

REPORT: VENDOR PROFILE

Ultimate Software Innovates with People at the Core

**People Orientation and Platform Innovation Form a
Strong Base for Differentiation**



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EXECUTIVE SUMMARY

Ultimate Software is a long-time player in the North American market for Human Capital Management (HCM) software. The vendor has a track record of growth and customer satisfaction over a quarter of a century. Ultimate Software's "People First" culture serves as the foundation of the vendor's success. The founders have crafted a high-performance culture that does right for customers and employees, too.

A recent update of its UltiPro platform accelerated technical innovation and new product creation, producing new offerings such as Xander in the Machine Learning and Artificial Intelligence space alongside traditional HCM offerings. Ultimate Software almost always ranks among the top five vendors in Constellation's vendor selections of new HCM systems in North America for employers with 2,000 to 5,000 employees.

This vendor profile provides an overview of Ultimate Software. This report identifies Ultimate Software's key differentiators and product offerings and concludes with recommended scenarios for buyers.

Ultimate Software

- **Company: Headquarters:**
Weston, Florida
- **Founded:** 1990
- **Type:** Public, NASDAQ (ULTI)
- **2016 Revenue:** \$781 million
- **No. Employees:** 3,950
- **Website:**
www.ultimatesoftware.com
- **Twitter:** @UltimateHCM

BUSINESS THEMES



Future of Work



Technology Optimization

KEY DIFFERENTIATORS

Enterprise software is undergoing an unprecedented innovation boom. For the first time, technology can do more than what business processes demand, creating a period of experimentation and innovation when it comes to best practices. This concept, which Constellation refers to as Enterprise Acceleration, has taken storm in the Human Capital Management (HCM) software category.

As enterprises and vendors try to solve functional problems that have plagued them for a long time, HCM innovation has focused in the areas of talent management and performance management. For example, perennially competitive talent management functions within the enterprise such as recruiting are in an arms race between employers. Whichever enterprise gets a leg up in talent acquisition will do better than a competitor that is stuck on older, if not obsolete, recruiting platform technology. However, technology progress doesn't stop in talent management – it also transforms

the human resources core, payroll, workforce management and benefits, the other four of the five major areas of HCM automation.

As the HCM software market continues to evolve, Ultimate Software stands apart from other key players in four ways:

1. Culture Is the True North

Architectures and platforms come and go. The culture of a vendor stays. A cultural fit between vendor and customers is the best foundation for a lasting successful relationship.

Constellation's Point of View (POV): Few vendors have stronger corporate culture than Ultimate Software. The vendor not only humanizes work but also refers to employees as families. Ultimate Software is the only software vendor whose customers still wear their vendor's T-shirts when traveling home after an Ultimate Software conference, painting Las Vegas' McCarran Airport in the color of the year for Ultimate Software's products. Why would a customer transform himself into a walking billboard for a vendor

on a travel day home if the customer had not bought into the vendor's brand and values? But the alignment of an enterprise's and a vendor's culture and values means more than wearing a T-shirt or buying into a vendor's brand. For an enterprise, associating its values with those of its vendor results in a smoother working relationship, higher commitment to task completion and greater likelihood of success in implementing the software.

2. Penchant for the Hard Stuff

Overall, enterprise software is never easy to develop or use, but there are some automation areas that are tougher than others. Software for deeply regulated areas of automation such as payroll and workforce management are harder to develop and use than areas such as succession management and onboarding that are driven purely by best practices. Compliance and regulation as well as best practices have to be automated.

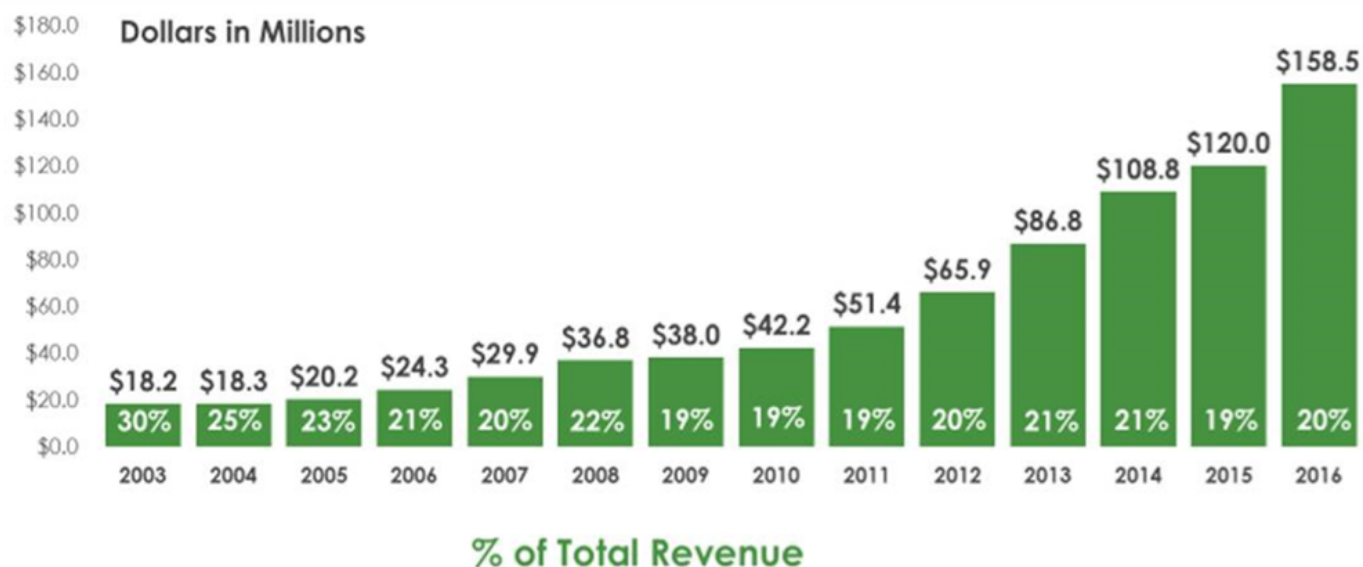
Constellation's POV: Ultimate Software has a long history and track record in the payroll space. Ultimate Software's clients

include professional artists and sports teams with highly complicated and unique HR requirements. Ultimate Software's ability to serve these customers demonstrates its capability and willingness to accommodate customers whose employment arrangements might pose challenges to automation. An HR technology provider that can excel at the "hard stuff" can easily execute standard functions for a less complicated business.

3. Commitment to R&D

At the end of the day, a vendor's commitment to R&D will make a difference for customers in times of business process uncertainty. Vendors that invest more in R&D usually have product portfolios that are more innovative, allowing for faster experimentation and more frequent fail-fast, learn-fast experiences. Compared to the two leading ERP vendors, Ultimate Software spends an additional four percentage points of its revenue on R&D. When compared to the leading SaaS vendor, Ultimate Software spends five percentage points more (see Figure 1).

Figure 1. Ultimate Software's R&D Spending as a Percentage of Revenue



Source: Ultimate Software

Constellation's POV: Historically, Ultimate Software has been and remains a vendor committed to investing in R&D, with R&D investment consistently one of the highest in the software industry. And while one can question its overall investment effectiveness, the latest platform investments have put Ultimate Software's products on a modern, fast delivery platform. Nothing documents a vendor having found its stride more than a functional footprint that's expanding, best practice innovation (for example, with Xander) and renovation of older parts of automation (for example, time and attendance). Ultimate

Software has shown these strengths at its recent Connections conference held in Las Vegas in spring 2017.¹

4. Commitment to Public Cloud Architecture

HCM applications are inherently elastic, having to scale from little use of computing resources (for example, for employee self-service) to massive use of computing resources (for example, for payroll). Nobody really knows when employees will show up to run self-service tasks, when managers do their people-

related tasks and how often the payroll needs to run. At the same time, the elements of a modern, 21st century architecture live in the public cloud – the most prominent ones being Big Data and Machine Learning.

Constellation's POV: Public cloud deployments give enterprises the option of a more flexible computing architecture – both in consumption of computing resources, enabling a pay-what-you-use model, as well as in providing key capabilities for meeting different regulatory requirements and privacy mandates when HCM software runs in different data centers worldwide. Ultimate Software has done well at preparing its products for the public cloud with the adoption of both VMware and OpenStack in its cloud infrastructure. And while the latter seems to be faltering a bit, the former may offer a path for Ultimate Software into the public cloud, in this case Amazon's public cloud. This could give Ultimate Software's customers the opportunity to take advantage of public cloud deployments of Ultimate Software products later in 2017, assuming AWS and VMware will deliver.

ORGANIZATIONAL REVIEW

Management Team

Ultimate Software is led by a team of experienced executives, with substantial general human resources and payroll software experience acquired over four decades. Chairman, President and CEO Scott Scherr founded Ultimate Software in 1990 as a South Florida managed payroll vendor, with the strong belief that doing right by employees will do right by customers.

The executive team also has one of the longest serving chief financial officers (CFOs) of a publicly traded company, Mitchell Dauerman, and one of the longest tenured chief technology officers (CTOs), Adam Rogers. The long-tenured executives have set up a company known for consistency, predictability and customer trust, as customers over the years have been able to go to the same people for renewals, new opportunities or any critical issues.

Constellation POV: A long-tenured executive team indicates stability that is good for customers, especially in the HCM space, where buying cycles tend to be longer and performance over decades matters. HCM practitioners tend to acquire solutions from “people they know” – often over decades.

Partnerships and Alliances

Even the largest software vendors need to rely on partnerships and alliances to be successful, as not every part of the product portfolio and or every service a customer needs can come from a single vendor.

Ultimate Software has a long list of successful partnerships and alliances.

Constellation highlights a few of them:

- **NetSuite:** One of the most successful partnerships in enterprise software history is the alliance between Ultimate Software and NetSuite. The partnership creates value as it gives NetSuite customers a good HCM solution and it gives Ultimate Software a go-to ERP solution when customers look for a complete cloud solution. This is a clear win/win/win for customers and both vendors.
- **Constellation’s POV:** This is a very well-managed and executed partnership, fueled by the mutual needs of customers and both vendors. However, the future of this partnership is uncertain, given Oracle’s acquisition of NetSuite coupled with NetSuite’s announcement of its own HCM software system. Existing joint customers should seek reassurance from both vendors on continued operation, something both vendors are likely to gladly give. Buyers need to assess the strength and potential of other HCM automation alternatives against the importance and quality of integration the partnership currently has and can be expected to maintain throughout the duration of the usage of a joint solution.
- **Infor:** Ultimate Software partners with Infor for workforce management software, specifically for the former Workbrain product. With this partnership, Ultimate Software customers have access to one of the most sophisticated workforce

management products in the market, giving them flexibility in a crucial HCM automation area. This partnership gives Ultimate Software the flexibility to focus R&D efforts on other important HCM automation areas, while Infor gets more return on the Workbrain assets.

Constellation's POV: The partnership between Infor and Ultimate Software demonstrates that Ultimate Software can partner with other vendors for the benefit of the customer. In this case, each company has a competing workforce management product, but the benefits for customers outweigh the competition between Infor and Ultimate Software. Even though Ultimate Software recently announced the first step of its own workforce management software with the unveiling of its time and attendance plans, sophisticated workforce management requirements will be running on Workbrain for a long enough time so that both Ultimate Software and Infor will be alternatives for customers and prospects.

Competitive Positioning

Ultimate Software is one of the leaders in the segment of HCM software that does well for enterprises with between 2,000 and 5,000 employees. The integrated nature of the HR core and payroll functions, coupled with good talent management, is what enterprises in this segment are looking for from one vendor, both in terms of best practices as well as a HR capacity. Enterprises of this size have established HR departments that are already specialized across different areas of responsibility, but are not yet as sophisticated as to need and pay for a best-of-breed offering in talent management.

With its historical competence in payroll, Ultimate Software excels in this environment, especially when requirements are as advanced as the payroll processing of professional sports teams and artists. With thousands of customers, Ultimate Software has the scale to follow, understand and implement regulations and statutory requirements that happen across the 50 U.S. states as well as the 10 Canadian provinces. Ultimate Software has

also done well at making its software available beyond Canada and the U.S., supporting close to a dozen languages and a good number of country versions. International payroll is done through partnerships with the usual vendors of international payroll software.

Ultimate Software has a mixed partner offering for benefits, which is a good compromise of its core customer base. Moreover, the vendor partners for workforce management with Infor. However, Ultimate Software has announced its own plans for workforce management software at Connections in Las Vegas in the spring of 2017.

Target Markets

Ultimate Software performs well in all four market segments that Constellation tracks for the HCM software category:

- **Under 2,000 Fulltime Equivalent**

Employees: Ultimate Software has a substantial client base in this segment although market penetration gets lighter in the under 1,000 FTE category. Companies

with less than 500 FTEs should especially consider Ultimate Software when facing a likelihood of steep growth in future years or when payroll gets more complex.

- **2,000 to 5,000 Fulltime Equivalent**

Employees: This is Ultimate Software's core market, where the vendor almost always is among the top three selected by buyers. Customers decide to use Ultimate Software because of its payroll capabilities, overall HCM suite capabilities and cultural fit. Ultimate Software should be on the short list for most customers in this segment as the company is a well-known and reputable vendor in the segment. There are hundreds of HR executives in this market segment who repeatedly have chosen and implemented Ultimate Software across their multiple career stops.

- **5,000 Fulltime Equivalent Employees**

and Up: Contrary to popular perception, Ultimate Software has a good number of customers in this segment. It is predominant in industries that do not have a standard ERP solution or where companies have

rocky relations with their ERP vendor (who at the scale of this market segment, almost always offers HCM, too). Ultimate Software comes up in selections of pure HCM solutions and is a regular among the top five vendors of HCM software.

- **Global:** Enterprises in this segment are doing business on at least three continents and in at least 20 countries. Ultimate Software serves this market when the company has a heavy North American focus and user base and chooses a native solution for the U.S. and Canada in addition to partner solutions for the rest of the world. Ultimate Software's partnership with global payroll aggregators and managed payroll providers make this segment a target market for the company.

Key Offerings

Xander – Augmented Intelligence

Ultimate Software was one of the earlier vendors using predictive analytics to help executives make better people decisions.

The delivery of a series of predictors – most notably the Retention Predictor and High Performance Predictor - enabled Ultimate Software customers to be among the first to get their hands on one of the newest automation offerings in HCM. With these predictors capturing 30 percent of Ultimate Software's market and active usage by decision makers, Ultimate Software customers are one of the most active user communities for predictive analytics.

Recent advances have brought machine learning technologies (often also referred to as artificial intelligence) to prominence in HCM, changing best practices of users working with an HCM system.

A prominent example of how technology has progressed and overtaken best practices is speech processing. Not only do advances in neuro-lingual processing allow software to understand content, it can enable software to understand empathy and emotions. Advancing the process further are neural networks that can capture speech at levels never seen before.

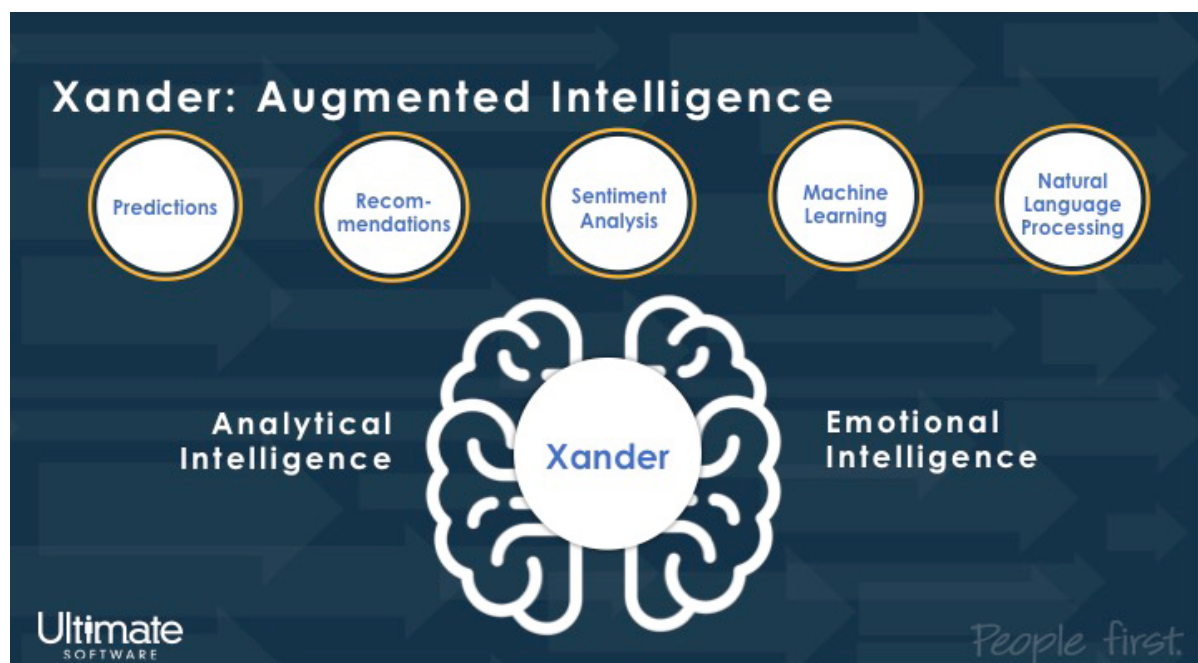
Ultimate Software acquired Perception Software (formerly Kanjoya) in September 2016, advancing the vendor's ability in neuro-lingual processing and machine learning. The Perception Software platform has now become the platform for all predictive analytics that Ultimate Software is building.

The most prominent advancement is Xander, Ultimate Software's assistant, built to help leaders make better decisions (see Figure 2). The first decision areas that Xander is tackling are in performance management, recruiting

and onboarding. At the same time, Ultimate Software is moving its predictor offerings to the Xander-based architecture.

Constellation's POV: Customers should take notice of this type of innovation as it demonstrates that Ultimate Software is willing to innovate boldly and to work hard to achieve customer adoption. The adoption of predictive analytics and machine learning has proven to be challenging for most HCM vendors, as HR departments limit the rollout of these capabilities. However, approximately

Figure 2. How Xander Enables Augmented Intelligence



Source: Ultimate Software

one-third of customers use Ultimate Software's predictor offerings, demonstrating that Ultimate Software can deliver innovation and aid its customers in driving adoption. Adoption matters to enterprise software customers, as more customers on the same functionality means more investment, attention and future innovation by the vendor on that piece and adjacent pieces of functionality.

On the machine learning side, Ultimate Software is the first HCM vendor of scale to ship an assistant in general availability, helping managers make better decisions. It will benefit customers that Ultimate Software is bringing all its predictive analytics and machine learning assets and products onto a single platform. Not only is re-use good for customers, but being able to look at one large, consistent library of people-related events and decisions forms the database that machine learning products need. The more data, the more likely software is going to make recommendations or even take actions that are accepted as trusted, value-added tools.

Customers should keep an eye on how Ultimate Software decides to balance the current in-house deployment of Xander versus using public cloud deployment options. While this initially should not affect customers, it likely will when customers want to add non-HCM-related information to the database or data lake on which they want machine learning to make decisions. Customers anticipating implementation of machine learning or artificial intelligence should monitor Ultimate Software's moves with respect to public cloud as machine learning and artificial intelligence are very compute-intensive, and the place for cheap compute is the public cloud.

Payroll

Ultimate Software was founded at a time when not much more than payroll automation was included in HCM software. As a first mover, it is no surprise that Ultimate Software has developed one of the most functionally advanced payroll engines in North America. Today, Ultimate Software's payroll capabilities exceed the needs of even the largest customers and this ability is at the core of

Ultimate Software being considered by larger and larger enterprises over its 27-year history.

Over the years, Ultimate Software has rebuilt all its payroll capabilities previously based on mainframe technology and moved existing customers to its new platform. But Ultimate Software not only ported the capabilities to a new platform but also used the opportunity to improve the product's functionality and the capabilities of its payroll engine (see Figure 3). For instance, support for Canadian payroll functions is now a native part of the platform and payroll professionals can now easily build online formulas for additional payroll flexibility.

Ultimate Software is designed to serve the needs of the payroll professional, who is always under time pressure to deliver a high quality payroll run. The ability to walk step by step through the payroll process in order to make a payroll run error-free as well as the ability to manage changes even after the payroll is run are key examples of features designed to aid the payroll professional.

The base of every successful payroll engine is the underlying compliance work it does to meet statutory and regulatory changes. Changes can happen at municipal, county, state and federal levels, imposing a significant

Figure 3. Ultimate Software's Key Payroll Capabilities



Source: Ultimate Software

burden on any payroll provider. Ultimate Software addresses this challenge with a dedicated group of professionals whose sole task is to monitor legislative and compliance changes. Coupled with a fundamental architecture that considers each payment as an independent transaction that may have unique compliance issues, Ultimate Software is able to handle one of the most complex payroll scenarios - the payroll for professional performers and sports professionals. The large number of artists and sports teams relying on Ultimate Software for payroll processing is an indicator of the vendor's competence in the field.

Constellation's POV: Payroll will remain the most complex automation area in HCM. As populations around the world age and as retirement and healthcare costs rise, taxation and compliance regulations could grow. Today, enterprises already operate in an environment where regulatory changes are at an all-time high. Ultimate Software's track record delivering payroll for the most complex scenarios, such as payroll for travelling artists and professional sports teams, demonstrate

the robustness of its payroll capabilities. This ability to operate in a rapidly changing regulatory environment serves customers well. Lastly, the payroll changes resulting from the economy's transition to the gig economy puts Ultimate Software in a good position for the future, given the single payment/location architecture of its payroll engine.

Micro-Services Approach to Technology

Ultimate Software not only had to innovate with its payroll platform, but also with its core application architecture that runs its HR core, talent management and workforce management functionalities. With the general trend to move from large, monolithic applications to smaller units of computing, Ultimate Software has built a modern, micro-service-based platform that uses OpenStack as its IaaS and CloudFoundry and Docker as its PaaS layer.

The move to micro-services as well as the platform choices matter to Ultimate Software customers and prospects that want applications in both private and public clouds

and even in hybrid cloud scenarios. These options matter to enterprises not only from a Total Cost of Ownership (TCO) perspective, but also from a compliance and performance perspective. On the compliance side, data residency and privacy mandates require enterprises to hold data in the right physical locations. On the performance side, users physically close to a data center location experience a more responsive application. The architecture choices Ultimate Software has made allow it to offer customers flexibility.

On the next level up the technology stack, Ultimate Software has chosen a good set of technology products for its database demands - using Microsoft SQL Server, MariaDB, MongoDB and Elasticsearch for search capability and RabittMQ for queueing data across different systems and components. On the next level, Ultimate Software has opted into Microsoft's .Net framework but is equally using Java, Node.js and Python for programming needs. And finally, user interface capabilities employ Google's popular angular.js as well as the ionic frameworks (see Figure 4).

Figure 4. Ultimate Software's Technology "Marketecture"



Source: Ultimate Software

Today, Ultimate Software's recruiting and onboarding products are already taking advantage of the new micro-services architecture and the vendor is currently developing its previously announced workforce management product on this platform.

Constellation's POV: A modern, state-of-the-art technology stack matters for HCM customers, as it allows the vendor to innovate faster on HCM best practices, with an intuitive user experience. When vendors create a modern technology platform as Ultimate Software has, they can focus more on the business capabilities of their products, rather than the lower-level platform work. That may be one reason why Ultimate Software was able to announce a large number of new software capabilities at its spring 2017 user conference. Ultimate Software delivered and announced more capabilities than at its last three Connections conferences (2014, 2015 and 2016) combined, demonstrating how a modern platform leads to more features available to customers.²

HR software users should care if their vendor has adopted a micro-services infrastructure, which allows vendors to build smaller, more autonomous and more scalable software – faster. Specifically, micro-services deliver added flexibility to handle processes on a single platform, more choice about how to integrate other solutions with the HR platform and less resources spent on maintaining the software. In addition, a micro-services approach provides greater granularity in process and integration options and results in easier and cheaper alignment of enterprise processes with enterprise software.

Leadership Coaching in Performance

In its current implementation, performance management software is broken. The typical performance management implementation breaks down an employee's objectives and provides a multi-year review process and management functions. Coupled with a hefty dose of overselling by software vendors, the average performance management implementation underdelivers and overpromises. Employees are happy when

performance reviews are delayed or cancelled. Executives moan under the pressure to establish new and “universal” performance criteria and qualities.

The consequence is a new-found experimentation by both enterprises and vendors to establish new best practices for performance management. It's commonly accepted that more regular, higher frequency interactions and more longitudinal, multi-faceted feedback are ways to improve performance management software. Ultimate Software is approaching the challenge from a coaching perspective, acknowledging the widely-accepted fact that performance does not improve overnight, but through a series of consistently applied and regularly repeated coaching topics.

Ultimate Software has identified 17 coaching areas that matter to an individual's performance. Managers get proactively notified about coaching opportunities that are identified by the same neuro-language processing (NLP) engine that powers Xander. (As a matter of fact, Xander has evolved

from the very same NLP engine.) This allows managers to focus on skills development not only of their teams and direct-reports but their very own skills and capabilities. It also changes the focus away from formal assessment to performance management and ultimately – when done right – performance improvement, the basic goal of the whole performance management exercise.

The Ultimate Software product identifies specific best practice actions that managers can, could and should take. Additionally, Ultimate Software allows users to identify, manage and track user-defined performance management actions.

Constellation's POV: Ultimate Software has gone through the very first step of fixing performance management software by acknowledging that new best practices need to be established. The 17 coaching areas provide a starting point for enterprises to understand where they need improvement in performance management. Focusing on coaching areas is a viable approach for enterprises, which can improve organizational performance that is

powered by the individual coaching actions. Coupled with a good notification system that reminds users to revisit, apply and reinforce the coaching goals, Ultimate Software has created a combination of content and software that can really move enterprise performance forward - a true driver of enterprise acceleration.

HCM Customer Experience

Few things matter more in the use of enterprise software than the customer experience. Ultimate Software has implemented a number of strategies and practices that set the vendor apart on customer experience:

- **Measuring customer relationships differently.** Ultimate Software gauges customers' success by measuring customer satisfaction and customer willingness to serve as a reference. Only satisfied customers will be ready to be a reference, so both objectives are tightly connected and Ultimate Software is striving to reach 100 percent in both categories.

- **Supporting customers differently.** Support organizations are infamously tiered, with customers often spending hours in lower-level support tiers before their problems get attention and get resolved. Ultimate Software implemented tierless support in 2016, meaning that customers will not have to loop in holding patterns on the lower levels of support, but will get to the level of support that can solve their support issue quickly. This starts by naming an executive relationship manager for every customer.
- **Servicing customers extensively.** Ultimate Software offers a range of managed services, helping customers who don't have the skills, capacity or imperative to manage software. Managed services range from processing employment applications and benefits all the way to payroll managed services.
- **Committing to free lifelong learning for customers.** Ultimate Software customers have access to training and education about the software for life. In contrast to almost all of the enterprise software industry,

Ultimate Software makes available training and education at no charge to users.

- **Charging customers with transparency.**

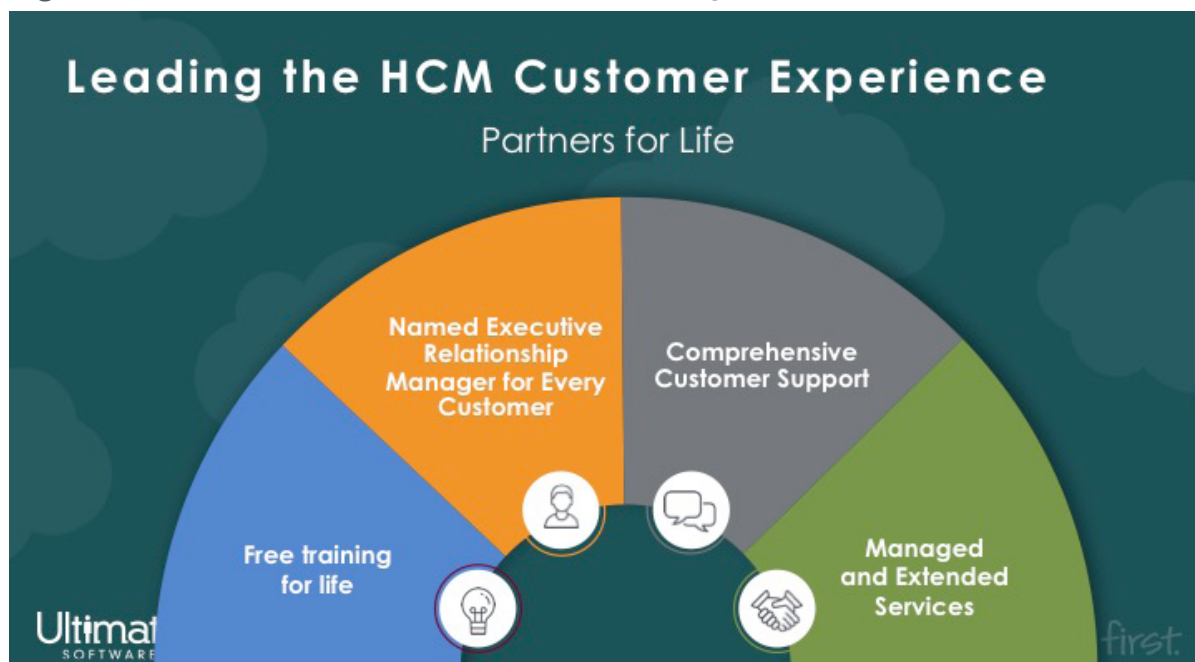
Ultimate Software offers customers fixed-fee activation contracts, resulting in customers having to pay Ultimate Software only when they go live.

The combination of these best practices and strategies results in a comprehensive set of customer support processes and tools (see Figure 5). Customers can get in touch with

Ultimate Software via multiple channels, including chat, online and, of course, over the phone. All that reaches a dedicated, named account management executive, who holistically oversees the potential challenges and serves as a customer advocate inside of Ultimate Software. In addition, a rapid response hotline is available when needed.

Ultimate Software offers a broad range of educational services – from self-paced, on-demand and live instruction courses to quick training tours and distance learning. It helps

Figure 5. The Ultimate Software Customer Experience



Source: Ultimate Software

customers to share their stories with the UltiPro Success Program. And customers learn about new and upcoming capabilities through live webcasts on product enhancements.

All of this activity is further strengthened with online collaboration tools and user communities that can quickly resolve challenges and connect people with like-minded individuals across the user community (see Figure 6).

Constellation’s POV: Ultimate Software’s comprehensive customer support indicates a commitment to providing the tools and support necessary to ensure customers reap a return on investment. Ultimate Software is practicing many of these customer-friendly strategies, such as fixed-fee activation. Ultimate Software realizes that best practices do not stand still when it comes to making customers successful. For example, Ultimate Software recently introduced tierless support for users and unlimited lifelong learning. The combination of all these offerings and strategies leads to a

Figure 6. Ultimate Software’s Comprehensive Customer Support



Source: Ultimate Software

unique customer experience, satisfaction and loyalty.

The time needed to resolve all customer support cases was reduced by 60 percent in 2016, says Ultimate Software.

The combination of offerings and strategies helped produce a customer retention rate of 96 percent in 2016, according to Ultimate Software. When enterprise software customers truly feel that their vendor cares about their success, the relationship changes from supplier/provider to partner.

RECOMMENDED SCENARIOS

Enterprises should consider Ultimate Software when looking for an HCM solution that offers a complete suite across the HR core, payroll, talent management, workforce management and benefits.

Ultimate Software is particularly strong when it comes to the following issues:

- **Strong culture.** Few HCM vendors have a stronger culture than Ultimate Software, which puts families (other vendors say employees) first. Over the years, the vendor has shown that happy employees result in happy customers, becoming a strong cultural value for the

TYPICAL CUSTOMER PROFILE

- **Revenue:** \$150 million+ a year
- **Number of employees:** Starting at 1,500+
- **Geography:** Global, with many in North America
- **Industries:** Cross-industry
- **Roles:** Chief People Office, Chief Finance Officer, Chief Information Officer, Chief Technology Officer

vendor that is shared with its customers and ecosystem.

- **People focus.** All HCM vendors talk about the importance of people, but few take the concept as far as Ultimate Software. With a humanistic, anthropological and holistic approach, Ultimate Software has a unique and differing approach to building its products.
- **Payroll.** As with all successful enterprise software vendors, the roots remain strong, and for Ultimate Software, this strength is in payroll. Key early architectural decisions helped Ultimate Software to power the most advanced payroll requirements in North America, making the vendor well prepared for the future gig economy. Enterprises for which payroll requirements are key should add Ultimate Software to their shortlists in payroll vendor selection.
- **HCM suite.** Ultimate Software has created a successful balance between in-house products (HR core, payroll, talent management and some parts of workforce

management) and partnering options (for ERP, workforce management, benefits and international payroll support), creating an integrated HCM suite that works well. Enterprises considering HCM suite implementation or replacement can find a strong HCM suite with Ultimate Software.

- **Innovation.** It's hard to find a vendor of the size of Ultimate Software that spends as consistently and substantially on R&D as this vendor does. In an era of platform shifts and business best practice uncertainty, this bet on innovation provides reassurance for customers that their vendor will remain a leading vendor for years to come. One strong data point for Ultimate Software is the release of Xander, the first software assistant released from an HCM suite vendor.

Every software selection is different as is any enterprise selecting software. Decision makers need to account for their individual enterprise requirements and needs and find the best match when selecting an HCM vendor. As such criteria can differ, change and evolve,

there are more differentiators to any vendor in the market than Constellation lists here, so decision makers should keep an open mind. However, Ultimate Software excels in the scenarios cited above.

ENDNOTES

¹ “Event Report – Ultimate Software Connections 2017 – Biggest Product Push (ever?!)” Holger Mueller March 26, 2017, <https://www.constellationr.com/blog-news/event-report-ultimate-software-connections-2017-broadest-product-push-ever>.

² *Ibid.*

ANALYST BIO

Holger Mueller

Vice President and Principal Analyst

Holger Mueller is vice president and principal analyst at Constellation Research, providing guidance for the fundamental enablers of the cloud, IaaS, PaaS, with forays up the tech stack into big data, analytics and SaaS. Holger provides strategy and counsel to key clients, including chief information officers (CIO), chief technology officers (CTO), chief product officers (CPO), investment analysts, venture capitalists, sell-side firms and technology buyers.

Prior to joining Constellation Research, Holger was VP of products for NorthgateArinso, a KKR company. He led the transformation of products to the cloud and laid the foundation for new business-process-as-a-service (BPaaS) capabilities. Previously, he was the chief application architect with SAP and was also VP of products for FICO. Before that, he worked for Oracle in various management functions - both of the application development (CRM, Fusion) and business development sides. Holger started his career with Kiefer & Veitinger, which he helped grow from a startup to Europe's largest CRM vendor from 1995 onwards. Holger has a Diplom Kaufmann from University of Mannheim, with a focus on Information Science, Marketing, International Management and Chemical Technology. As a native European, Mueller speaks six languages.

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ABOUT CONSTELLATION RESEARCH

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Organizational Highlights

- Named Institute of Industry Analyst Relations (IIAR) New Analyst Firm of the Year in 2011 and #1 Independent Analyst Firm for 2014 and 2015.
- Experienced research team with an average of 25 years of practitioner, management and industry experience.
- Organizers of the Constellation Connected Enterprise – an innovation summit and best practices knowledge-sharing retreat for business leaders.
- Founders of Constellation Executive Network, a membership organization for digital leaders seeking to learn from market leaders and fast followers.



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