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RESEARCH

# ULTIMATE CONNECTIONS UPDATE

## ANALYSTS

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## THE BOTTOM LINE

At Ultimate Software Connections user conference, the company announced a number of new modules highlighting its investments in Xander artificial intelligence (AI), updates to a number of core areas of its human capital management (HCM) suite, and new Employee File and Case Management modules. Ultimate also announced UltiPro Giving, making it one of the first HCM vendors to deliver technology to support employee philanthropy. As Ultimate continues its growth both globally and upmarket, these advances will deliver more productivity benefits for customers and highlight Ultimate's "People First" culture and strategy.

## OVERVIEW

At Ultimate Software's Software Connections user conference, the company made a number of announcements advancing its people-first strategy in the human capital management (HCM) space, including the planned release of new modules: Continuous Performance; Candidate Match; UltiPro Giving; the availability of standalone Employee Case Management and Employee File Management; an upgrade to its mobile application, UltiPro Mobile 2.0; enhancements to a number of existing modules including Perception; support for on-demand pay; and new global human resources (HR) and payroll localizations.

### CONTINUOUS PERFORMANCE

Continuous Performance, scheduled for general availability in the first quarter of 2020, combines the capabilities of UltiPro Perception with Xander artificial intelligence (AI) to support ongoing check-ins and performance coaching with employees. Rather than a yearly performance review or even the more structured lengthy surveys Perception provides, Continuous Performance provides a one-on-one digital feedback loop between employees and managers.

Continuous Performance applies Xander for performance coaching by analyzing draft feedback from managers using natural language processing (NLP) and suggesting ways to make feedback less biased and actionable. For example, Xander might find feedback overly negative and suggest positive items or practical examples of ways to improve to include, or highlight that an overwhelmingly positive comment on performance needs to be balanced given an employee's overall performance rating. Benefits of this approach are more continuous feedback for employees, a performance review audit trail that is much more granular and can be linked to specific job demands and performance throughout the year, and improved feedback from management. In looking at the future of talent and succession, we pointed to applying NLP to ongoing collaboration as a key step in having a richer picture of talent and performance, and Continuous Performance is clearly aligned with that evolution (Nucleus Research *s129 – The future of talent and succession management*, September 2018).

### CANDIDATE MATCH

On the recruiting front, Ultimate has also applied Xander with the goal of reducing bias in the process by using NLP to match potential candidates to open job requisitions based on their resumes. Candidate Match, also scheduled for general availability in the second half of 2019, will be available at no additional charge to customers already using UltiPro Recruiting. While this initial release should drive faster recruiting and boost recruiter productivity, Ultimate is also investing in other Xander-powered tools for recruiters, such as applying NLP

analysis and recommendations to the development of job descriptions as well to reduce bias.

## ULTIPRO GIVING

At Connections, Ultimate also announced UltiPro Giving, which will enable HR professionals to build and manage charitable giving campaigns and enable employees to donate to nonprofits directly through paycheck withholdings. Developed based on technology Ultimate was already using internally to support its own employee philanthropy efforts, this is an important part of Ultimate's culture. Ultimate is the first HCM provider to include support for philanthropy within its platform, included in the core offering, and we expect it to expand beyond contributions to include coordination of PTO for volunteer activities and employee-organized philanthropy projects. This is key to recruiting and retaining employees who believe the social purpose of their employer is important, and also important in building a more complete talent profile of employees that includes their skills gained from philanthropic activities (Nucleus Research *t43 – Philanthropy and employee engagement*, March 2019).

## EMPLOYEE CASE MANAGEMENT AND EMPLOYEE FILE MANAGEMENT

Ultimate's acquisition of PeopleDoc last year brought a European customer base and sales team, as well as the technology foundation for Employee Case Management (ECM) and Employee File Management (EFM). Falling under what Ultimate is calling its "employee experience" (EXP) portfolio, ECM and EFM are designed to manage all the documents and workflows associated with an employee and enable them to request help from HR by opening a case. The benefits of these components are increased general employee and HR productivity, reduced risk from a secure content repository for all employee-related documents, and improved technology management – because companies can eliminate the need for a separate document repository or workflow system to support HR processes.

## ULTIPRO MOBILE 2.0

Ultimate also announced the next release of their mobile application with a streamlined user interface and additional features, which is available now. What is interesting here is that the redesign was based largely on Ultimate's analysis of how employees and HR managers were using the first version of the application (from the data in the system) and how it could be improved to support the most common processes and requests.

## ACCELERATING TIME TO VALUE

Ultimate is also quietly expanding its partner program and investing in more resources and tools to accelerate time to value for customers. For example, its services group has developed capabilities within UltiPro Launch, its onboarding platform, to use OCR and NLP to automate much of the configuration process for new customers based on their existing configuration in legacy systems such as ADP, reducing the cost of migration while accelerating deployments.

## CUSTOMER EXPERIENCE

Most customers Nucleus spoke with were just scratching the surface of capabilities beyond core HCM such as embedded analytics and AI. However, many see Ultimate as a trusted advisor and are looking to Ultimate to help them both identify new areas of benefit UltiPro is delivering and communicate how AI and automation are about augmenting, not replacing staff.

### CUSTOMER PROFILE: PROPERTY MANAGEMENT FIRM

This construction and property management organization has a few hundred employees across almost 40 states. Prior to moving to Ultimate, this organization had been using ADP for its payroll needs for more than 15 years. Two years ago, the organization had its ADP support and customer service contact moved away from its headquarters to a different ADP facility across the country. The new contact center was in a different time zone, which meant that, for several hours in the morning, the organization could not reach anyone at ADP. In addition, the organization felt that its new contacts at ADP did not know its business, nor its employees. As a small business, relationships and connections were an important part of the organization's operating practices. The lack of customer service and support led the organization to seek a new vendor. As part of the process, the organization looked at several vendors but decided on Ultimate because of the corporate culture. The organization was impressed by the service that Ultimate provided and the strong feedback that current users shared with them. The organization is very happy with Ultimate's support and feels that its contacts at the company know the organization, its goals, and its challenges. This has increased the confidence of the HR staff, who are looking to expand the use of Ultimate and its features.

## CUSTOMER PROFILE: HEALTHCARE COMPANY

This healthcare organization has more than 3,000 employees across the United States. Previously, this organization had been using ADP but was not happy with the ease or quality of reporting that ADP offered. To solve this problem, the organization decided to move to a new vendor. The organization considered Workday and another vendor in addition to Ultimate but decided to go with Ultimate because of the ease of reporting. The organization liked that there were hundreds of standard reports, as well as the ability to easily modify or create new reports. This was important for the organization because none of its HR staff had a data science or programming background. It was important that these members were able to generate reports without having to bring in additional support staff. The organization is now able to generate reports 70 percent faster than before, saving labor hours.

## CONCLUSION

As Ultimate progresses toward going private, the company is doubling down on investments to expand its presence both globally and with enterprise customers. With organic AI as a real differentiator, and more than 300 customers live on Perception, a key part of Ultimate's success will lie in its ability to project its "people first" culture and make the links between culture and its enabling software.

Also key will be Ultimate's ability to reduce the risk and uncertainty associated with making major technological and cultural changes. Whether it's relying on AI or simply moving to a new HCM vendor, customers are very risk averse when it comes to changes that impact payroll. The more prescriptive Ultimate can be with UltiPro Launch, and in promoting its service capabilities like Proactive Service (which identifies potential customer issues before they become a crisis), the easier it will be for its customers and prospects to make changes.

Finally, a critical factor for Ultimate will be in recognizing that its people first culture is aspirational, at best, for many of its customers and buyers today. Helping customers build a pragmatic migration path toward a people-first strategy that reflects their cultural day-to-day reality, and helping them communicate the value of those incremental steps, will be a key part of Ultimate's success with both new and existing customers.