![Nucleus Research logo]

ADP announces its acquisition of WorkForce Software

ANALYST

Charlotte Belke

The Bottom Line

In today's technology and feature-rich market, organizations are demanding an integrated approach to HCM, from hiring to scheduling through to payroll. However, WFM is an area where complex requirements historically lead to a higher rate of standalone, best-of-breed implementations. ADP's acquisition of WFM provider WorkForce Software will enable it to build on its substantial WFM client base by offering WorkForce Software's WorkForce Suite to organizations that need expanded capabilities. Looking ahead, Nucleus expects that this move will enable the vendor to better position itself against well-established competitors in the full-suite HCM and standalone WFM software markets.

The Announcement

Automatic Data Processing (ADP), a global Human Capital Management (HCM) technology firm, recently announced its completed acquisition of WorkForce Software (WFS), a leading workforce management (WFM) software provider. WorkForce Software offers a cloud-based workforce management suite with advanced functionality for time tracking, scheduling, compliance, and employee engagement to enhance operational efficiency and regulatory compliance for businesses. Although ADP already offers workforce management functionality, the vendor has had to rely on partnerships to meet the more complex WFM needs of some customers. Nucleus predicts that this acquisition of WFS will solidify ADP's position in the market, particularly as customers who may already use ADP for other services look for more advanced comprehensive solutions. For WorkForce Software, this presents an opportunity to capitalize on ADP's substantial customer base, enabling it to extend its reach and introduce its advanced workforce management capabilities to a broader audience.

> The WFM market is expected to become more competitive in 2025 as HCM providers shift towards offering end-to-end solutions, while customers are increasing their budgets for high-return WFM software applications.

ADP

ADP, a longstanding provider of HCM software, offers an ecosystem of solutions and tools spanning human resources, scheduling, talent management, and payroll. These solutions include WFM features, such as time and attendance tracking, enabling businesses to efficiently monitor and manage employee hours, overtime, and leave; employee scheduling, which provides practical tools for shift planning and ensures adequate staffing coverage; compliance monitoring, supporting adherence to labor laws and regulations, including wage and hour compliance; and employee engagement tools, designed to foster workplace connectivity, satisfaction, and productivity through features like self-service portals and feedback mechanisms. ADP has a significant footprint in WFM, with more than 130,000 WFM customers ranging from small and midsized businesses (SMBs) to large enterprises.

> ADP has more than 130,000 WFM customers ranging in size from one to 100,000+ employees.

WorkForce Software

WorkForce Software's WorkForce Suite is a SaaS-based platform that streamlines various workforce management tasks, including time and attendance, scheduling, labor demand forecasting, fatigue management, leave management, task management, and analytics. Powered by a configurable, automated rules engine, the suite effectively manages complexity by adapting to regulatory changes at

local, state, and federal levels, ensuring rule-compliant decision-making for processes like scheduling and PTO requests. Its features, such as automated shift assignments and predictive labor forecasting, address complex workforce challenges. The suite's API integrations support seamless connections with HCM and payroll systems, reducing manual data entry and boosting efficiency. Additionally, its unified interface integrates communication tools such as WorkForce Experience, WorkForce Hub, and Digital Assistant for enhanced usability. WorkForce Software is a consistent leader in the WFM Technology Value Matrix, underscoring high levels of functionality and usability (Nucleus Research Y42 - *WFM Technology Value Matrix 2024*, April 2024).

Impact

For Vendors

In a recent survey on WFM buying intentions and user satisfaction, Nucleus found that 67 percent of WFM users plan to increase their budgets in the next year, reallocating funds toward high-return WFM solutions (Nucleus Research Y118 - *WFM Satisfaction Survey 2024,* August 2024). This has created tight competition among vendors that offer WFM capabilities. ADP's acquisition of WorkForce Software is expected to enhance its software and portfolio, benefiting companies with global operations navigating complex, evolving privacy regulations. In a SaaS landscape with a growing preference for integrated, single-vendor solutions, ADP is well-positioned to capture market share. The vendor will integrate WFS capabilities into its existing product lineup for customers who prefer direct contact with a single provider and have advanced workforce management needs. This approach will enable ADP to strengthen its workforce management portfolio by incorporating advanced features such as automated compliance with international standards, labor forecasting, and flexible scheduling algorithms. With the addition of these elements, ADP can efficiently meet the diverse needs of its clients across HCM and WFM.

WorkForce Software stands to gain from this move by tapping into ADP's expansive global network that spans businesses of all sizes and industries. With ADP's established reputation in the HCM market and strong customer relationships, the acquisition positions WFS to reach a wider audience seeking advanced workforce management solutions. ADP's strong distribution channels and infrastructure provide the foundation to accelerate the adoption of WorkForce Software's offerings, driving growth and solidifying its market presence.

67% of WFM users plan to boost budgets for more advanced capabilities.

For Customers

For current ADP customers, the acquisition of WorkForce Software promises to extend the ADP portfolio with an advanced workforce management solution. Some prominent features within the WFS solution, such as predictive scheduling and compliance management, are areas where ADP has an opportunity to expand its offerings. For example, predictive scheduling can forecast workforce demand to optimize resource allocation, minimize labor costs, and further improve planning in all directions. Improved functionality in compliance management can automate compliance with complicated labor laws internationally, reducing potential legal risks and penalties.

The transition is expected to be seamless for WorkForce Software customers, as the solution continues to be integrable with partner solutions. ADP will continue to offer all existing solutions with the addition of WFS globally on a client-by-client basis, catering to individual customer needs. Additionally, ADP customers relying on separate third-party applications for WFM can consolidate time and costs by managing these processes in a more unified manner. This shift enables improved integration of existing solutions, enabling joint customers to benefit from the efficiencies of working with a single entity.

Looking Ahead

By acquiring WorkForce Software, ADP avoids the costs and time associated with developing advanced WFM capabilities in-house, enabling it to utilize WFS as a strong foundation and enhance its offerings while optimizing research and development resources. For WorkForce Software, ADP's expansive customer network and robust distribution infrastructure provide valuable opportunities for broader adoption and market penetration. Together, this acquisition strengthens ADP's position as a competitive force in the HR technology market, driving innovation and setting a higher standard for workforce management solutions across the industry.