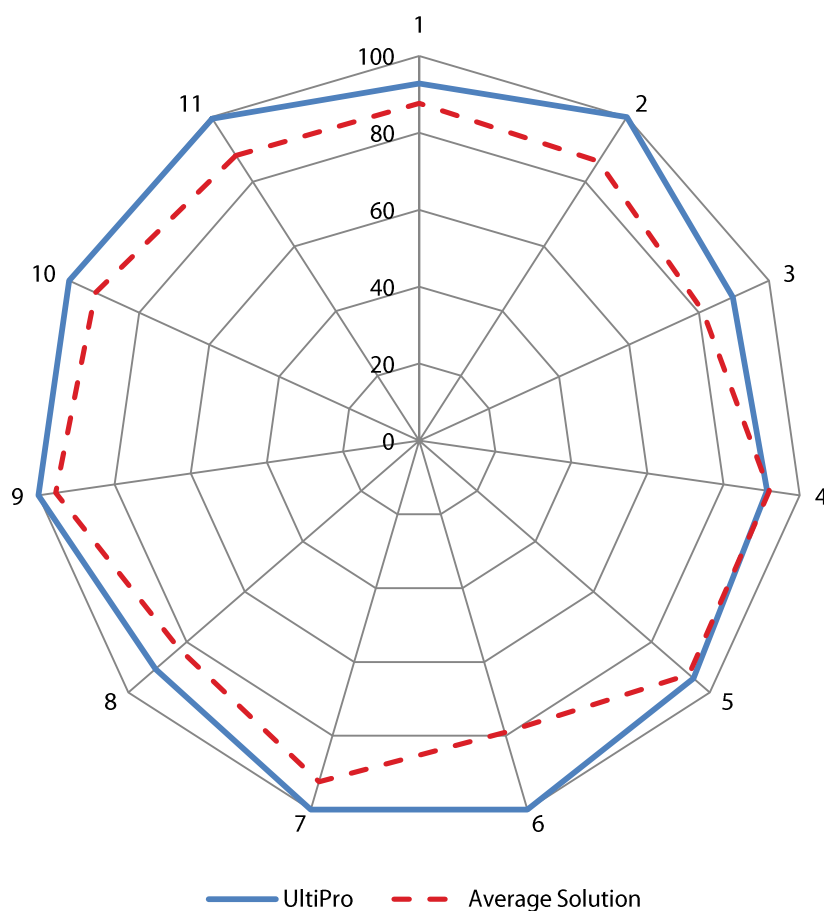
Workforce Management is not a forte for UltiPro. But this type of functionality is not a priority for most HR vendors—TEC's functional average registers 61.72 points. Although UltiPro does not cover some of the features related to the project management portion of workforce management, the solution covers several important features such as time tracking and employee metrics.

Functional Scope

The following functionality benchmark graphs represent the quantity of support by UltiPro for the functionality within each module identified in the TEC Focus Indicator, on a scale of 0 to 100 points. The closer the plotted value is to 100 (toward the outside in spider graphs or toward the top in bar charts), the more functionality UltiPro supports. The functionality of UltiPro is shown in blue; an average of what competitor solutions offer is shown in red.
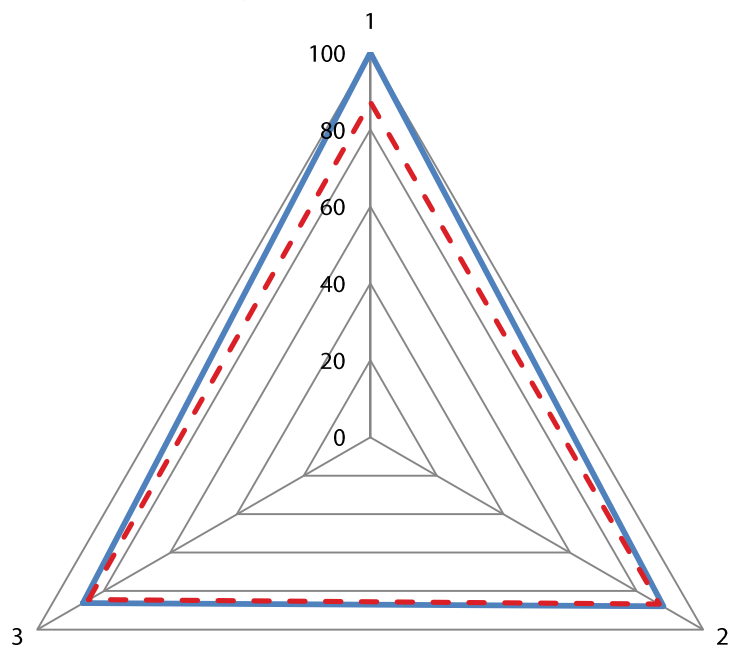
Personnel Management

Personnel management automates personnel processes, including recruitment, personnel profile, organizational structure, career development and training, reward management, job position and wage profiles, and business travel and vacation allotments.

UltiPro —— Average Solution ━ ━ ━

	Criteria	UltiPro Score	Average Score
1	Recruitment Management	92.8	87.7
2	Profile of Personnel	100	86.3
3	Organizational Structures	89.7	81.1
4	Job Position and Wage Profiles	91.4	92
5	Career Development and Training	94.4	92.9
6	Management of Rewards	100	79.1
7	Budgeting and Cost Control	100	92.5
8	Government and Compliance Reporting	90.7	82.6
9	Employment History and Personnel Reporting	100	95.5
10	Track Discipline Actions	100	92.5
11	Employee Self-Service	99.5	88.1

Benefits

Benefits functionality is used to administer a diverse range of benefit plans. Such plans typically cover accidental death and dismemberment (AD&D), disability, and life insurance, medical benefits, retirement plans, flexible benefits, and profit-sharing plans.
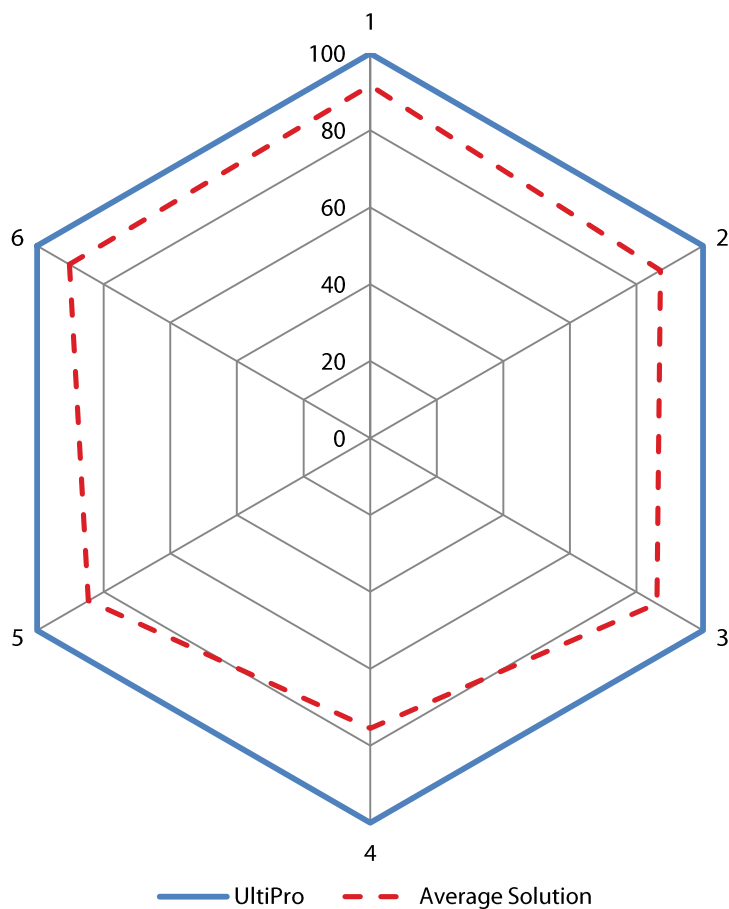

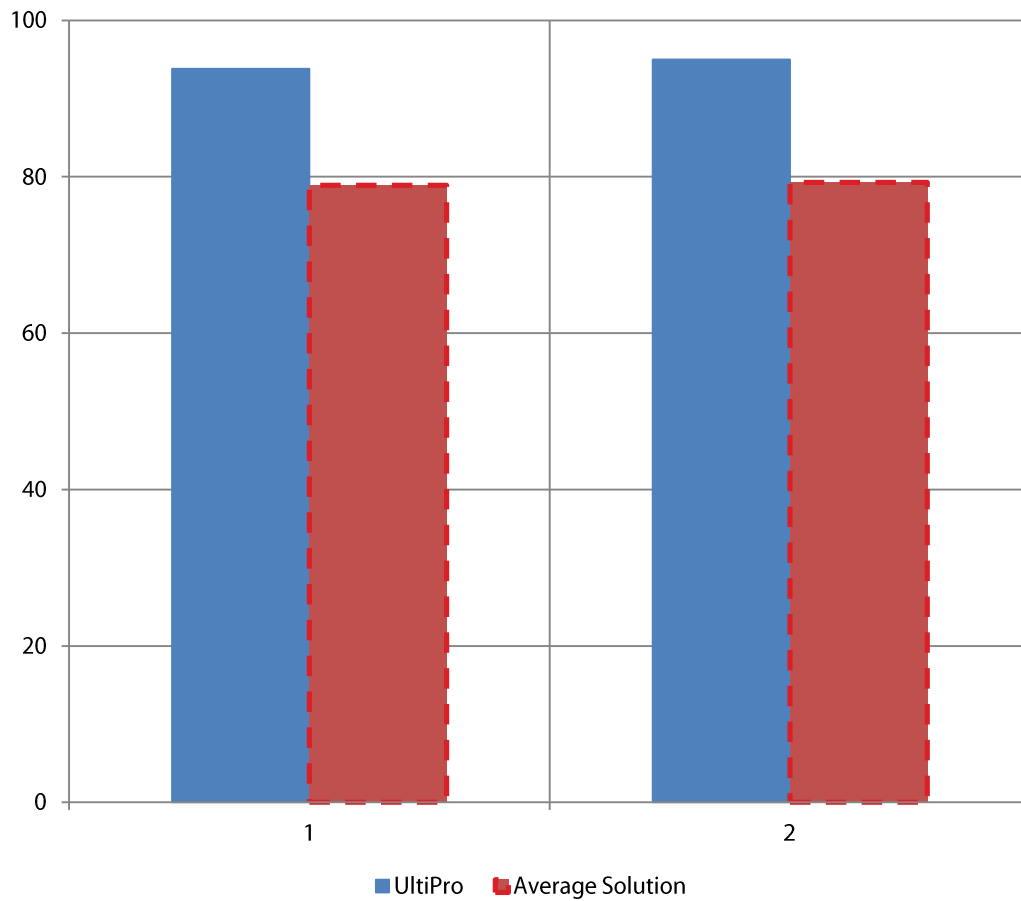|	Criteria	UltiPro Score	Average Score
1	Standard Benefits	100	87.2
2	Profile for Employee Benefit Plan	88	86.8
3	Administering Benefits	86.2	84.5

Payroll

Payroll functionality consists of the employee profile, identifying the appropriate earnings and deductions for each employee, and capturing time worked, used, and owed. It also provides functionality for handling tasks such as absence management, wage garnishments, and more.

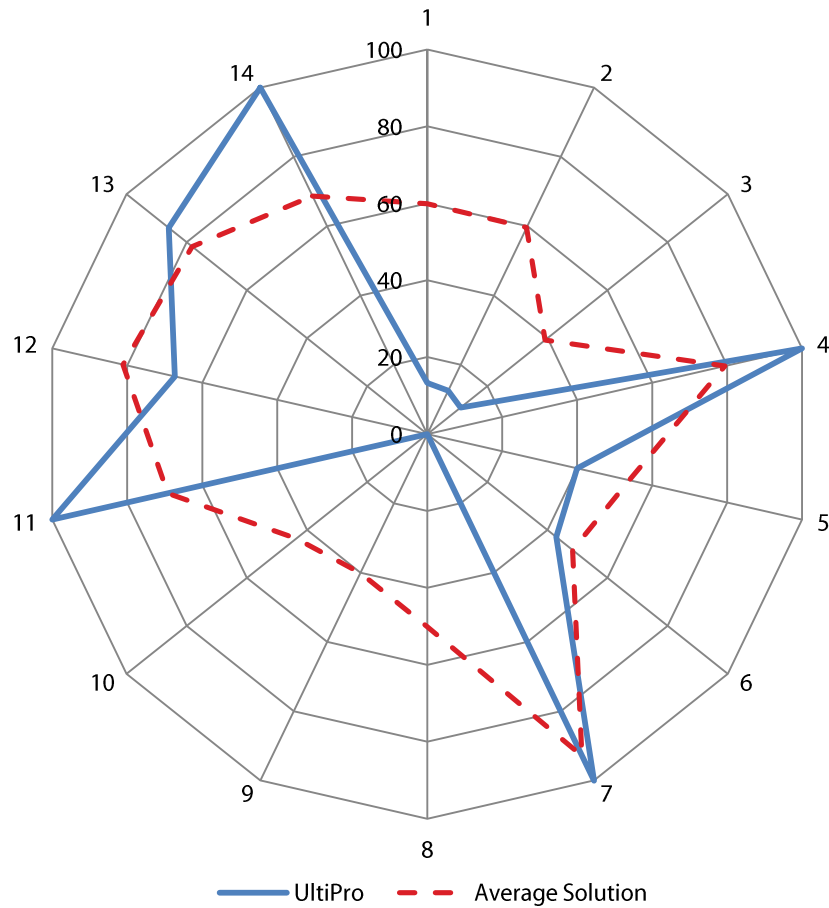|	Criteria	UltiPro Score	Average Score
1	Profile for Employee Payroll	100	91.7
2	Earnings and Deductions	100	87.2
3	Eligibility Parameters	100	86.1
4	User Balances	100	75.5
5	Automated Time Sheet	100	84.6
6	Security and Audit	100	90.3

Training

The training functionality covers the planning and administration of employee training programs, and allows administrators to track training schedules, training budgets, training costs, and more.

	Criteria	UltiPro Score	Average Score
1	Planning	93.8	78.9
2	Administration	95	79.3

Workforce Management

Workforce management enables organizations to efficiently plan and organize their labor resources. It helps employers assess part-time employee labor, evaluate and project the contribution from individual employees, track time and expenses, and manage contracts.

	Criteria	UltiPro Score	Average Score
1	Project Identification	13.3	59.9
2	Resource Identification and Classification	12.5	59.6
3	Workforce Forecasting and Planning (Supply and Demand)	11.1	39.2
4	Time Tracking	100	79.4
5	Expense Tracking	40	53.9
6	Workforce Gap Analysis	42.9	48.3
7	Employee Metrics	100	92.8
8	Project Management and Tracking	0	50.1
9	Resource Allocation and Analysis	0	40.1
10	Contract Management	0	43.6
11	Administration	100	69.2
12	Health and Safety	67.3	81.1
13	Proactive Information Delivery	86	78.2
14	Security	100	68.7

About the TEC Focus Indicator

The TEC Focus Indicator is divided into three distinct zones.

The **Dominant Zone (green)** shows where the product supports more functionality than the average solution. Dominant modules are likely to be competitive differentiators for the vendor.

The **Competitive Zone (white)** shows where the product supports about the same amount of functionality as other solutions. This may be:

- core functionality that most vendors offer, or
- functionality that satisfies important customer requirements for the vendor without being a key differentiator for the product.

The **Industry Average** circle in the middle of the competitive zone shows how much functionality software products in this market space support on average.

The **Minimal Support Zone (red)** shows where the product supports less functionality than the average solution. Minimal Support modules are usually not as important to the vendor's target market as other modules, and the vendor may offer essential functionality only.

For each module, a product will fall into one of these three zones based on how it scores relative to the industry average.

TEC calculates the industry average based on product data from real-world software solutions. We score up to several hundred solutions' support for up to several thousand features and functions, and use a normalized average of all of the scores as the industry average.

We also set high and low thresholds that a product must pass in order to fall into the Dominant or Minimal Support Zone.

About Technology Evaluation Centers

Technology Evaluation Centers (TEC) provides insight and expertise in offering impartial resources and services to minimize the costs, risks, and time associated with software selection. Over 3.5 million technology decision makers visit TEC's Web sites each month, to find information on hundreds of solutions, and to access articles, white papers, and podcasts.

TEC's decision support system (DSS) and analyst data assist with the evaluation, comparison, and selection of enterprise solutions and services. TEC's offerings include in-depth research, detailed product information, and software selection services for any industry or company size.

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