

ULTIPRO AND XANDER UNITE AT ULTIMATE CONNECTIONS

ANALYST

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THE BOTTOM LINE

This March, thousands of customers and other stakeholders of the vendor went to Las Vegas for Ultimate Connections 2018.

Among the most interesting developments this year at Ultimate Software are with Xander, introduced last year as the new vehicle in UltiPro for natural language processing (NLP) and machine learning. New customer testimonials are illustrating gains in productivity directly from Xander-derived functionality in UltiPro, putting a fine point on the return on investment (ROI) that Nucleus repeatedly finds in UltiPro deployments.

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THE ANNOUNCEMENTS

In two days of meetings delivered exclusively to analysts attending the event, executives from Ultimate shared the latest business strategy and product roadmap. Following are select details:

- Mobile application. Launched last year, the new mobile application is gaining adoption as it makes strides in unifying all of UltiPro on one mobile platform. New functionality includes, for example, touch ID, and through the mobile application employees have access to org charting.
- Benefits Prime. Partially a result of the mobile application, new functionality here is available in 2018 through a white-labeled partner's offering. Included are the following: mobile open enrollment and life events, streamlined plan renewal, side-by-side comparison of plans, improvements to the benefits administrator dashboard, and enhanced reporting for business intelligence (BI).

- NetSuite partnership. Following a lull precipitated by the acquisition of NetSuite, in mid-2016, a partnership between it and Ultimate earlier that year has this year regained traction (Nucleus Research q150 – Oracle bolsters cloud play with NetSuite, July 2016). Nucleus believes this partnership is critical in enabling Ultimate to compete full-bore with vendors whose suites span technology for the entire enterprise, not just HCM. The most logical first place to integrate HCM with the rest of the enterprise is through the general ledger (GL) (Nucleus Research s20 – State of the HCM market 2018, January 2018).
- UltiPro Time and UltiPro Scheduling. Several beta customers are already using these two products, which work in cooperation or separately. Together they will replace Ultimate Time Management (UTM). Upgrades will begin in 2019 for all users on UTM. For customers on the white-labeled Infor-sourced UltiPro Time and Attendance (UTA), the transition will come later. This development will be significant and positive in how Ultimate fares against the competition in workforce management (WFM) (Nucleus Research 174 Ultimate Software shares latest at Connections 2017, April 2017).

XANDER AND ULTIPRO UNITE

Capabilities around predictive and prescriptive analytics, highlighted in a report summarizing last year's event, are maturing at a rapid pace (Nucleus Research 174 – Ultimate Software shares latest at Connections 2017, April 2017). Incorporating growing strength in NLP and machine learning, Xander is the brand name at Ultimate embodying this artificial intelligence (AI)—inspired functionality. Xander itself comprises capabilities originating in Kanjoya and Vestrics, companies the vendor acquired over the course of 2016 and 2017. Now leading development of Alrelated functionality at Ultimate, the Kanjoya team is uniting Xander with UltiPro.

UltiPro Perceptions. Ultimate launched the very nascent Leadership Actions in 2016 to shadow, originally, the acquisition of Vestrics (Nucleus Research q59 – UltiPro translates employee engagement, March 2016). The vendor has since set Leadership Actions on a course, eventually, to become a highly sophisticated tool to inform executives' activity as it relates to the workforce. To these ends, Kanjoya-originating technology later became a part of the play, and part and parcel of the effort is UltiPro Perceptions.

Ultimate Software is aggressively promoting Xander-underpinned applications and capabilities. With the idea of helping to eliminate human bias in talent acquisition, for example, Xander-powered functionality for recruiting will become available in Q4 of 2018. Also drawing on capabilities found in Xander, on the way, too, is Continuous Performance Feedback—or, as Nucleus calls it, trigger-based

performance management (Nucleus Research *p199 – The coming mass extinction in HCM*, November 2015). Especially in the early stages of deployment for Xander-relying functionality such as Leadership Actions, critical to all this is the availability of benchmarking data. During the event, Ultimate announced an agreement to gain access to approximately six million workforce-pertinent data points found in the Mercer | Sirota database.

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CUSTOMER REACTIONS

Attendance at Ultimate Connections has grown by more than 50 percent since 2016. More than 3,600 Ultimate stakeholders made the pilgrimage this year, with customers comprising the largest percentage by far. Analysts, partners and employees of Ultimate constituted the rest. Nucleus noted users' feedback on their use of UltiPro. Following are examples of customers' experience.

NORTH AMERICAN HEALTH INSURANCE COMPANY

Transitioning to become a full-fledged healthcare company, this provider of health insurance employs more than 50,000 in staff, with approximately 1,000 outside the United States. To make good on a pact with employees to increase engagement, the employer sought new ways to mine and make sense of data about its workforce. The organization sought ways, as well, to achieve readiness for large acquisitions.

In the way was a PeopleSoft deployment. On-premises, the old system was slow and lacked agility. Integrations were difficult or impossible to create or maintain. An expensive upgrade loomed. Instead, the employer replaced PeopleSoft with UltiPro. The promise of Xander was a key criterion swaying the company's decision to select Ultimate, according to the user-side head of implementation.

Since, the employer has deployed functionality for part-time off (PTO) planning, core HR, time and attendance, and payroll. Benefits have been significant, with the PTO Planning tool leading to a 50 percent drop in incoming queries from employees. Nucleus is unsurprised. Our analysis elsewhere has seen new technology for employee self-service (ESS)—found in the core HR module of UltiPro—yield midsize deploying organizations more than \$1 million worth in productivity gains (Nucleus Research \$35 – Ultimate Ultipro ROI Case Study – SMS Equipment, February 2018).

NATIONAL BANK AND MORTGAGE LENDER

Employing approximately 6,000 in staff across more than 150 locations in the United States, the organization originally implemented UltiPro more than 15 years ago. The deployment migrated to the cloud and grew to encompass core HR, onboarding, payroll, and other modules.

Outside the epicenter of HCM and areas of activity directly abutting it, the organization had for years measured its employee engagement. Culture within leadership at the century-and-a-half-old employer was exceptionally serious about measuring employee engagement. This is commendable, and yet it is unclear how much use, if any, the organization was getting from the old tool—a heavy-on-the-administration survey instrument from Cornerstone OnDemand. Workflow was slow and highly manual and, therefore, took place on an annual timetable to produce data that was already stale by the time the process matriculated.

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A new hire in HR championed deploying UltiPro Perceptions to bring much-needed efficiency and transform the measurement of employee engagement into something continual, not annual. According to this employee, upon reviewing the first UltiPro-produced insights, the CEO said it was the first time he'd seen real-time, authentic feedback from his direct reports. Meanwhile, automation virtually eliminated manual, heavily administrative work previously associated with measuring employee engagement at the organization, and attendant gains in productivity came for all staff tasked with overseeing the process.

ULTIMATE'S STRATEGY

Nucleus's analysis underscores the wisdom behind Ultimate's industry partnerships and acquisitions in recent years. All these decisions are showing to bear fruit in 2018. The decision, in early 2015, to partner with NetSuite was prescient (Nucleus Research p54 – New partnerships add new hues to competitive landscape in HCM, March 2015). It is perfunctory to say the acquisition of Kanjoya was sage (Nucleus Research r160 – HCM Technology Value Matrix 2017, August 2017). The same goes for the acquisition of Vestrics (Nucleus Research q172 – HCM Technology Value Matrix 2016, September 2016).

Subsequent efforts to infuse UltiPro with Al-inspired functionality are not only earnest, but also smart. Al industrywide—in HCM or elsewhere—is in its very beginning stages, with more maturity in NLP and voice recognition, for example, than in machine learning. However, vendors need to start somewhere, and the promise of Al is getting there. In the meantime, Ultimate is strategically positioning itself as an HCM provider embracing the phenomenon by offering, already, significant capabilities in the growing area of Al.

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Elsewhere, the decision to revisit the epicenter of UltiPro is significant (Nucleus Research rg7 – Value in HCM ripples from the epicenter outward, May 2017). Nucleus gives capability in WFM heavy weight in its annual HCM Value Matrices (Nucleus Research r160 – HCM Technology Value Matrix 2017, August 2017). The vendor's commitment to developing and launching native capabilities in the form of UltiPro Time and Attendance and the related UltiPro Scheduling will help Ultimate appeal anew to user demographics that might otherwise gravitate to competitors.

LOOKING AHEAD

Ultimate's product roadmap is strong. Attendant activities in product delivery and servicing are robust. The strategy for forging strategic partnerships and industry alliances is sound. It is unsurprising that this year Ultimate is becoming a billion-dollar business in revenue, meeting a goal set by CEO Scott Scherr, who has thrown the gauntlet again: The new goal is for Ultimate to crest \$2 billion in revenue by year 2022. From Nucleus's perch, this appears to be a reasonable expectation indeed.