ADP
Next Generation
HCM Technology

Vendor Assessment
Report Abstract

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Who Is This Vendor Assessment For?

NelsonHall's HCM Technology Vendor Assessment for ADP is a comprehensive assessment of ADP's HCM platform offering and capabilities designed for:

- Sourcing managers monitoring the capabilities of existing suppliers of HCM technology and identifying vendor suitability for HCM technology RFPs

- Vendor marketing, sales, and business managers looking to benchmark themselves against their peers

- Financial analysts and investors specializing in the HR Technology sector

- HR and payroll decision makers.

Scope of the Report

The report provides a comprehensive and objective analysis of ADP's Next Generation HCM Technology offering, capabilities, and market and financial strength, including:

- Identification of the company's strategy, emphasis, and new developments

- Analysis of the company's strengths, weaknesses, and outlook

- Revenue estimates

- Analysis of the profile of the company's customer base including the company's targeting strategy and examples of current contracts

- Analysis of the company's offerings and key service components

- Analysis of the company's delivery organization including the location of delivery locations.

Key Findings & Highlights

ADP, founded in 1949 and headquartered in Roseland, New Jersey, is a provider of HR management software and services.

ADP's business is organized into the following two business segments:

- Employer Services (~71% of revenues): provides HR BPO and technology enabled HCM solutions; offerings include payroll services, benefits administration, talent management, HR management, time and attendance management, insurance services, retirement services, and tax and compliance services to over 740k clients worldwide

- PEO Services (~29% of revenues): under ADP TotalSource, provides employment administration outsourcing services for organizations with 10 - 200 employees including payroll, benefits admin, and compliance services through a co-employment relationship; servicing over 12.5k clients and over 562k worksite employees in the U.S.

Within Employer Services, ADP's offerings include software and services for:

- HR administration

- Payroll services

- Tax and compliance

- Workforce Management (WFM)

- Benefits administration

- Recruitment process outsourcing (RPO)

- Talent management

- Insurance services

- Retirement services

- Payment and compliance solutions

- Pre-employment

Central to ADP's Employer Services offering is its cloud-based HR platforms, which are available on a standalone basis or can be combined with outsourcing services. Across its business, ADP has ~630k cloud HCM clients.

In 1998, ADP launched its first SaaS-based payroll solution, EasyPayNet, and currently has several cloud-based HCM solutions available including:

- ADP TotalSource: for existing PEO clients

- RUN Powered by ADP: for organizations with <20 employees

- ADP Workforce Now: for mid-market organizations with up to 5k employees in the U.S. and Canada

- ADP Vantage HCM: for U.S. headquartered organizations with >1k employees, and outside the U.S. via integration with ADP Streamline or Celergo global payroll

- ADP GlobalView (based on SAP HCM): for large multinational organizations; available in ~140 countries

- ADP Streamline, and Celergo: local, country-specific platforms for smaller multinational employee populations.

Over the past several years, ADP has focused primarily on building its cloud platform capability through organic, in-house development; however, it has made some key acquisitions in support of extended technology solutions.

ADP's cloud based HCM platform offering includes three primary solutions, Workforce Now, Vantage HCM, and GlobalView. Each is offered as a standalone solution; whereby managed services are not required to license the platforms. Each platform is targeted to specific client types (refer to Exhibit 2), and offer increasing HR functionality.

Workforce Now and Vantage HCM are both proprietary (internally developed) platforms, while the GlobalView platform is a combination of internally developed technology and (SAP) SuccessFactors Employee Central. All three platforms are exclusively provided as cloud-based systems and are deployed in a multitenant, private cloud environment. Below is an overview of the modules and high-level functionality for each of ADP's HCM solutions.

ADP leverages a design standard which runs across its various systems, for a single UX across all products, providing the same experience for manager and employee self-service. The user-centric approach includes embedded social capabilities and a consumer-grade look and feel.

ADP offers each of its HCM platforms as a standalone offering, whereby managed services are not required to license its platforms; however, most of its clients generally have at least one managed service offering (most commonly payroll, benefits, etc.). It further provides all platforms in a modular fashion, which allows clients to select modules for standalone deployment. Clients of Workforce Now and Vantage HCM must have either payroll or core HR modules to adopt other modules. GlobalView is offered entirely standalone and is most commonly leveraged for global payroll.

ADP continues to invest in platform and solution development to advance the capabilities of each of its HCM platforms. ADP allocated $1bn in FY18, and $863m in FY17 toward systems development and programming, (which includes expenses for activities such as client migrations to new platforms), the development of new products and maintenance of its existing technologies, including purchases of new software and software licenses.

Central to ADP's design approach for its HCM platforms is its recently launched brand promise of "Always Designing for People"; through this approach ADP is focused on a theme of providing businesses and their employees with modern tools and solutions that enable success and align to the evolving future of work.

ADP has ~58k personnel worldwide within its Employer Services business, across service centers located in all major geographies.

ADP maintains select integration partners in the delivery of its HCM platforms, which offer tools to complement and extend the capabilities of ADP's HCM solutions. The ADP Marketplace has >370 apps, including vertical solutions, to address industry-specific requirements. Example providers in the ADP Marketplace include Kronos (time and attendance), Concur (travel and expense), and Cornerstone OnDemand (LMS), SAP Litmos LMS, Slack, iCims, dailypay, and PayActiv (on demand payroll), etc.

ADP is continuously expanding the ADP Marketplace with new integrations to third-party solution providers across a range of technology and services. Over the next 12 months ADP is focused on building deeper integrations with strategic partners (e.g., recent benefit administration integration to PlanSource), expanding offerings to include more vertical-specific solutions, adding more tools to meet the growing demand for employee financial wellness products, continuing to expand and strengthen its API capabilities and coverage, and leveraging digital channels to increase client awareness and engagement with the marketplace (e.g. for self-discovery, transactions, and self-implementation).

ADP targets all market segments, from the small market to enterprise clients with its platforms and services and therefore offers multiple HCM platform solutions.

ADP's platforms and services are industry agnostic; it does not go to market with specific industry solutions, though its HCM platform is capable of handling common, industry-specific nuances and challenges. Generally, where its platform has a limitation, it can supplement through the ADP Marketplace with an integrated third-party solution or service.

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