



Ceridian

Expectation relative to market segment

Outperform

Technology Segment
Human Capital Management

Ticker Exchange Bloomberg
CDAY NASD NH NUC <GO>

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As organizations look to restabilize financially, there is a need to maximize employee productivity while simultaneously lowering overall costs and adding efficiency to HR processes to drive greater business agility and gain competitive advantage. This should help support Ceridian's growth over the next 12 to 18 months.

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 data set governed by a single rules engine, providing organizations with a single employee record and data set across the application. This week, Ceridian announced that it has reached an agreement to acquire Toronto-based hiring and employee management software startup Ideal. Ceridian intends to integrate Ideal and its AI-powered solution into the Dayforce platform in order to increase the functionality of existing talent management offerings.

MARKET

As the workforce returns to its pre-pandemic state, Ceridian's value proposition will allow it to amass new customer numbers. Many returning jobs will be in the retail and hospitality industries, which have been revived by the rollout of vaccines; and the vendor's expertise in these areas will make it a strong competitor against other WFM providers. While last quarter growth has been slower than expected, due in part to the continued uncertain nature of return to work plans, increased vaccination and consumer confidence have the economy poised for expansion. Ceridian is well positioned to expand its market position as organizations resume hiring at a more rapid pace and organizations look to complete investments put off over the past 12 months.

Price 4/30/2020 \$96.35
52 week range \$55.42 - \$111.93

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

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COMPETITION

Ceridian 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. Ceridian's leading WFM and HCM functionality and competitive price point should help to make it an extremely compelling product offering for enterprise organizations. Nucleus believes that demand for WFM solutions will increase as workers return to the office, facing new and more complex schedules and health and safety compliance regulations. Ceridian's biggest challenge over the next 12 months will be the increased market pressure it faces from UKG as it integrates legacy Kronos WFM and UltiPro HCM. This combined offering offers direct competition to Ceridian's target customers.

OUTLOOK

Ceridian has continued to grow its customer base in the enterprise space through an expansion of its global presence through partnerships; for example, recent acquisitions of Singapore-based HCM provider Excelity Global and Australian WFM vendor RITEQ. Nucleus expects that Ceridian will also continue growth through partnerships with renowned HCM providers across several regions. The vendor's strength in payroll, combined HCM and WFM functionality, and attractive cost when compared to close competitors, have bolstered its market position despite downturn in 2020. As organizations adjust to a new work structure, the full functionality of the Dayforce platform will help the vendor drive new customer numbers in the SMB and enterprise space, specifically in retail and hospitality.