



NUCLEUS
RESEARCH

Ceridian

Expectation relative to market segment

Outperform

Technology Segment
Human Capital Management

Ticker Exchange
CDAY NASD

Bloomberg
BRC → NUC

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Global expansion coupled with positive customer satisfaction and deepening use of Ceridian within its customer base is driving strong new and recurring sales in Q4.

COMPANY

Dayforce is Ceridian’s flagship software as a service (SaaS) delivered cloud platform, offering a comprehensive application for HCM that spans payroll, benefits, core HR, workforce management (WFM), talent management, and learning. The solution has a single dataset governed by a single rules engine, providing organizations with a single employee record and data set across the application. In October 2019, the vendor also announced Dayforce Wallet, which enables workers to access their already earned wages any time during the pay period and have them immediately deposited into a digital account. This differentiates Ceridian from others in the HCM space that use third-party vendors for on-demand pay, typically with a fee for both the employer and employee.

MARKET

The human capital management (HCM) market has seen substantial and constant growth over the past several years. The landscape is filled with multiple providers and frequent mergers, each making key investments in functionality and usability that best suit the unique needs of small and mid-sized businesses (SMBs) to global enterprises. As the economy recovers, the human capital management space is experiencing large investments. The forced closure of most offices, as well as the increased demand on the retail chains that remain open have highlighted the inefficiencies of manual systems. As organizations look to regain financial footing, there is a need to extract greater productivity from employees while also lowering overall costs and optimizing HR processes to drive business agility and competitive advantage.

Price 11/02/2020 \$87.09
52 week range \$38.40 - \$92.78

MARKET POSITION



RELATIVE SOLUTION COST

| | |
|--------------------|------|
| Workday | 120% |
| Oracle | 115% |
| SAP SuccessFactors | 115% |
| UKG | 110% |
| Ceridian | 100% |
| Paycor | 70% |

Relative cost to a customer based on typical mid-sized deployments during the past 6 months.

CUSTOMER PERCEPTION

> 95 Positive

Analyst estimate based on feedback from customers and prospects during the past 6 months

COMPETITION

Nucleus positions Ceridian as a leader in the Human Capital Management (HCM) and Workforce Management (WFM) spaces. It closely competes with other full-suite HCM providers such as UKG, Oracle (ORCL), SAP (SAP), Workday (WDAY), and Infor with its flagship HCM cloud platform, Dayforce. Leaders in the space continue to make frequent investments in their suites, many of which encapsulating several HR processes. In addition, as employers begin exploring WFM to manage salaried worker schedules amid new social distancing requirements, Ceridian's leading WFM functionality and competitive price point should help to make it an extremely compelling product offering for enterprise organizations. Ceridian will face increased market pressure from UKG as it integrates Kronos WFM, which will now offer the combined functionality of the previously named UltiPro HCM and Dimensions WFM suites.

OUTLOOK

Over the next six months, Nucleus expects Ceridian perform strongly compared to the rest of the market. As organizations assess their HCM needs going forward, Ceridian is well-poised to take on new customers who are being driven to modernize their solutions but still need a product that is competitive on price. We expect Ceridian to continue to expand aggressively in the Enterprise-sized customer and global space, where it has pricing room against vendors such as Workday, and benefits from offering a single HCM/WFM product. While Ceridian may face short-term pressure in the economic downturn, the overall fundamental strength in its platform and product suite will help ensure its continued strong growth as organizations seek assistance navigating the current crises and especially as the market turns positive.