



Ceridian Next Generation Payroll Services

**Vendor Assessment
Report Abstract**

January 2019

**By Pete A. Tiliakos
Principal Analyst
NelsonHall**

10 pages

research.nelson-hall.com





Who Is This Vendor Assessment For?

NelsonHall's Payroll Services Vendor Assessment for Ceridian is a comprehensive assessment of Ceridian's payroll services offerings and capabilities designed for:

- Sourcing managers monitoring the capabilities of existing suppliers of payroll outsourcing and identifying vendor suitability for payroll services RFPs
- Vendor marketing, sales, and business managers looking to benchmark themselves against their peers
- Financial analysts and investors specializing in the support services sector
- HR and payroll decision makers.

Key Findings & Highlights

Ceridian, founded in 1932 as Control Data Corporation (CDC) and headquartered in Minneapolis, Minnesota, is a provider of HCM software and services.

In 1992, Ceridian emerged as an information services company after the restructuring of CDC. In November 2007, Ceridian was acquired by Thomas H. Lee Partners and Cannae Holdings, Inc. (formerly Fidelity National Financial Ventures) for \$5.3bn.

In February 2011, Ceridian began partnering with Dayforce, a SaaS-based HCM provider, and in April 2012 it acquired Dayforce. Following the Dayforce acquisition, Ceridian separated its HCM and payments business. In December 2014, Ceridian divested its electronic payment services organization, Comdata, for \$3.45bn to focus on HCM software and services.

In July 2015, Ceridian began to further focus on the growth of its HCM cloud solutions business by divesting its benefits administration business to Morneau Shepell, and in March 2016 it entered into a joint venture with WorkAngel and spun off its EAP business, LifeWorks, as a separate entity. Later that year it divested its HR services business in the U.K. and Ireland to SD Worx, including partnering with SD Worx as a reseller of Dayforce in Europe.

In April 2018, Ceridian completed an initial public offering, becoming a publicly traded company listed on both the NYSE and TSX under the ticker: CDAY.

Today, Ceridian operates as a cloud-based HCM software and services provider, and as of 30 September 2018 was serving ~3,450 clients and 2.5m users across >50 countries, through its Dayforce HCM platform.

This profile focuses specifically on Ceridian's payroll services business.

Ceridian provides payroll services as an extended add-on solution to complement its cloud payroll module available within its Dayforce HCM suite which it leverages exclusively in the delivery of its services.

Ceridian offers a fully managed payroll service including:

- Payroll processing, auditing, and reconciliation
- Off-cycle payments
- Overpayment and escheatment processing
- Process hires, terminations, and changes
- Garnishment administration
- Tax reporting and filing services
- Reporting
- Payroll calendar of events
- Support for year-end and quarter-end activities
- Dedicated support for payroll inquiries.

Ceridian offers its payroll services through the following service levels, including:

- Full payroll: Dayforce managed payroll services
- Partial payroll: SaaS-only payroll and including at least one-point solution (listed above)
 - Currently, all SaaS payroll clients have tax services as a minimum service level, with some clients taking additional services

Ceridian also offers an extended managed benefits service, including:

- Open / annual enrollment configuration, oversight, and testing
- Enrollment process for new hires and Work/Life Status Events (LSE)
- LSE dependent verification
- Monitor carrier files
- EOI Processing
- Review/resolve carrier discrepancies
- Manual or Urgent carrier updates
- Nearing Age dependent notifications
- Coordinate termination of coverage with COBRA carrier (US)
- Standard audits
- Employee Contact Center.

Ceridian leverages a PEPM (per employee per month) pricing model for both its managed and SaaS offerings, plus a flat one-time Dayforce activation fee; global payroll services are also on a PEPM and provided as an add on solution. Average contract length ranges from three to five years.

To deliver its payroll services, Ceridian exclusively leverages its flagship Dayforce HCM platform, which offers a native gross to net payroll engine and capability, including:

- Native configuration to include U.S., Canada, and U.K.
- Dayforce Global Payroll: (multi-country payroll offering delivered in conjunction with established partnerships), including:
 - Currently deployed in 50 countries and provides support in ~21 languages
 - Single global payroll data repository, reporting engine, and workflow system
 - View of each country’s calculated gross-to-net pay data
 - Configurable payroll audits to assist with identifying anomalies
 - Analytics, workflows, self-service, mobile, and document management capabilities
 - Employee data including HR, time, and pay on a single platform
 - Country-specific new hire onboarding forms, automated time and attendance scheduling, and absence management/time-off workflows
 - Global reporting capabilities
 - Localized user interface for local language, date, hour, and currency formatting.
- *Integrated tax services: (federal, state, and local) quarterly and annual filing, and reconciliation reports*
- *Reporting and analytics*
- *Automated employment and salary verification*
- *Electronic payment options: e.g., direct deposit or payroll cards and paper checks*
- *Employee self-service: e.g., view current and historical earning statements, pay summaries, and year-end forms; also available with Dayforce mobile app.*

Ceridian offers Dayforce as a modular platform, meaning its modules can be adopted separately. Clients can leverage the payroll, and time and attendance modules without adopting core HR, however, core HR is required to adopt its talent management related modules, e.g., learning, performance management, compensation, succession planning, etc.

NelsonHall estimates that Dayforce supports ~3.4k clients, the majority of which leverage core HR, payroll, and time and attendance. A small percentage leverages just one module (most commonly payroll and time and attendance).

Ceridian has ~4.2k employees, NelsonHall estimates ~50% of its employees are dedicated to cloud-based services, including:

- Service centers for payroll services, in the following locations:
 - U.S.:
 - Headquarters: Minneapolis, MN;
 - Payroll delivery sites: Atlanta, GA; Alpharetta, GA; Chicago, IL; Fountain Valley, CA; Gardena, CA; Rosemont, IL; Minneapolis, MN; Louisville, KY; . St. Louis, MO; Honolulu, HI; and St. Petersburg, FL
 - Canada: Charlottetown, PEI; Halifax, Nova Scotia; Dartmouth, NS; Calgary, AB; Winnipeg, MB; Mississauga, Ontario; Markham, Ontario; Montreal, Quebec; Ottawa, Ontario; and Toronto, Ontario
 - EMEA: Glasgow, Scotland; Port Louis, Mauritius
 - APAC: Melbourne, Australia
 - Data centers housing the technology are located (2 each) in the U.S., Canada, U.K., and Australia.

Implementation for Dayforce is managed entirely in-house by Ceridian resources and deployment times for Dayforce varies based on the size and complexity of the organization. Average implementation times are between three to six months from project start. However, in 2017, Ceridian launched Dayforce Activate, which is a "guided," wizard-style implementation tool, which configures ~80% of implementation based on responses and data leveraging RPA and prepares the system for testing and go-live. Dayforce Activate is designed to simplify and speed the implementation process to enable ROI realization sooner.

Ceridian has a strong focus on its compliance and legislative responsibilities. Its research teams drive ~80% of all compliance updates to the system and services, leveraging local expert affiliates for the remaining ~20%.

To deliver its payroll services in North America, Ceridian maintains a self-supportive payroll delivery model, leveraging its infrastructure of subject matter experts, technology, and delivery centers.

However, to deliver services globally, Ceridian relies on a select pool of regional partners for localized payroll coverage, which integrate their in-country platform solutions with Dayforce through Dayforce Global Payroll, which serves as the single platform for client payrolls globally. Ceridian contracts with these providers directly on behalf of its client, providing a single point of governance for globally managed payroll services.

Ceridian targets mid to large sized organizations for its Dayforce platform and services. It is capable of scaling and has clients from ~50 to >100k employees; Dayforce's largest client has ~180k employees located in >20 countries.

Ceridian primarily targets North American based multinational corporations for Dayforce and its managed services; however, with its configuration for U.K. payroll, Ceridian is actively re-targeting the U.K. and broader European market as well.

While Ceridian does not go to market with industry-specific versions or templates of Dayforce, it is capable of supporting a wide set of client

industries; its top verticals for Dayforce include manufacturing, retail, hospitality, non-profit, and financial services.

NelsonHall estimates that Ceridian currently serves >1,000 managed payroll services clients and has ~42k SMB clients leveraging its cloud Powerpay platform in Canada.

Its client examples include Blue Man Group, Denver Broncos, Polaris Alpha, Second City, and ATI Physical Therapy.



Scope of the Report

The report provides a comprehensive and objective analysis of Ceridian's Next Generation Payroll services 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.

Contents

1.	Background
2.	Revenue Summary
3.	Key Offerings
4.	Delivery Capability and Partnerships
5.	Target Markets
6.	Strategy
7.	Strengths & Challenges
	7.1 Strengths
	7.2 Challenges
8.	Outlook

Report Length

10 pages

Report Author

Pete A. Tiliakos

Pete.Tiliakos@NelsonHall.com

Next Generation Payroll Services Vendor Assessments also Available for:

Accountor
activpayroll
Adam HCM
ADP
Alight
Ascender
AscentHR
BDO
CloudPay
Excelity Global
Immedis
Infosys
Kronos
Neeyamo
NGA HR
OSV
OneView HR
Paychex
Ramco
Safeguard Global
SD Worx
WNS
Zalaris