27TH

ANNUAL HR SYSTEMS SURVEY REPORT

VOICE OF THE CUSTOMER SEGMENT: PAYROLL SYSTEMS

LICENSED to isolved®

SAPIENT INSIGHTS GROUP

INTRODUCTION

1/3 **SECTION**

INTRODUCTION

ABOUT US

Sapient Insights Group is a women-owned research and advisory firm with a strong sense of business ethics, a passion for data, and a commitment to achieving outcomes for our clients, partners, and the business functions we serve.

All that we publish is based on our Voice of the Customer research results and our work with the broader HR community. We have the confidence to challenge our industry on what actually drives results rather than so-called best practices. Organizations often waste time and resources trying to fit into a mold that doesn't work for their unique industry or size. We pride ourselves on offering information and practical guidance tailored to every organization type.

Everything we offer our clients is rooted in decades of experience, primary research, and proven practices. We bring you the insights you need and inject some fun along the way...

We specialize in serving these communities:

- Executives, HR, Finance, IT leaders, and their organizations as they tackle technology transformation, modernize business practices, lead change, and develop workforces for today and tomorrow,
- Technology vendors and investors, arming them with the latest market data, growth projections, and user feedback to guide spending plans, product roadmaps, marketing strategies, pricing, and strategic partnerships.
- Supporting services providers and consultants with targeted data to shape their advice to customers and inform their practice roadmaps.

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LEGEND

Organization Sizes:

- E — Enterprise >5,000 Employees
- M — Mid-Market 500-4999 Employees
- S — SMB <500 Employees

The HR Systems Blueprint:

- Data Governance
- Strategy
- Culture

Voice of the Customer:

- Payroll Systems
- HR Management Systems
- Benefits and Wellness
- HR Service Delivery Systems
- Time Management Systems
- Talent Management Systems
- HR Analytics & Planning Systems

Generational Compositions:

- Greatest Generation 1930-1945
- Baby Boomers 1946-1964
- Gen X 1965-1980
- Millennial 1981-1996
- Gen Z 1997-2012

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Primary Applications we track in 6 categories:

- Payroll
- HRMS
- Benefits
- Health and Safety
- Wellness
- Employee and Manager HR Self-Service
- HR Portals and Communications
- HR Content and Document Management
- Employee Engagement/ Surveys
- Employee Help Desk/Case Management
- Time and Attendance
- Absence Management
- Leave Management
- Labor Scheduling
- Labor Budgeting
- Productivity / Task Management (Assessing)
- Recruiting and Acquisition
- Onboarding and Mobility
- Performance Management
- Learning and Development
- Compensation and Rewards
- Skills Management
- Career Planning and Succession
- Embedded HR Tech Analytics Applications
- Generic Analytics, Vis, and Stats Tools
- Enterprise Business Intelligence Platforms
- HR Intelligence / Analytics Platforms
- Workforce and Org Planning Applications
- Data Mapping and Integration Tools – (Assessing)
- Data Storage Applications: Warehouses and Lakes

The information in this survey analysis report is compiled and analyzed by Sapient Insights Group as part of our commitment to providing thought leadership on human resources technologies and trends and the impact their adoption has on business outcomes. Sapient Insights Group does not endorse any solution or vendor referenced in our research.

Please credit all quotes and references from this publication as Sapient Insights 2024–2025 HR Systems Survey Research, 27th Annual Edition, Sapient Insights Group on the first reference. All subsequent references should read Sapient Insights 2024–2025 Annual Survey Data, Sapient Insights Group.

INTRODUCTION

This is a licensed segment report made for isolved®, taken directly from the Sapient Insights 2024–2025 HR Systems Survey Research Paper, 27th Annual Edition, our latest installment in our ongoing Voice of the Customer research. The information in this report has not been modified from the original paper, but additional VoC charts were added for further context.

Since 1997, this invaluable resource has provided insight and guidance to practitioners around the world. Sapient Insight's renowned survey is the industry's most extensive global research effort of the HR systems market, delivering views of current and future technology spending, adoption, and achieved outcomes. The cumulative 27-year research effort represents more than 25,000 companies and over 300 million employees in more than 80 countries.

This year's report covers the current and future adoption plans for specific HR-related application categories, Voice of the Customer feedback on specific vendor solutions, and value achieved for the categories of HR applications listed below.

- Core HR Systems
- Time Management
- Analytics and Planning
- HR Service Delivery
- Talent Management
- Emerging Technology

Additionally, we cover key HR operational topics critical to the success and outcomes organizations hope to achieve with HR System investments, including:

- Systems governance, planning, and strategies
- Selections, implementations, and maintenance
- Service delivery models and system enablement
- Expenditures, resourcing, and organizational structures
- Adaptive change management and system adoption
- Vendor negotiations and relationships

The survey was conducted from May 1st through June 26th, 2024.

3318 Unique Organizations

59 Countries

25M Employees and contingent workers represented

The full Sapient Insights 2024–2025 HR Systems Survey Report contains over 200 pages and 175 figures, including charts and graphics. This comprehensive set of HR system data and insights is produced annually to help HR Tech buyers, consumers, investors, and solution providers make the best possible decisions for their organization. **This licensed Voice of the Customer Payroll Systems Segment Report contains 46 pages and 28 Figures**.

For more details on our full research methodology and demographics on participating organizations, please see this paper's Research Methodology and Demographics section.

VOICE OF THE CUSTOMER PAYROLL SYSTEMS

2/3 SECTION

VOICE OF THE CUSTOMER CORE HR SYSTEMS

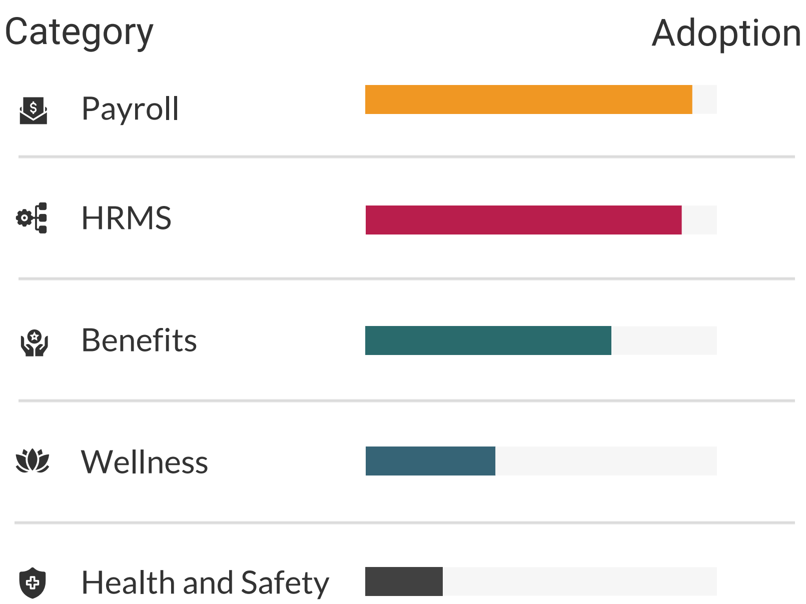
Core HR systems are at the heart of an organization's HR system environment and consistently represent, on average, at least half of the overall HR technology spend per employee each year. Over 94% of organizations with 100 or more employees have purchased at least one of these applications to help manage their workforce needs, a percentage that has only been steadily increasing over time.

The three main segments covered in the Core HR Systems section of the Annual HR Systems Report are Payroll, Human Resources Management System (HRMS), and Benefits and Wellness Systems. Each segment features its own Voice of the Customer (VoC) segment based directly on feedback, ratings, and comments from customers of those applications.

This licensed segment report only includes the data and information included in our Payroll Systems segment. For details on the additional segment reports in this category, contact [isolved] or visit the [Sapiant Insights Group Research Marketplace].

HOW THESE SYSTEMS MAKE A DIFFERENCE!

Applications we track in this category include:



Payroll

Our payroll system has great useability and employee experience.

Financial Services / Insurance 63000+ EE

Payroll

Our system has a quick and easy payroll processing feature.

Energy / Utilities 30+ EE

HRMS

Great customer relationship, great product, and great user experience. It carries much of the administrative load and frees up our team..

Hospitality / Restaurant / Entertainment 250+ EE

Benefits

Overall, an easy user experience and [good] communication between the Benefits platform and vendors.

Telecoms / Media 1150+ EE

HRMS

It's a well-known system so [it's] easier to find resources/solutions from other customers.

Education 30000+ EE

HRMS

Data [is able to] cross into other modules, including business areas, lessening duplication of data.

Agricultural / Mining 1450+ EE

PAYROLL SYSTEMS

Payroll, the first and most universally implemented core HR application, achieved 93% adoption this year. The minute percentage of organizations not using a complete payroll solution are either using financial tools or accounting firms to handle employee payroll, or they are extremely small organizations and are performing payroll manually.

Traditional functionality managed in a payroll solutions include:

- Scheduling pay runs
- Historical pay record keeping
- Calculating taxes by state/region
- Calculating deductions
- Processing payment

Emerging trends in data and functionality include:

- Global payroll aggregation
- Automatic payroll audits and testing
- Contingent and gig economy payment tools
- Blockchain payroll solutions
- Pay on-demand or earned wage access

According to **Figure 1**, payroll adoption rates are notably high across organizations. Nevertheless, SMBs increasingly opt for alternative solutions such as professional employer organizations (PEOs) or employer of record (EOR) co-employment models, thereby reducing direct technology investments. Recent data reveals that **18%** of SMBs currently utilize these outsourced payroll services, a slight increase from the previous year reflecting a growing need to handle increased complexity. Even when fully outsourcing, understanding the service provider's technological infrastructure remains crucial, especially for businesses anticipating expansion or increased reporting requirements in the future.

FIGURE 1: PAYROLL SYSTEMS ADOPTION BY SIZE

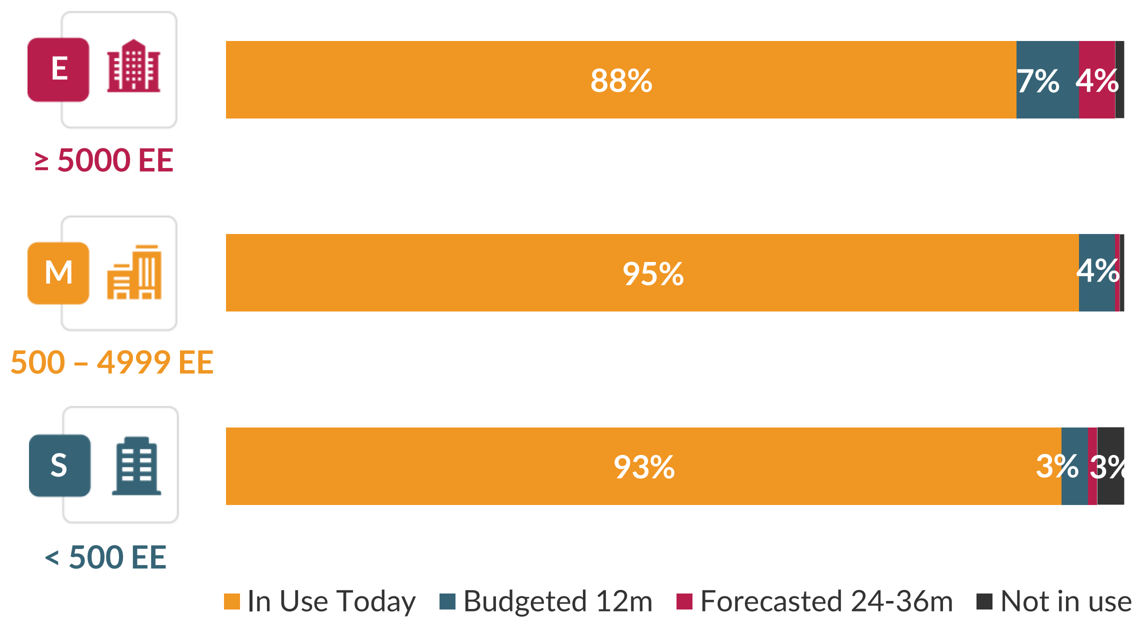
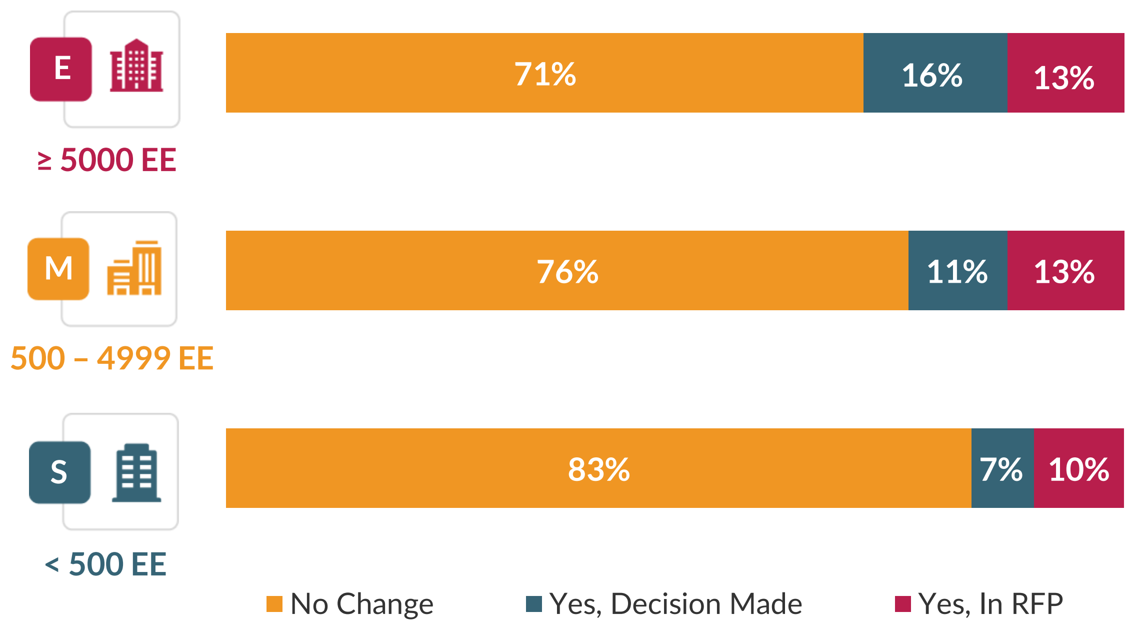


FIGURE 2: PAYROLL SYSTEMS REPLACEMENT PLANS BY SIZE



Payroll applications are purchased in multiple ways depending on the organization's enterprise systems strategy, outsourcing decisions, and critical requirements. For organizations not getting their payroll solutions from outsourcing providers, **Figure 3** shows organizations' approach to purchasing payroll applications.

FIGURE 3: PAYROLL SYSTEMS PURCHASE APPROACH AND OWNERSHIP

Payroll Purchasing Approach	Today	12 Months	Average Years Owned
ERP/Payroll Suite[1]	15%	19%	9.1
Payroll/HRMS Suite	78%	81%	5.7
Payroll Point Solution	6%	8%	5.4

As illustrated in **Figure 3**, approximately **78%** of respondents opted for an integrated Payroll/HRMS package. The trend towards cloud-based payroll systems persists, driven by either organizational preferences or the increasing prevalence of such solutions in the marketplace.

This year's data also indicates that organizations typically retain their Payroll/HRMS systems for an average of **6 years** - a surprisingly brief period given the complex nature of these integrated systems.

ERP/PAYROLL SUITE CUSTOMER QUOTE:

[Our payroll suite has] great useability and employee experience.

Financial Services / Insurance 63000+ EE

ERP/PAYROLL SUITE CUSTOMER QUOTE:

[They provide a] good partnership and leverage size/ scale of workforce for competitive pricing.

Trade / Specialty Services 46000+ EE

PAYROLL/HRMS SUITE CUSTOMER QUOTE:

[Our payroll suite has an] excellent GUI (graphical user interface) and an intuitive process.

Financial Services / Insurance 1140+ EE

PAYROLL POINT SOLUTION CUSTOMER QUOTE:

Great service, great software, California compliant (surprisingly difficult to find), highly adaptive and customizable.

Business / Professional Services 40+ EE

*Enterprise resource planning (ERP) is a category of enterprise software that typically integrates financials, HR, manufacturing, order processing, and customer relationship management

** 12 Months will not equal 100% because customers can select multiple options for 12-month plans.

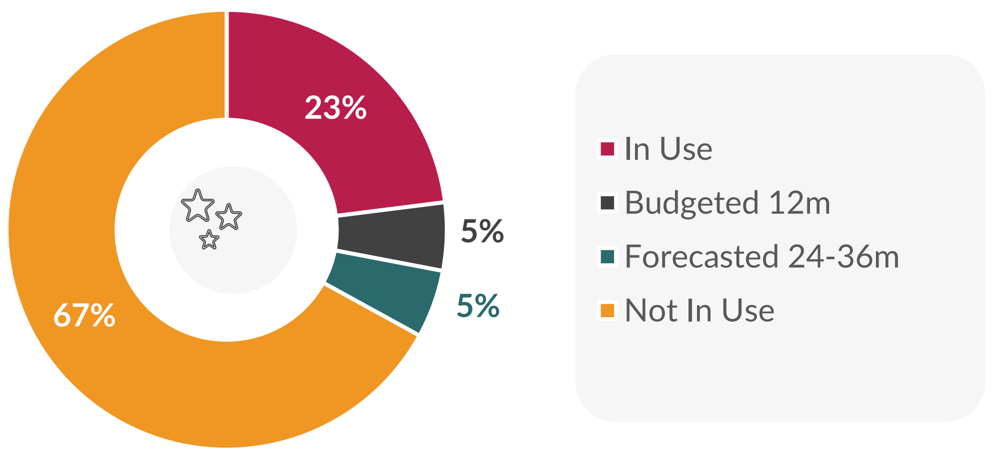
AI IN PAYROLL

In 2024, artificial intelligence (AI) has changed from a rare, differentiating, feature in only the most advanced payroll systems to a fundamental part of most platforms, regardless of size. Although the term AI has become the industry standard, it should be noted that most HR systems are actually using large language models (LLMs) and some machine learning. However, the more commonly-used term “AI” will be used as a “catchall” term throughout this report.

EMBEDDED AI:
The integration of artificial intelligence models into existing products and functionality.

AI APPLICATION:
A stand-alone software program built on a native AI model to complete a specific set of tasks.

FIGURE 4: OVERALL PERCENTAGE OF ORGANIZATIONS USING ALL FORMS OF AI PAYROLL FEATURES IN 2024-2025



In payroll, AI algorithms are often used to detect and prevent payroll fraud. By analyzing patterns in payroll data, these systems can identify anomalies that may indicate fraudulent activities, such as ghost employees or unusual overtime claims. This enhanced security feature provides businesses with an additional layer of protection against financial losses and reputational damage.

Predictive analytics is another area where AI is making significant strides in payroll management. AI-powered systems can now forecast future payroll expenses based on historical data, helping businesses better plan their budgets and make informed decisions about hiring, raises, and bonuses. These predictive capabilities are particularly valuable for businesses with seasonal fluctuations in their workforce or those considering expansion.

In 2024, AI-driven payroll systems are also playing a crucial role in ensuring compliance with complex and ever-changing tax regulations. These systems can automatically update tax tables, calculate withholdings, and generate required reports for various jurisdictions. This is especially beneficial for businesses operating across multiple states or countries, as AI can navigate the intricacies of different tax laws with ease and presumed accuracy.

Personalization has become a key feature of AI-powered payroll systems. As an example, individual employee data can be used to provide personalized insights and recommendations. For example, employees might be alerted to optimal tax withholding strategies or unused vacation days. This AI-assisted personalization helps companies better manage their workforce and reduce potential liabilities.

Natural language processing (NLP) capabilities also continue to improve. Employees can now interact with chatbots or virtual assistants to ask questions about their pay, benefits, or tax withholdings. These AI-powered assistants can understand and respond to queries in natural language, providing instant info, reducing the workload on HR and payroll departments.

Despite the numerous benefits, the integration of AI into payroll systems has also raised important considerations around data privacy and ethical use of employee information. As a result, there's an increased focus on developing robust governance frameworks and transparent AI algorithms. Companies are now required to clearly communicate how AI is being used in their payroll processes and ensure that employees have control over their personal data. As we move forward, striking the right balance between leveraging AI's capabilities and maintaining employee trust will be crucial for the continued evolution of payroll systems.

As we noted in Figure 4 on the previous screen, the use of embedded AI solutions within an organization's existing HRMS averaged across all HRMS buyers is just **15%.** That number jumps to **22%** of organizations If we look at all survey participants who said they were using AI as part of their current HR Technology environment (both through embedded HR solutions and stand-alone AI applications). Although HR and business system vendors have invested heavily in AI enhancements or rolling out full-blown AI applications, buyers still struggle to understand where and when to use these features and applications safely and with the greatest outcomes for their organizations.

Cost is also a considerable concern for many organizations – as noted in the quote below by one HRMS buyer who listed High Cost as one of the primary reasons their HRMS wasn't meeting all of their current business needs.

> Now that they are developing AI and passing the cost off to customers, some of their new SKU's are insane compared to others. They know the value they have with the connections they build between SKUs - Finance doesn't care about that, they just see the numbers. It's a constant uphill battle or tradeoff b/c we can't afford the integrated solution [and AI}.
>
> Retail / Hospitality 19500 + EE

HR vendors consider many factors when deciding to invest in embedded AI features or create AI applications for their existing and prospective customers. Probably the most important question is whether a vendor's client base is ready and able to use the AI feature or application created.

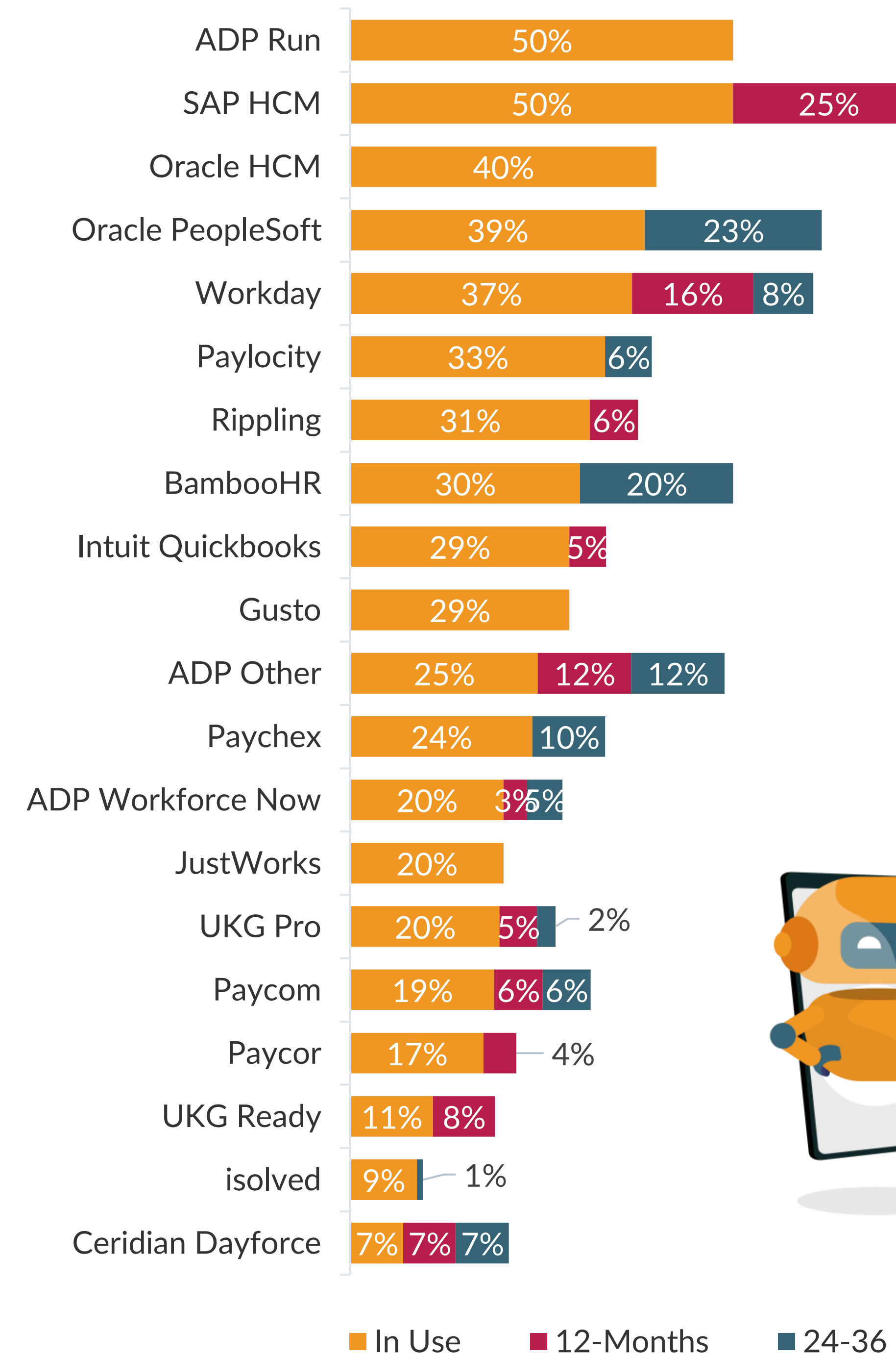
Figure 5 shows the percentage of Payroll clients (by vendor solution) currently using AI as part of their HR technology environment (both through embedded HR solutions and stand-alone AI applications). It also shows customers' future plans for adopting AI over the next 12 to 36 months. This chart only includes the top 20 solutions in our data.

There are several possible factors that may play into the higher or lower percentages of the customer's AI adoption levels in this chart:

- The overall percentage of AI features or applications a customer can access from that specific vendor(s).
- The willingness of the customer to buy, pay for or use available AI solutions.
- The customers' level of data, knowledge, and education readiness to use AI solutions.
- The customer's risk analysis concerning AI use within the HR function. This is a particular issue for multi-national customers.

FIGURE 5: PERCENTAGE OF PAYROLL CUSTOMERS *USING AI IN HR CURRENTLY AND IN FUTURE PLANS

*AI use includes both embedded HRMS AI & stand-alone AI applications



The Payroll Systems Adoption chart is expressed as a percentage of total survey responses achieved for each vendor solution viewed by organization size (**see Figures 5, 6, 7**). Please note, these charts are not market-size data. They are best used to view the predominant vendors in each company size category and to identify trends in future adoption plans.

FIGURE 6: PAYROLL SYSTEMS ADOPTION, ENTERPRISE

≥5000 EE	Adoption Level Today	Expected Growth	12-Month Adoption Level	Appears in RFP
ADP Other	13.59%	↓	12.14%	0.00%
Workday	13.11%	↑	15.53%	15.79%
Other Solution	12.62%	↓	11.17%	10.53%
UKG Pro	8.74%	↗	9.22%	5.26%
Oracle PeopleSoft	5.34%	↔	5.34%	5.26%
ADP Workforce Now*	4.37%	↔	4.37%	5.26%
SAP HCM	4.37%	↗	4.85%	5.26%
Office Productivity Tools*	3.88%	↓	2.91%	0.00%
In-house Developed	3.40%	↔	3.40%	0.00%
Dayforce (Ceridian)	2.91%	↑	3.88%	5.26%
SDWorx	2.91%	↔	2.91%	0.00%
ADP Run*	2.43%	↔	2.43%	0.00%
SAGE HRMS*	2.43%	↔	2.43%	0.00%
SAP SF Employee Central	2.43%	↑	3.40%	10.53%
Alight*	1.46%	↑	2.91%	0.00%
Frontier ichris	1.46%	↗	1.94%	0.00%
Oracle HCM	1.46%	↑	2.43%	15.79%
Paycom*	1.46%	↓	0.49%	0.00%
Ramco*	1.46%	↔	1.46%	0.00%
UKG Ready*	1.46%	↔	1.46%	0.00%

Note: These data sets do not equal 100%. Respondents often have multiple applications, and responses below certain thresholds in current or 12-month adoption levels have been removed.

* Not identified as a primary Payroll solution for respondents in this size category.

ENTERPRISE PAYROLL SYSTEMS ADOPTION - ANALYST INSIGHTS:

Over 58% of respondents from Enterprise-size organizations stated that they had two or more payroll solutions currently in use, with 28% running five or more payroll solutions. The need for these systems to work together is often a deciding factor when deciding whether to stay with an acquired system or to make a change.

ADP (excluding ADP Workforce Now and ADP Run) had the highest level of adoption for a payroll platform in 2024, and Workday is right behind. These two solutions are likely to remain high in adoption rates as Workday and ADP integrations, including payroll administrations and joint service offerings, have proven popular with their customers, as evidenced by their high scores in user experience and vendor satisfaction. UKG Pro, another solution consistently high in adoption, rounds out the top three. We also want to note that ADP Run, Paycom, & UKG Ready are never identified as primary payroll solutions at the enterprise level; they only show up as secondary systems used to meet regional workforce needs or acquired through acquisitions.

When it comes to combined current adoption and forecasted adoption levels, Workday rises above its competitors with 28% adoption. ADP also sees very high combined current and forecasted payroll adoption. With an 18% combined adoption projection, UKG trails these Workday and ADP but leads all other suppliers.

Enterprise organizations continue to see the highest percentage of expected change in payroll systems this year, with 16% of survey respondents having already selected a new solution and 13% actively in RFP status. The "Appears in RFP" column is noteworthy, with organizations like Workday, Oracle HCM, and SAP SuccessFactors Employee Central topping that list.

Expected Growth Legend

- ↑ Substantial Growth
- ↗ Slight Growth
- ↔ Flat
- ↘ Slight Decline
- ↓ Substantial Decline

Expected growth calculations are based on the difference between current adoption and 12-month adoption plans, in addition to data points from future replacement plans.

FIGURE 7: PAYROLL SYSTEMS ADOPTION, MID-MARKET

500 - 4999 EE	Adoption Level Today	Expected Growth	12-Month Adoption Level	Appears in RFP
UKG Pro	21.28%	Substantial Growth	22.39%	12.26%
Other Solution	13.39%	Slight Decline	13.21%	9.43%
ADP Workforce Now	8.62%	Substantial Decline	7.89%	4.72%
ADP Other	8.44%	Substantial Decline	7.89%	3.77%
Workday	8.26%	Substantial Growth	9.36%	15.09%
Office Productivity Tools*	4.95%	Flat	4.95%	0.00%
UKG Ready	4.40%	Substantial Growth	4.95%	0.94%
Dayforce (Ceridian)	4.04%	Substantial Growth	4.77%	8.49%
Paycor	2.94%	Slight Decline	2.75%	5.66%
isolved	2.57%	Slight Growth	2.94%	0.00%
In-house Developed	2.20%	Substantial Decline	1.47%	0.94%
Paylocity	2.02%	Slight Growth	2.20%	6.60%
Oracle PeopleSoft	1.47%	Slight Decline	1.28%	0.94%
SAP HCM	1.47%	Flat	1.47%	3.77%
Frontier ichris	1.28%	Flat	1.28%	0.94%
Paycom	1.28%	Flat	1.28%	3.77%
Microsoft Dynamics 365*	1.28%	Slight Growth	1.47%	0.94%
Oracle HCM	0.92%	Slight Growth	1.28%	3.77%
SAGE HRMS	0.73%	Slight Growth	0.92%	0.00%
Oracle E-Business Suite	0.73%	Slight Growth	0.92%	0.00%
Paychex*	0.73%	Flat	0.73%	0.94%
Papaya Global*	0.73%	Slight Decline	0.55%	0.00%
Tyler Technologies	0.73%	Flat	0.73%	0.00%

MID-MARKET PAYROLL SYSTEMS ADOPTION- ANALYST INSIGHTS:

The Mid-Market category (500-4999 employees) continues to see significant flux in payroll systems adopted as vendors traditionally serving the enterprise or SMB market continue to expand functionality and services needed by mid-sized companies. This movement has resulted in some interesting and unexpected projections for expected growth.

UKG Pro has the highest adoption levels from our survey takers, followed by ADP's two offerings and Workday. This continues a trend from the last few years (these are the same top three organizations as last year, only in a different order), as organizations struggle with complex payroll requirements brought on by a more globalized, mobile, and remote workforce.

The combination of services and simple-to-use core HR suite capabilities offered by isolved, Paylocity, Paycor, and Paycom attract buyers experiencing rapid growth and looking for flexibility, innovation, and direct services. The bulk of the survey customers using these solutions fall below 3,000 employees and are less likely to be multinational organizations.

ERP vendors such as Oracle HCM, Workday, and SAP continue to succeed in selling bundled finance and HR packages to mid-market clients undergoing major transformations who see value in consolidating cross-functional data. This trend reflects a growing demand for integrated solutions that streamline operations across multiple business functions. Companies are increasingly recognizing the benefits of having a unified platform for both financial management and human resources, particularly when embarking on significant organizational changes.

Expected Growth Legend

- Substantial Growth
- Slight Growth
- Flat
- Slight Decline
- Substantial Decline

Expected growth calculations are based on the difference between current adoption and 12-month adoption plans, in addition to data points from future replacement plans.

Note: These data sets do not equal 100%. Respondents often have multiple applications, and responses below certain thresholds in current or 12-month adoption levels have been removed.

* Not identified as a primary Payroll solution for respondents In this size category.

FIGURE 8: PAYROLL SYSTEMS ADOPTION, SMB

S <500 EE	Adoption Level Today	Expected Growth	12-Month Adoption Level	Appears in RFP
isolved	21.59%	↑	23.28%	2.40%
Other Solution	15.44%	↔	15.44%	6.59%
ADP Workforce Now	7.84%	↘	7.60%	7.78%
UKG Pro	7.36%	↗	7.60%	5.99%
UKG Ready	6.15%	↑	6.88%	5.99%
Paylocity	4.70%	↘	4.58%	7.78%
Paycor	4.58%	↘	4.22%	8.38%
Office Productivity Tools*	4.34%	↔	4.34%	1.20%
Intuit Quickbooks	4.22%	↔	4.22%	1.20%
Rippling	3.74%	↗	3.98%	6.59%
Paychex	3.26%	↔	3.26%	2.40%
Paycom	2.53%	↘	2.29%	7.19%
In-house Developed	1.81%	↗	2.05%	0.60%
ADP Other	1.69%	↗	1.81%	1.80%
Dayforce (Ceridian)	1.57%	↗	1.69%	2.40%
Workday	1.21%	↗	1.33%	3.59%
Gusto	1.09%	↔	1.09%	1.80%
ADP Run	0.97%	↗	1.21%	1.20%
BambooHR	0.84%	↘	0.72%	6.59%
TriNet	0.72%	↔	0.72%	0.60%
JustWorks	0.60%	↗	0.72%	1.20%
Papaya Global*	0.48%	↗	0.60%	1.20%

SMB PAYROLL SYSTEMS ADOPTION - ANALYST INSIGHTS:

Over 50% of SMB organizations were looking to replace their current payroll solutions in 2022, then 20% in 2023, and now it's 17%. The always-fluctuating SMB market and the fact that many organizations have replaced their payroll systems in the last two years continue to mean volatile growth levels for this category.

For the third year in a row, isolved is the top single solution in SMB payroll adoption. A deeper dive into respondents' comments continues to show that customer service, especially the high level of personalized service, is a large factor in why customers choose isolved. ADP Workforce Now, along with UKG's Pro and Ready solutions, round out the top five solutions in the SMB adoption chart, with an increasing number of organizations placing these solutions on RFP lists.

Sandwiched between the "Pays" (Paychex, Paylocity, Paycom, and Paycor) is Rippling, which narrowly missed out on appearing in the payroll adoption chart two years ago but now finds itself in the middle of the list. Rippling addresses several SMB needs in a single solution, including global payroll, IT solutions like identity access management, and an employer-of-record. Based on this year's "other" category write-ins, we expect to see similar growth in globally-focused organizations like Deel and Helios next year.

With all the new entrants into this space – we caution buyers to pay close attention to a vendor's approach to implementation, financial stability, approach to payroll processing, and compliance management. Even the smallest companies are now hiring more remote and contingent workers, requiring them to deal with the same complicated regulatory environments as larger organizations.

Expected Growth Legend

- ↑ Substantial Growth
- ↗ Slight Growth
- ↔ Flat
- ↘ Slight Decline
- ↓ Substantial Decline

Expected growth calculations are based on the difference between current adoption and 12-month adoption plans, in addition to data points from future replacement plans.

Note: These data sets do not equal 100%. Respondents often have multiple applications, and responses below certain thresholds in current or 12-month adoption levels have been removed.

* Not identified as a primary Payroll solution for respondents In this size category.

As Figures 6, 7 and 8 show on the previous pages, the payroll provider landscape is still consolidating. This year, we have 35 vendor solutions selected by 1% or more of our survey population across the three company size categories. Most vendors competing in this space now offer additional HR-related functionality such as an HRMS, time, talent, and analytics solutions. Innovative vendors are also adding interesting functionality around IT management, global payroll, payroll validation, data cleaning, and compensation benchmarking based on real-time data.

Big solution differentiators now include:

- Scalability
- Global capabilities
- Solution and service marketplaces
- Dashboards, reporting, and data accessibility
- Earned wage access options/finance wellness tools
- Intelligent features* specifically in audits and payroll runs
- Self-service payroll solutions, including reviews, approvals, and fixes

Those vendors that did not reach statistical thresholds in our data set and therefore do not appear in lists include regional payroll solutions, internationally-focused payroll solutions, and solutions that are highly-industry specific. Fifteen percent of organizations use a payroll vendor in this "other" category. The most often mentioned solutions are:

- ActivPayroll
- Asure
- CloudPay
- Deel
- Deltek Costpoint
- Deltek Vantagepoint
- Deltek Vision
- Deputy
- ExponentHR
- Infor HCM
- Insperity
- One Source Virtual
- Oracle E-Business Suite
- Oyster
- Safeguard
- Unit4

*By intelligent features, we refer to such technologies as machine learning and artificial intelligence. See the Emerging Technology section in the full 27th Annual HR Systems Report for more details.

Our **Payroll Systems Voice of the Customer (VoC) User Experience (UX) and Vendor Satisfaction (VS) charts** highlight buyers' perceptions of each particular solution. Every year, we ask survey respondents to evaluate their systems' user experience (UX) and vendor satisfaction (VS) on a 1-5 scale. We then calculate the average ratings for each solution. This year's average scores in the payroll category are **3.41 for UX and 3.33 for VS**, continuing a downward trend observed over the past two years. We're noticing a general shift towards more conservative ratings as we move beyond the anomalous pandemic period. In this year's Payroll VoC chart, nineteen vendor solutions met the criteria of receiving the required number of verified customer ratings for inclusion.

FIGURE 9: PAYROLL AGGREGATE VOC CHART, USER EXPERIENCE AND VENDOR SATISFACTION RATINGS

Payroll

Major factors driving vendor satisfaction and user experience ratings include:

- Customer Service
- Global Functionality
- Integration
- Reporting

*These solutions did not meet our response threshold numbers and are being shared as directional indicators only.

Payroll

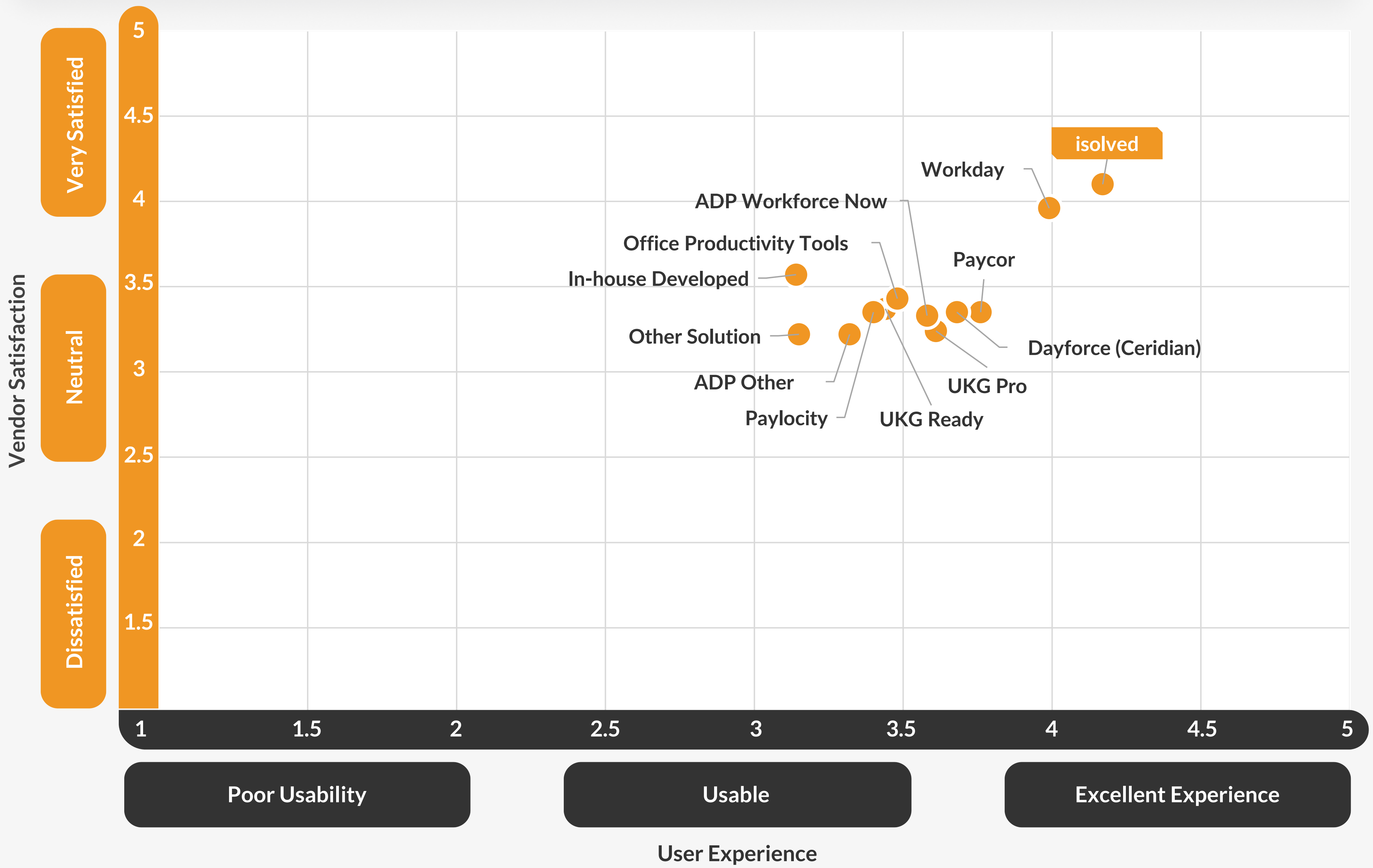
FIGURE 9a: PAYROLL ENTERPRISE VOC CHART, USER EXPERIENCE AND VENDOR SATISFACTION RATINGS

E

≥5000 EE

Payroll

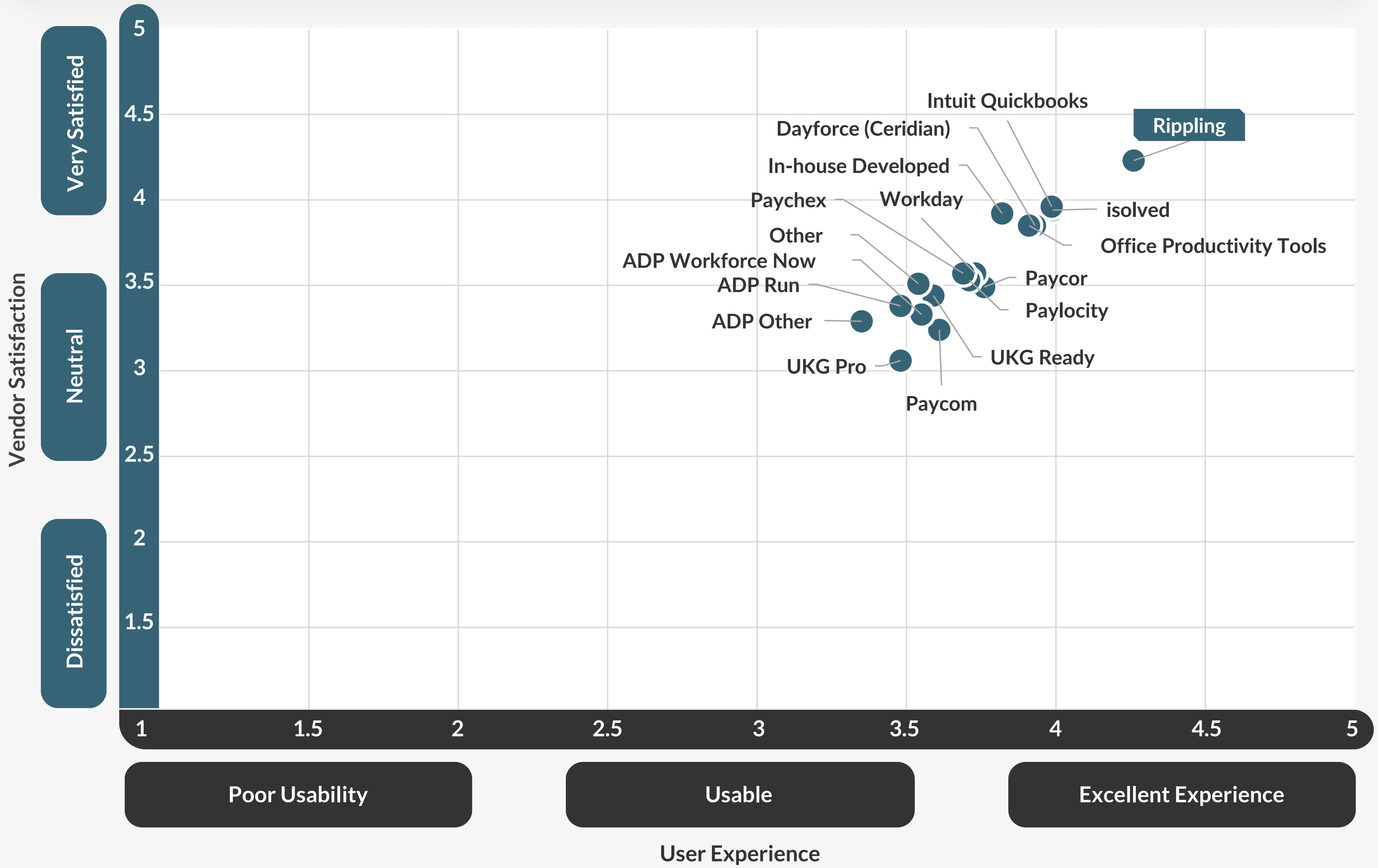
FIGURE 9b: PAYROLL MID-MARKET VOC CHART, USER EXPERIENCE AND VENDOR SATISFACTION RATINGS



500 - 4999 EE

Payroll

FIGURE 9c: PAYROLL SMB VOC CHART, USER EXPERIENCE AND VENDOR SATISFACTION RATINGS



<500 EE

Our aggregate **Voice of the Customer (VoC) User Experience (UX) and Vendor Satisfaction (VS) charts** are valuable tools for obtaining a broad perspective of how the HR community is evaluating currently used applications. The ratings are based exclusively on feedback from validated survey respondents.

To provide more context to this data, we analyze the solutions that achieve the highest average rankings from multi-sourced validated responses in the three company-size categories. The solutions must reach a minimum statistical threshold of responses in the respective size categories to qualify for this analysis.

Below are the solutions achieving the Top Five ratings for **user experience** for payroll systems by company size. We call out the solution that received the highest rating and then list the remainder of the **Top Five in alphabetical order**. Vendors achieving Top Five status have the option of licensing badges to highlight this notable customer rating.

*Full adoption details and breakdowns of data by company size can be accessed through our research subscriptions. Contact us at Research@SapientInsights.com for further information.

FIGURE 10: TOP FIVE (OUT OF 48) VOC RATINGS – BY COMPANY SIZE

User Experience

	ENTERPRISE, ≥5000 EE PAYROLL SYSTEMS	MID-MARKET, 500 - 4999 EE PAYROLL SYSTEMS	SMB, <500 EE PAYROLL SYSTEMS
TOP			
#1	Workday	isolved	Rippling
Top 5	ADP Workforce Now	Dayforce (Ceridian)	Dayforce (Ceridian)
Top 5	Dayforce (Ceridian)	Paycor	Intuit Quickbooks
Top 5	SAP HCM	UKG Pro	isolved
Top 5	UKG Pro	Workday	Paycor

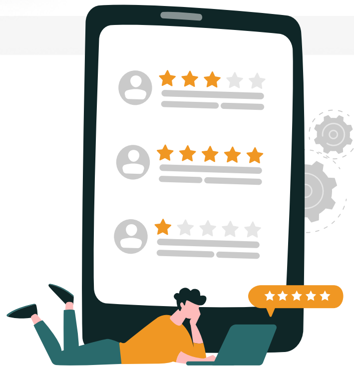
FIGURE 11: TOP FIVE (OUT OF 48) VOC RATINGS – BY COMPANY SIZE

Vendor Satisfaction

TOP	ENTERPRISE, ≥5000 EE PAYROLL SYSTEMS	MID-MARKET, 500 - 4999 EE PAYROLL SYSTEMS	SMB, <500 EE PAYROLL SYSTEMS
#1	Workday	isolved	Rippling
Top 5	ADP Workforce Now	Dayforce (Ceridian)	Dayforce (Ceridian)
Top 5	Dayforce (Ceridian)	Paycor	Intuit Quickbooks
Top 5	Oracle PeopleSoft	UKG Ready	isolved
Top 5	SAP HCM	Workday	Paychex

Above are the companies achieving the Top Five ratings for vendor satisfaction for payroll systems by company size. Survey participants were asked to rate their satisfaction with their relationship with their payroll vendors, including the services and support provided. **We highlight the solution that received the highest rating and then list the remainder of the Top Five in alphabetical order.**

*Full adoption details and breakdowns of data by company size can be accessed through our research subscriptions. Contact us at Research@SapientInsights.com for further information.



In the competitive payroll landscape, vendors must figure out ways to differentiate their solutions, either through service offerings, bundling other HR and business functionality, or investing in higher levels of innovation.

The top factors given for low user experience and vendor satisfaction ratings include:

- Customer service
- Tax services and errors
- Service outages
- Reporting issues
- Lack of global payroll

The top factors given for high user experience ratings include:

- Flexibility of solution
- Integration with partners and other systems
- Transparency and reporting

The top factors given for high vendor satisfaction ratings include:

- Clear communications
- Dedicated resource(s)
- Friendly and responsive support
- Innovation and regular updates

The quote shown to the right is pulled at random from the criticisms received and is not a reflection of any vendors on this page:

> Inadequate implementation and poor functionality.
>
> Transportation / Airlines / Logistics 6300+ EE

ENTERPRISE PAYROLL UX AND VS RATINGS - ANALYST INSIGHTS:

This year, Workday achieved the top position in the enterprise market for both user experience and vendor satisfaction ratings. Customer feedback highlighted Workday's adaptability and customization options as key factors driving their UX scores. Some new themes emerged in this year's comments, including praise for managing extensive data sets and introducing innovative features. Workday's ability to provide a unified payroll hub for both domestic and international payrolls, along with the recent launch of its global payroll connector, also continues to impress; Workday's vendor satisfaction ratings were primarily driven by its responsiveness and accessibility.

> **WORKDAY CUSTOMER QUOTE:**
>
> [It's an] integrated system that can get multiple data points from [our] time and attendance vendors.
>
> Retail / Wholesale 10000+ EE

The payroll software market is still struggling to meet buyers' expectations, as evidenced by the 5% decline in overall UX and VS scores compared to the previous year. This sector evolves at a gradual pace despite the fact that over 29% of enterprise organizations plan to switch their payroll solutions in the coming year. The challenge lies in finding solutions that can effectively cater to the needs of expansive global workforces and complex regional regulations. Only a handful of providers are truly up to the task.

Besides Workday, the only other Payroll solution that made the Top 5 UX and VS charts last year and this year was Dayforce. They continue to exceed enterprise customer expectations, especially those adopting extended service offerings. UKG Pro took a top 5 spot in enterprise user experience this year, partly due to the focus they've placed on global payroll capabilities in the last year. We also saw considerably higher UX and VS ratings this year for the remaining On-Premise Oracle Peoplesoft and SAP HCM solutions. With only about 10% of payroll environments now on-premise – they are highly customized and cost-effective for large organizations. Another anomaly in this year's data is the relatively high ratings of ADP Workforce Now, which is only identified as a primary payroll solution for enterprise organizations 1.2% of the time. As a secondary solution, often used by non-US-based organizations for US payroll, their ability to get the job done efficiently seems to be highly valued.

MID-MARKET PAYROLL UX AND VS RATINGS - ANALYST INSIGHTS:

The top spot in UX and VS ratings this year for the mid-market is isolved. The rating reflects the company's two-year effort to move up in the market. It should be noted that isolved categorizes the mid-market somewhat differently than we do. Therefore, the company's customers usually don't exceed 3,000 employees, although there are some exceptions. They are also less likely to be a primary payroll solution for multinational organizations. Still, Mid-Market customers are extremely pleased with the solution's full functionality, ease of use, and diverse managed service offerings. As is usually the case, mid-market is a hotly-contested space for payroll vendors; a glance at this year's UX/VS ratings chart will confirm this.

ISOLVED CUSTOMER QUOTE:

The UI is extremely easy to navigate and to get to the information needed.

Hospitality / Restaurant / Entertainment 590+ EE

Other vendor solutions that received high ratings in this category include Dayforce, Paycor, UKG Pro, UKG Ready, and Workday. Paycor's appearance in the Top Five for UX and VS ratings is new this year and emphasizes its focus on expanding its ability to meet the needs of larger customers. Dayforce, UKG Pro, UKG Ready, and Workday have been consistent top performers in this category – with UKG Ready more aligned with the needs of organizations between 500 and 1500. In fact, consistency was a common theme reflected in this category's comments. Many mid-sized organizations have experienced rapid growth, so the need for a stable employee experience and reliable service is paramount.

SMB PAYROLL UX AND VS RATINGS - ANALYST INSIGHTS:

Rippling, a solution provider that did not even appear on our charts five years ago, is this year's leader in UX and VS for the SMB category. Although the company caters to the SMB market, its platform is comprehensive and can integrate global payroll, HR, and IT management, a rarity in the SMB market. Rippling's users comment enthusiastically about its integrated solutions, user-friendly platform, and strong customer support. With over 2,000 current customers, Rippling is poised to continue its success if it can continue to meet customers' high expectations.

RIPPLING CUSTOMER QUOTE:

Great customer service relationship, automation of processes, and overall experience.

Hospitality / Restaurant / Entertainment 250+ EE

Other solutions that received top rankings were Dayforce, Intuit, isolved, and Paychex. As mentioned earlier, isolved has traditionally served the SMB market and continues to do so with very high ratings in both user experience and vendor satisfaction.

Although the company has been around since 1992, Ceridian acquired the Dayforce solution in 2012 to reach SMB and mid-market buyers interested in moving to the cloud. Since its IPO in 2018, the organization has been heavily focused on appealing to up-market buyers. In 2024, the organization formally changed its name to Dayforce, marking a final step in its long turnaround story. Dayforce's appearance in the top 5 UX/VS ratings for SMB once again highlights their interest in this category.

Founded in 1983, Intuit QuickBooks is truly the "grandparent" of the group. It has carved out a strong position by combining its accounting software, which is how most customers discover it, with integrated payroll solutions.

Paychex rounds out the group. Paychex, founded over 50 years ago is one of the longest-tenured Payroll companies in the world and with one of the largest user bases. In our extensive comments section, we saw many users highlighting its scalability, dedicated support staff, and wide-reaching marketplace and integrations.

The payroll system, when properly managed, is typically one of the most reliable components within an organization's HR technology infrastructure. However, only 23% of survey participants reported that their current solution "always" fulfills their business requirements – the same percentage as in 2023. Further reflecting a lack of improvement is that 17% of those surveyed indicated their payroll solutions met business needs less than half the time – an uptick from last year at 15%. The underlying message remains clear: a considerable portion of organizations continue to feel underwhelmed by the performance of their payroll systems.

Confidence in the payroll system always meeting our business needs has more than doubled in the last two years, from **11% in 2022 to 23% in 2024.**

Overall, the story remains the same as it has for the last few years. Although there might be some slight improvements in terms of the capabilities of these providers, there is clearly still a disconnect between what buyers believe they need and what tools solution providers are giving to them.

A silver lining is the uptick in users' confidence of payroll systems to "always meet needs." This percentage greatly increased last year and remains high in 2024, proving it wasn't a fluke as we originally suspected. The next year will tell if that confidence was well-placed.

TOP PAYROLL GAPS IN MEETING BUSINESS NEEDS

PAYROLL APPLICATIONS

- Customization / Configuration 40%
- Customer Service / Maintenance 40%

As seen in **Figure 12**, we provide a quick report on the percentage of survey respondents that noted their specific payroll solution meets current business needs always or most of the time. Note that although In-house solutions, productivity tools, and the all-inclusive "other" solutions may have ranked high in terms of usage, their ability to meet business needs is lacking. When buyers use business-focused use cases as part of their selection process, it usually results in finding a solution that truly meets requirements, something that isn't usually possible for off-the-shelf or ad-hoc tools.

FIGURE 12: DOES YOUR PAYROLL SYSTEM(S) MEET CURRENT BUSINESS NEEDS?

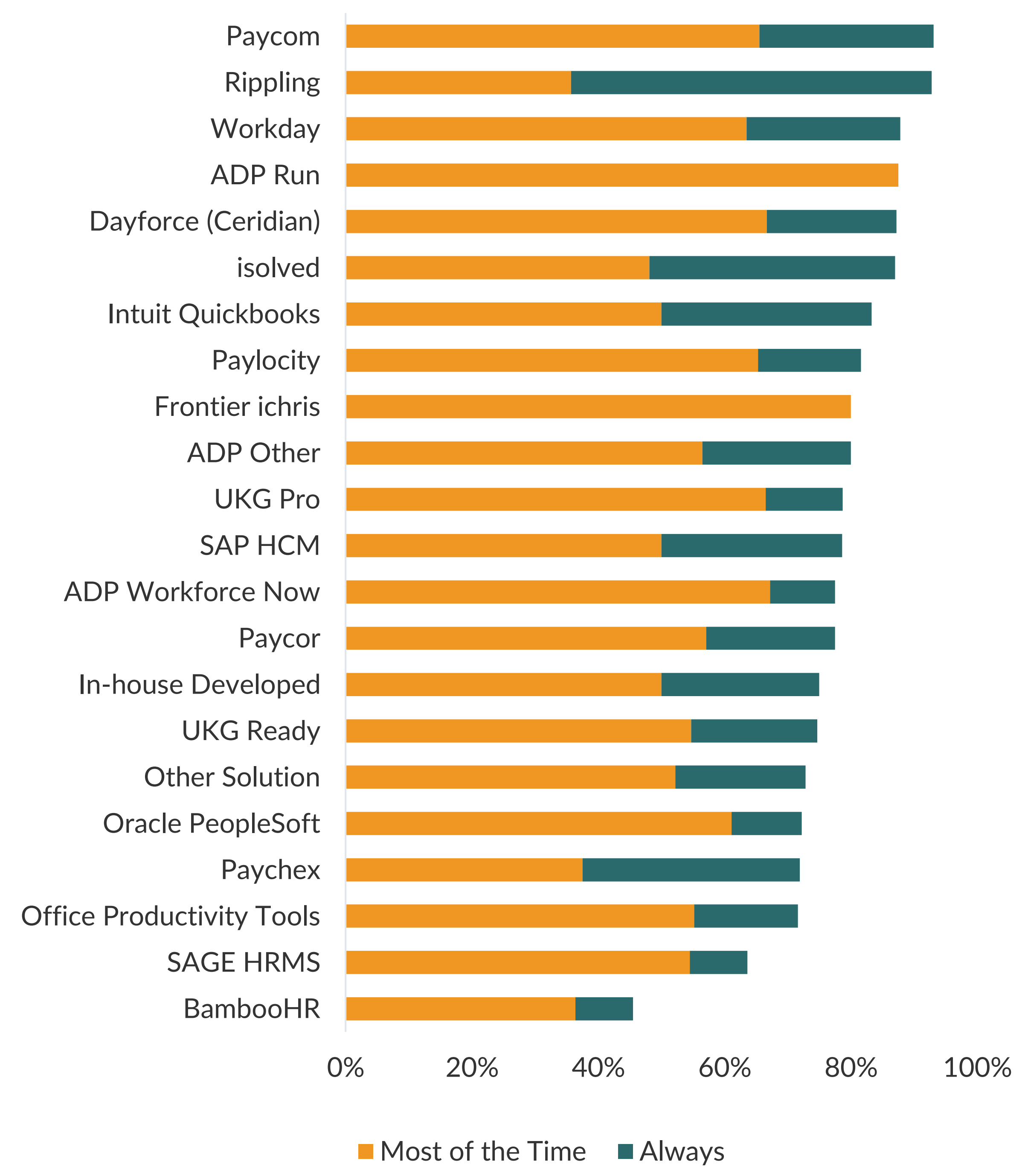
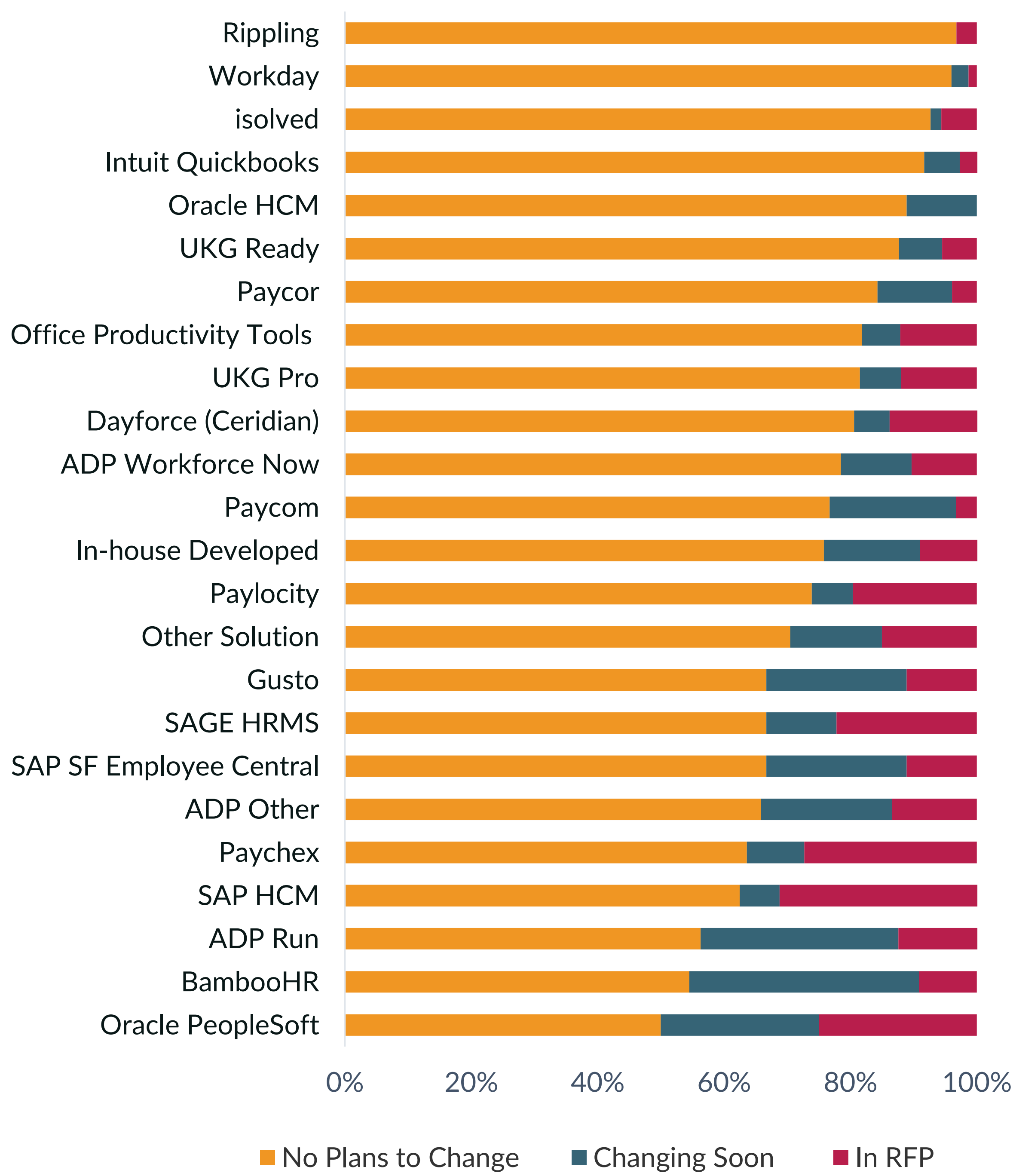
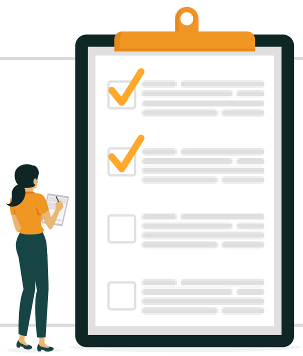


FIGURE 13: ARE YOU PLANNING TO CHANGE YOUR CURRENT PAYROLL SYSTEM(S)?



After the last few years of change, this year finally sees a bit of a slow down in volatility. In 2024, 21%, of organizations are actively replacing their payroll solutions, quite a bit lower than last year's 28%. While many organizations are still in the RFP process, 10% of respondents said they have already identified the new payroll solution they will implement in 12 to 24 months. The average ownership of payroll systems planned for replacement is 6.2 years; the main reasons for making changes are:



- Solution not meeting needs
- Poor customer service
- Consolidation of vendors

Fifty-five percent of respondents cited that their reason for change was that their current solution did not meet the organization's basic needs. Poor customer service was the reason given by 43% of respondents; cost was the reason for change by 26%. Other factors, like M&A activity, new leadership, or vendor issues (ethics or legal), were cited by fewer than 8% of respondents.

As you can see in **Figure 12**, an organization's plans to change payroll vary greatly depending on the current solution owned. However, we are starting to see some connection between the highest UX/VS satisfaction ratings. A common compliment for highly rated solutions was customer service, and our data shows that 65% of survey respondents say the main reason for their VS score is Customer Service.

This year, Rippling has the fewest customers planning to make a change, but it is worth noting that over 43% of their respondents reported deployments were less than 1 year ago. Workday and isolved users also remain steady, indicating trust in these vendors.

10%
Replacing Payroll Systems in 12 – 24 Month

11%
Actively in the RFP Process for 2024-2025

PAYROLL OUTSOURCING SERVICES

A crucial element influencing overall satisfaction with payroll solutions extends beyond the software itself, often hinging on the location of payroll service execution. These services encompass tasks like payroll data entry and validation, processing, and tax filing and reporting. Organizations can choose from various management approaches for these activities: handling them entirely in-house, partially outsourcing to a third party, or fully delegating to an external provider. This year's data reveals that 46% of organizations opted for partial or full outsourcing of their payroll services, showing a marginal decrease from the 49% of SMB organizations that made similar choices previously.

The top services being used by organizations that use payroll outsourcing include:

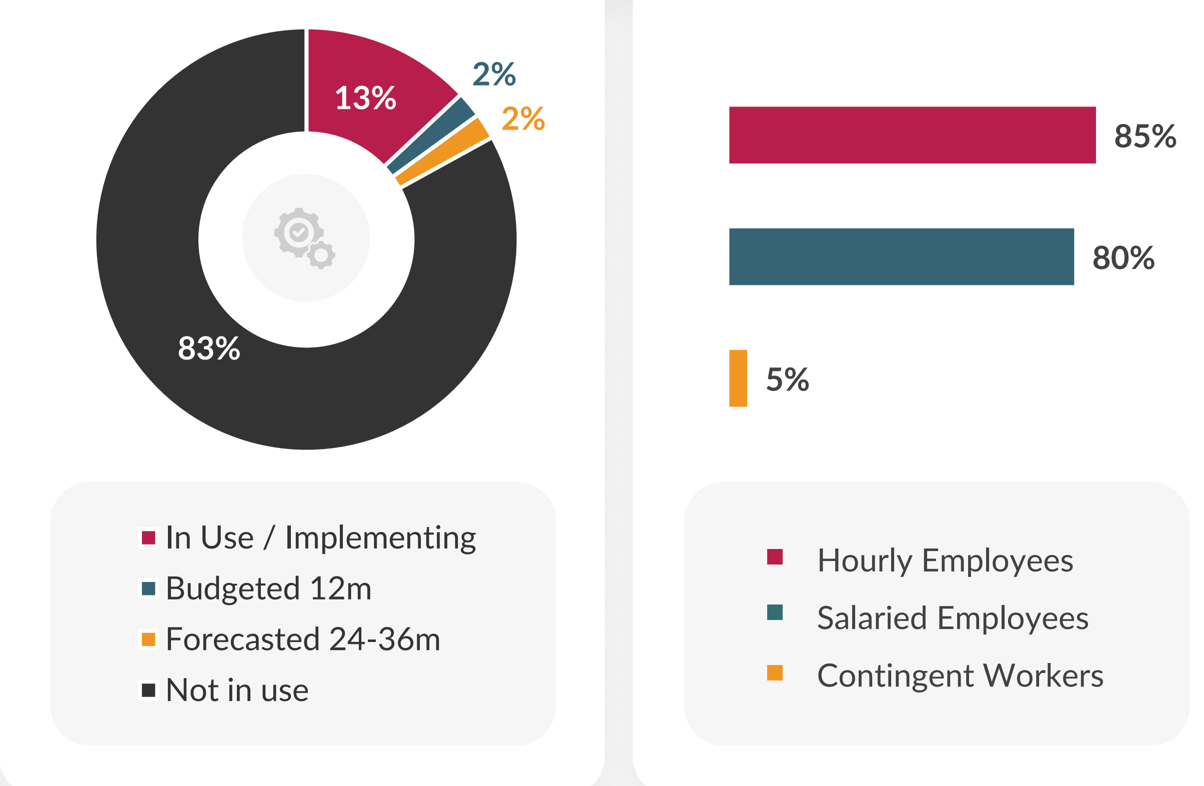
Payment and tax filing	86%
Payroll Processing	85%
Wage garnishment processing	55%
ACA Reporting	40%
Compliance reporting	33%

Earned Wage Access, or On-Demand Pay

On-demand pay, also known as Earned Wage Access (EWA), is a payroll service that allows employees to access some or all of their wages as they earn them, instead of on the standard set payday. Usually, this access is provided through an online application and many payroll vendors have leveraged partnerships to make these solutions available to their clients today.

On this page, **Figure 14** shows respondents' feedback on Earned Wage Access / On-Demand Pay services or applications at their organization.

FIGURE 14: ADOPTION AND EMPLOYEE SEGMENTS SERVED BY ON-DEMAND PAY



On-demand pay adoption has plateaued at 13%, an 8% increase over the past two years, suggesting market saturation. Yet enterprise organizations are almost two times more likely to have adopted Earned Wage Access solutions than their mid-market and SMB counterparts.

The aggregate stagnation may also reflect limited use cases, as only a specific employee demographic requires such services. Despite the recent surge in the availability of on-demand pay solutions, aligning with the broader trend of smartphone-enabled instant access, businesses remain cautious.

Many companies hesitate to enter this space, concerned about potentially exacerbating the financial challenges faced by employees living paycheck-to-paycheck. This cautious approach persists even as the market offers increased flexibility and options for both employers and employees.

Modern Payroll platforms are evolving, incorporating enhanced employee self-service functionalities, AI-driven audits, robust data management, and greater flexibility for integration. This evolution is causing Payroll systems to require better user interfaces, more hubs and connectors, and more training. Many organizations are focusing on boosting global capabilities along with enhanced user engagement. Our survey respondents reported that 55% of organizations listed User Experience as their top selection criteria over more traditional payroll selection criteria such as Payroll / HRMS integrations or overall cost.

Additional emerging trends to watch in Payroll applications include:

- Voice-initiated artificial intelligence (AI)
- AI-based audits and error management prior to payroll runs
- Contingent and contract-based payment models
- Employee-centered audit and approvals
- Separation of front- and back-end architecture (headless microservices)
- Generative AI assistance in communications and workflows

Organizations of all workforce sizes, industry segments, and regional makeups are now leveraging HR technology as a critical business solution. As a community, we have a real opportunity to leverage these technologies to support both our business outcomes and workforce expectations.

> We are a complex, highly unionized organization, and configuring all of the various requirements for this group of employees has been challenging.
>
> HighTech Manufacturing 100000+ EE

> [Our Payroll] allows for multiple customizations for variable pay types (annual, hourly, period activity pay, supplemental pay, one-time pay, etc.). That is very helpful.
>
> Education 30000+ EE

> Various groups within the [vendor] do not communicate. Changes are implemented in one area, and then you spend months tracking down what other groups also need to make a change to align across the platform
>
> Healthcare / Pharma 11000+ EE

These are a few of the 8,000-plus compliments and criticisms we received from respondents on ways their current systems support or don't support their business outcomes. These are excellent topics to include in an RFP assessment process.

RESEARCH METHODOLOGY AND DEMOGRAPHICS SECTION

3/3 SECTION

RESEARCH METHODOLOGY AND DEMOGRAPHICS

SURVEY AND RESEARCH HISTORY

The 2024-2025 HR Systems Survey Report, 27th Annual Edition, is the latest installment in a continuous research effort that began in 1997 by The Hunter Group.

While the sponsoring organization has changed several times since the inception of this initiative, the project continues to follow a rigorous research methodology overseen by well-known and trusted industry analysts. The Annual HR Systems Surveys and resulting published research continue to be invaluable resources that provide insights and guidance to business leaders around the world concerning their HR and finance technology decisions.

THE DEPTH AND BREADTH OF THE RESEARCH

Each year, thousands of HR professionals worldwide complete our systems survey, providing us with valuable data from companies of all sizes and industry segments. Well-known technology and service providers support a wide distribution of the survey. This outreach gives us a broad and varied audience for gathering data on tech adoption and usage while safeguarding against data bias toward any particular vendor or user community. The data is, therefore, representative of the overall HR tech community and its practices.

Participants answer in-depth enterprise systems questions that cover multiple topic areas, including:

- Enterprise outcomes and business financials
- HR technology selection, replacement, and deployment plans
- HR technology integration and implementation practices
- HR resourcing and system budgets
- HR functional processes and social responsibility behaviors
- Customer feedback and satisfaction drivers for major HR applications

Target survey participants are HR and IT practitioners and leaders at the center of HR technology decisions.

Target participants are HR, finance, IT, and shared services leaders and practitioners at the center of HR or workforce tech decisions, implementations, maintenance, and/or change management efforts. Each year, our annual reach provides a wealth of knowledge that we share within the HR and finance communities. Many executives and business leaders who focus on workforce and finance technology use these survey results to make better, more informed business decisions.

Our survey methodology follows a rigorous, nine-step process, independently verified by the Mercer Survey Quality Group.

All participants are kept strictly anonymous, and only aggregate data is used in our analysis.

1. Survey Objectives
2. Survey Design
3. Survey Distribution
4. Data Collection
5. Sample Validation
6. Data Cleaning
7. Data Analysis
8. Result & Analytics
9. Publications Support

OUTCOME-FOCUSED HR METHODOLOGY

In our quest to conduct research that provides insights into the HR technology community's most challenging issues — such as adoption, cost, and value, we ask a wide range of questions concerning an organization's demographics, HR technology environment, and business/mission.

We also independently gather key financial metrics on publicly-traded organizations. We use this data to deliver insights into the correlation of specific HR practices and technology to business and financial outcomes.

FINANCIAL OUTCOMES

Sapient Insights Group independently gathers the following financial metrics on each of our participating organizations from publicly available data:

- Revenue per employee
- Profit per employee
- Operating income growth
- Return on equity

VOICE OF THE CUSTOMER METHODOLOGY

The importance of an organization's relationship with its HR technology solution providers is often overlooked and under-appreciated. A solid provider/customer partnership involves more than basic implementation work and communication between the primary contacts; it also encompasses how well the solution meets the organization's business needs and is perceived by the end users.

We ask participants to identify the following for each solution in 50 different categories:

- In use today
- Implementing in the next 12 – 36 months
- Replacing in the next 12 – 36 months

This data creates our vendor adoption charts (sample on this page), which include only those applications that represent a certain percentage (based on the number of providers in each category) of the overall responses for **in use or planned to be in use**. In certain cases, there are hard caps on the number of applications we can chart in a given category. In such cases, we show that maximum number based on the reported percentage of use.

Payroll Adoption Levels	Today	Growth	12 Months
Sample Solution Provider	9.26%	↑	9.92%

Our research then gathers quantitative and qualitative data from survey participants on four key factors that impact the overall customer relationship for each of their identified solutions:

Meets Business Needs:
We ask our respondents to rate how effective their specific HR solution is at meeting their organization's current business needs.

- Participants responding that the system always meets their needs are asked additional questions about the impact of that application.
- Participants responding that the system does not meet their needs are asked additional questions concerning the type of gaps and specific examples of those gaps.

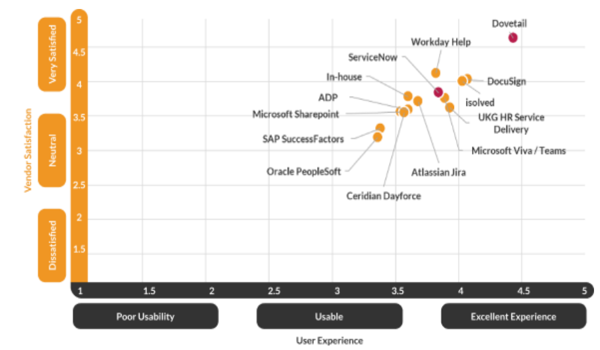
User Experience:
Respondents rank the quality of the user experience for all deployed applications on a scale of 1-5 (poor to excellent). We specifically ask them to focus their answers on the applications' end-user experience for all stakeholders, including IT, HR, managers, and employees.

Vendor Satisfaction:
Respondents rank the quality of their vendor relationships for all deployed applications on a scale of 1-5 (very dissatisfied to very satisfied).. We ask them to specifically focus on relationship factors such as service levels, vendor communications, and alignment of product roadmap to their needs.

All survey participants are then asked additional open-ended questions to provide further details on the reasons behind the specific ratings for user experience and vendor satisfaction.

Based on these answers, we provide an average user experience and vendor satisfaction rating for every application that receives a qualifying number of responses from validated buyers. This data is used to create our Voice of the Customer (VoC) charts for these 14 HR solutions:

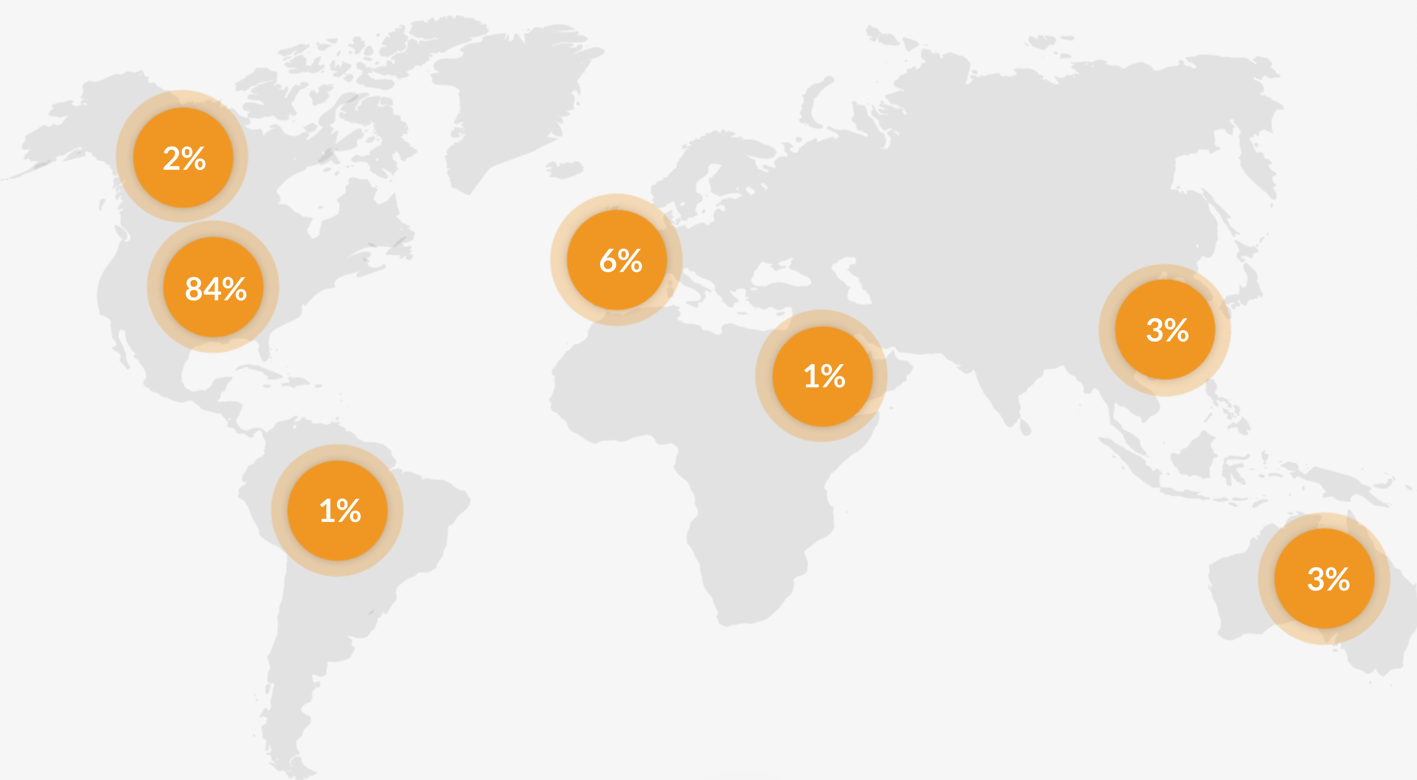
- Payroll
- HRMS
- Benefits
- Time Management
- HR Service Delivery
- HR Engagement Survey
- Learning
- Recruiting
- Onboarding
- Performance Management
- Compensation Management
- Rewards and Recognition
- Succession Management
- Analytics and Planning



Our goal with the data in this section is to provide a broad overview of the vendor landscape for all buyers and HR technology community members as they assess their current solutions and needs. Details on the vendors that achieving top ratings in each HR technology category can be found on the **Voice of the Customer HR Systems Top 5 Performers Page**.

ORGANIZATIONAL DEMOGRAPHICS OF SURVEY RESPONSES

The 27th Annual HR Systems Survey was conducted from May 1—June 26, 2024. The survey had approximately 6,000 initial responses. Our research methodology includes an extensive cleansing process to remove duplicate organization details and responses with known inaccuracies based on a series of data validation steps. This year's report and research analysis are based on responses from **3,318 unique organizations representing a total workforce of more than 25 million employees and contingent workers.**



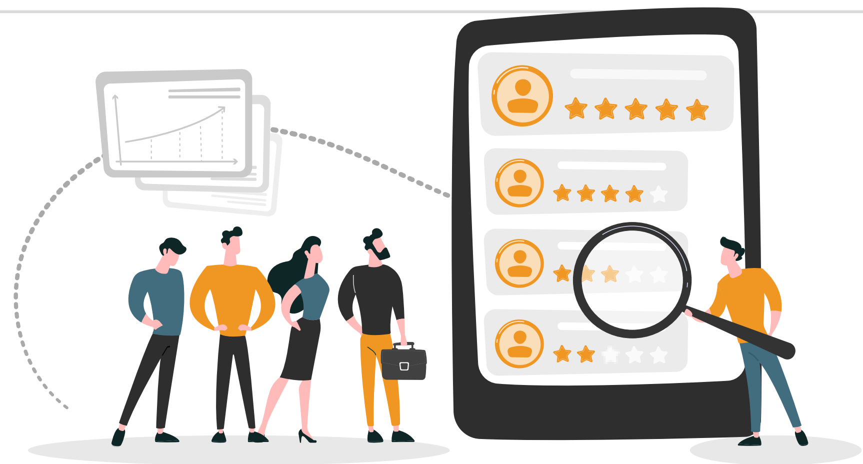
PARTICIPATION SKYROCKETED IN OUR 27TH YEAR!

Twenty-nine percent of respondents (644 organizations) have a workforce population in at least one additional country outside their headquarter locations. These global organizations have, on average, employees outside of headquarter locations in 18 countries. A total of **452** organizations (**15% of respondents**) are headquartered outside the United States.

3318	59	644
Unique Organizations	Countries	Global Organizations

25M+ Total Number of Employees Represented

THANK YOU!
2024-2025 ANNUAL HR SYSTEMS SURVEY PARTICIPANTS



NON-FINANCIAL OUTCOMES

Non-financial outcomes fall into three categories. Each survey respondent is asked to identify if, over the past year, talent, HR, and business outcomes declined, stayed the same, or improved on a scale of 0–5 (0=Sharply Declined to 5=Greatly Improved). Below are the aggregate scores for our survey respondents in 2024, along with the year-over-year changes from 2023.

Scale: 0–5 (DECLINED / NEUTRAL / IMPROVED)

		2024 #	YOY Change
TALENT OUTCOMES	Ability to attract top talent	2.87	No Change
	Ability to develop a highly qualified workforce	2.92	-.01
	Availability of workforce data for decision making	3.10	-.02
	Talent mobility; internal talent movement	2.94	-.06
	Retention of top talent	2.81	-.06
HR OUTCOMES	Employee engagement	2.88	-.12
	Employee and manager productivity	2.94	-.07
	HR alignment with business strategy	3.20	-.05
	HR cost efficiency	3.01	-.06
BUSINESS OUTCOMES	Competitive advantage	2.92	-.3
	Customer (constituent) satisfaction	3.04	-.04
	Innovation	3.09	-.04
	Market share	2.83	-.08
	Organizational profitability	2.89	-.06
	Customer retention	2.96	-.09

FIGURE 15: SIXTEEN INDUSTRY CATEGORIES

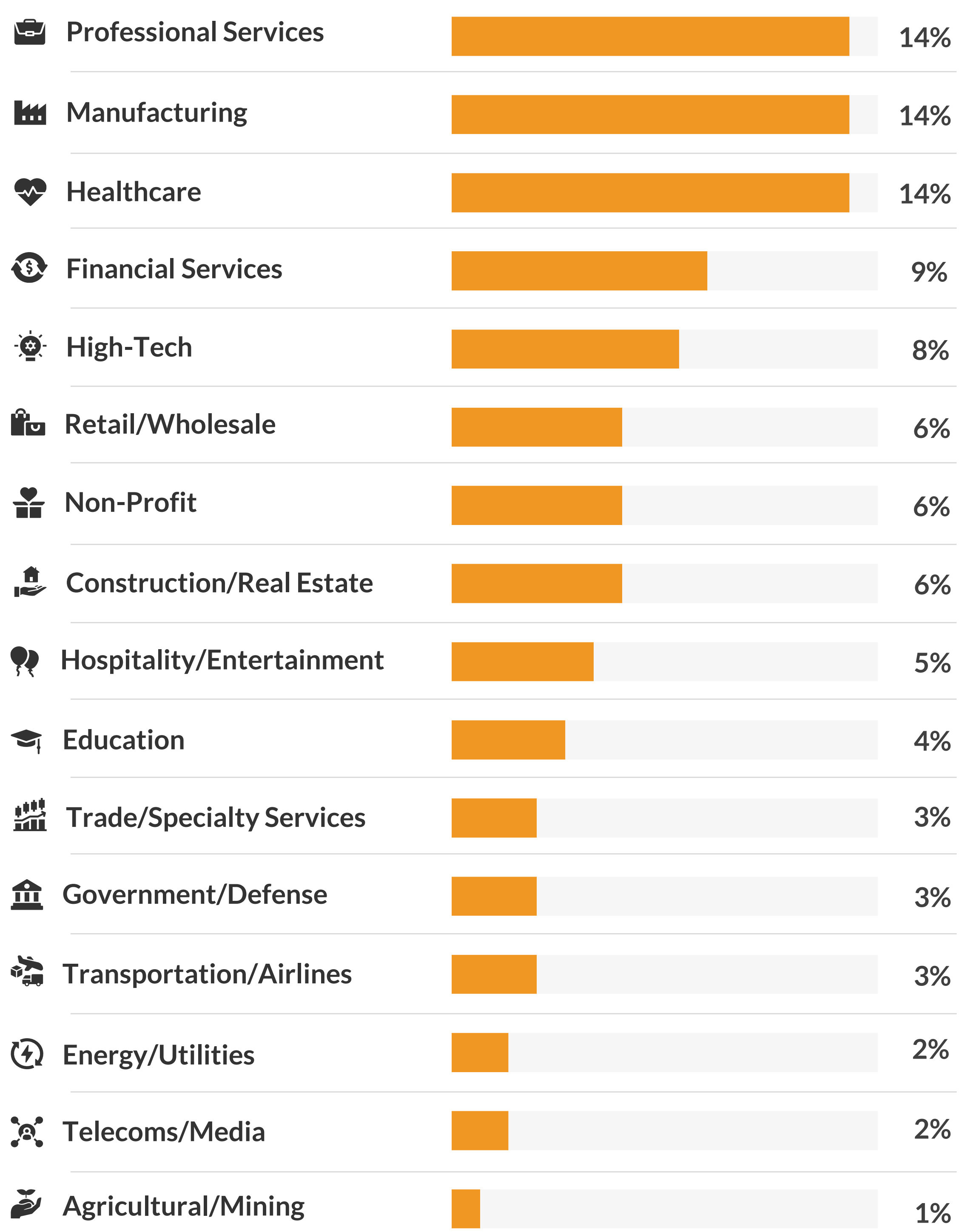
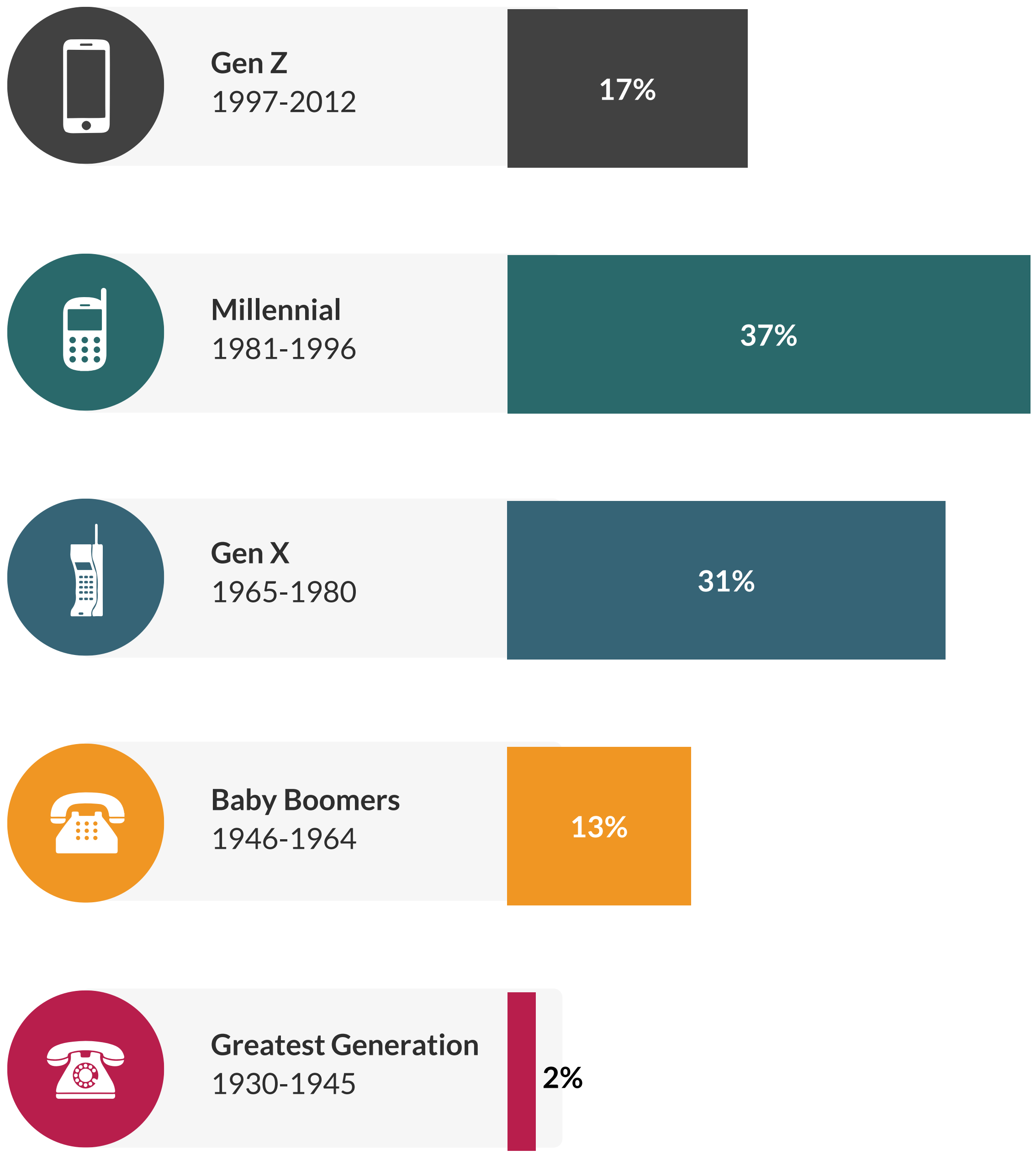


FIGURE 16: FIVE GENERATIONAL AVERAGES



The 2024–2025 data set includes organizations of all sizes across multiple industry segments. For purposes of this report, we categorize our data into:

- Seven aggregate regional areas
- Three organizational size categories
- Sixteen industry categories
- Five generational averages
- Six entity types

FIGURE 17: SEVEN AGGREGATE REGIONAL AREAS

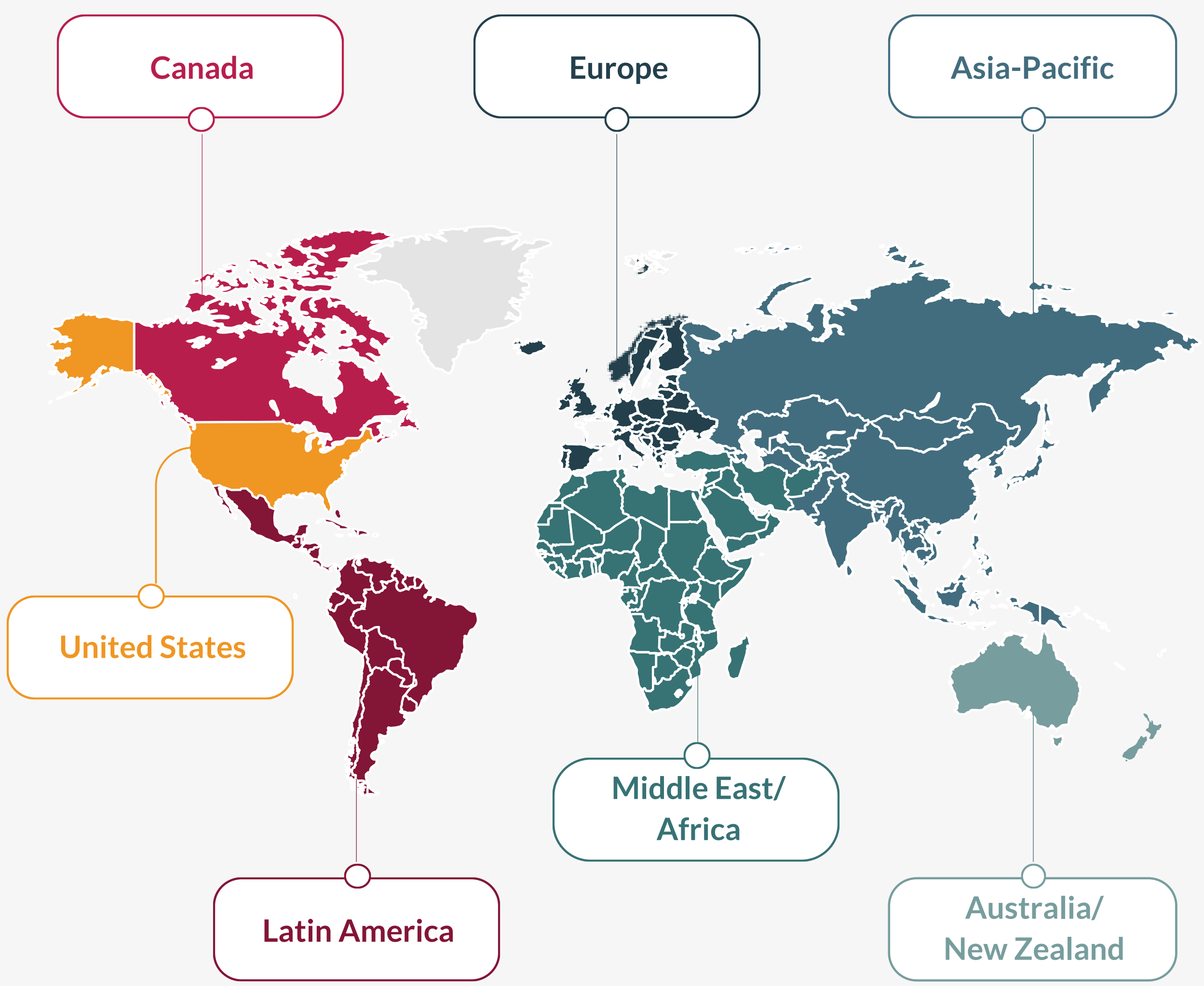
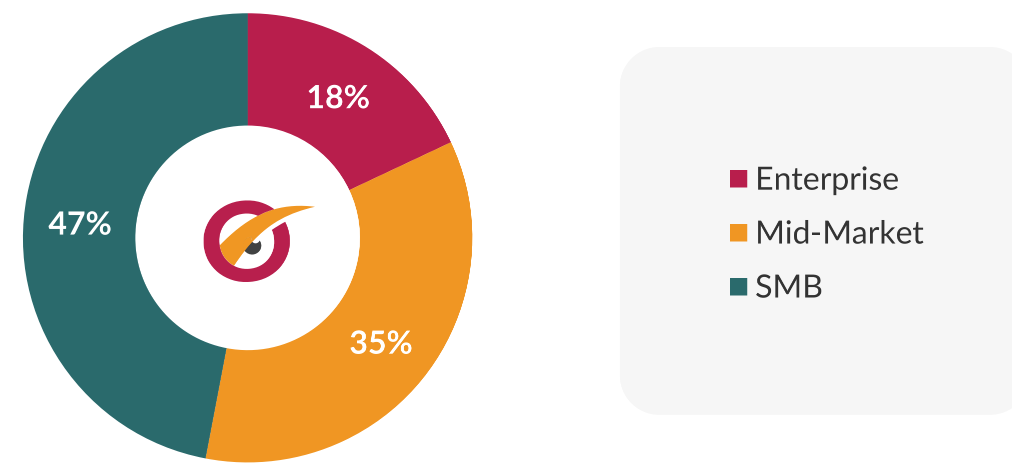


FIGURE 18: THREE ORGANIZATION SIZE CATEGORIES

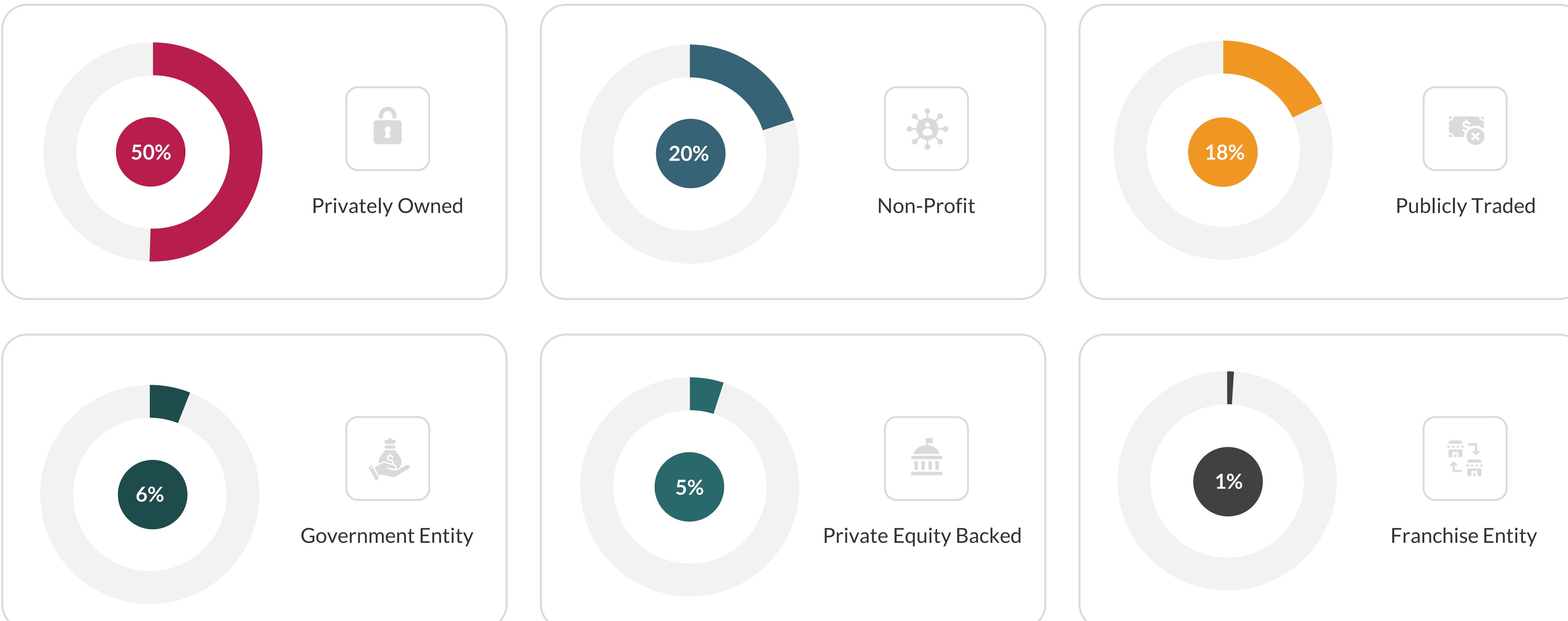


E Enterprise ≥5000 Employees

M Mid-Market 500-4999 Employees

S SMB <500 Employees

FIGURE 19: SIX ENTITY TYPES



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If you need data organized into a unique set of sizes, industry segments, or regions for benchmarking purposes, please contact us at Research@SapientInsights.com for information about our data services.

This year's major changes in organizational demographics are as follows:

PARTICIPATION:

This year's participation represents **the highest number of survey respondents in the Annual HR Systems Survey's history;** responses surpassed the previous high set in the 2023-2024 survey. Reasons for this include a focused and refined effort from survey distributors, internal marketing efforts led by our dedicated team, and growing interest in the HR tech space,

EMPLOYEE SIZE:

This year showed some slight variations in the SMB, mid-market, and enterprise-size categories. While we saw more representation from the mid-market (500-4999 employees) than in previous years, it was not statistically significant. Overall economic stability may have allowed some small companies (under 500 employees) to grow; but the change could also be the result of the usual expected statistical variations.

ENTITY TYPE:

We saw no drastic changes in the types of organizations represented, although there was a slight increase in the percentage of non-profits and a corresponding decrease in private-equity-backed organizations. We believe these changes are likely a result of changes in participant distribution and not a reflection of businesses as a whole.

INDUSTRY:

We saw little change in the industry segments represented this year. No industry segment changed more than a couple of percentage points, meaning that the representative sample of industry segments can be safely compared to last year's data.

REGIONAL:

This year, the percentage of respondents from geographical areas outside of North America decreased from previous years. However, due to the massive increase in respondents, the **total number of organizations in these areas represented in our survey increased significantly.**

GENERATIONAL WORKFORCES:

Two years has made a large difference in generational makeup of the workforce. In 2022, **Gen Z was only 8% of the workforce, and now that generation represents 17%.** In the opposite direction, the **Greatest Generation made up 10% of the workforce, in 2022, and now is down to only 2%.**. Interestingly, Gen X's representation has not changed (percentagewise) from last year likely because they are not quite retirement age but also because they will not have anyone new entering the workforce.

INDIVIDUAL PARTICIPANT DEMOGRAPHICS

DEMOGRAPHICS OF SURVEY RESPONDERS

Next, we take a look at the demographics of the individual professionals participating in this year's survey. For additional context, we asked participants a series of questions that spanned:

- Job role
- Department / function
- Years in current role
- Education level
- Certifications held
- Generation identification

FIGURE 20: BY ROLE

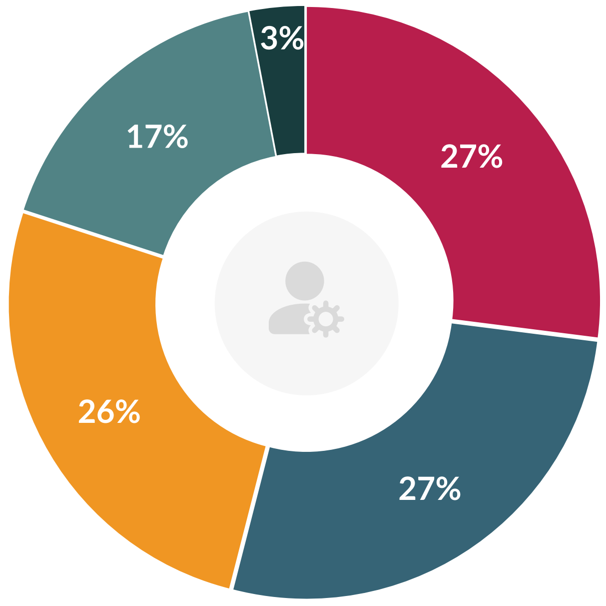


FIGURE 21: BY DEPARTMENT/FUNCTION

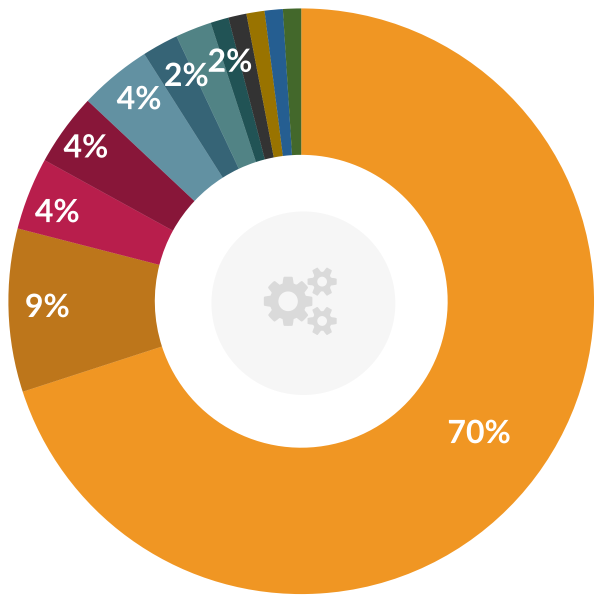


FIGURE 22: YEARS IN CURRENT ROLE

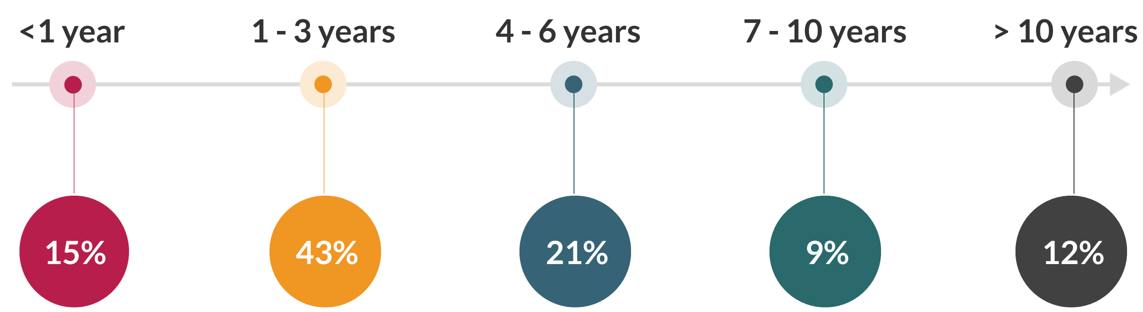


FIGURE 24: CERTIFICATIONS HELD

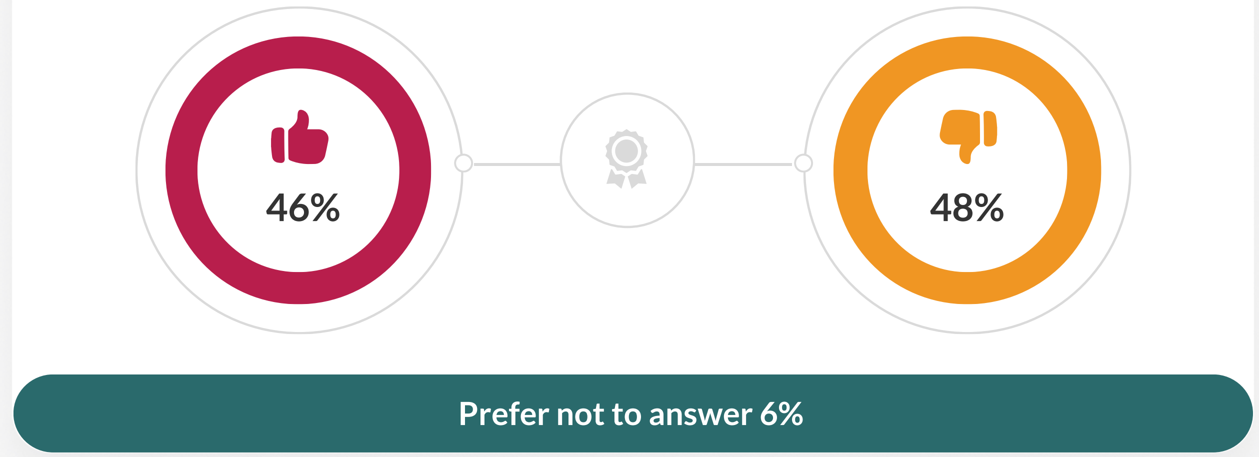


FIGURE 23: EDUCATION LEVEL

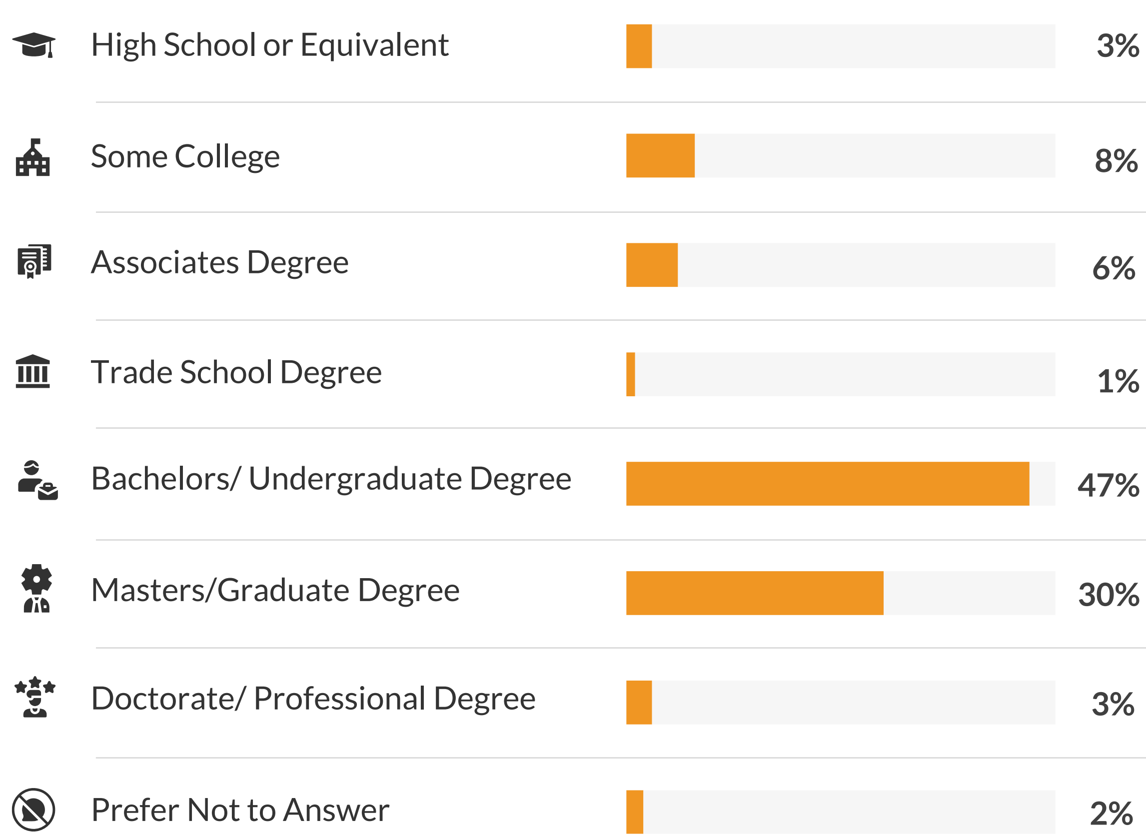


FIGURE 25: TOP 5 CERTIFICATIONS

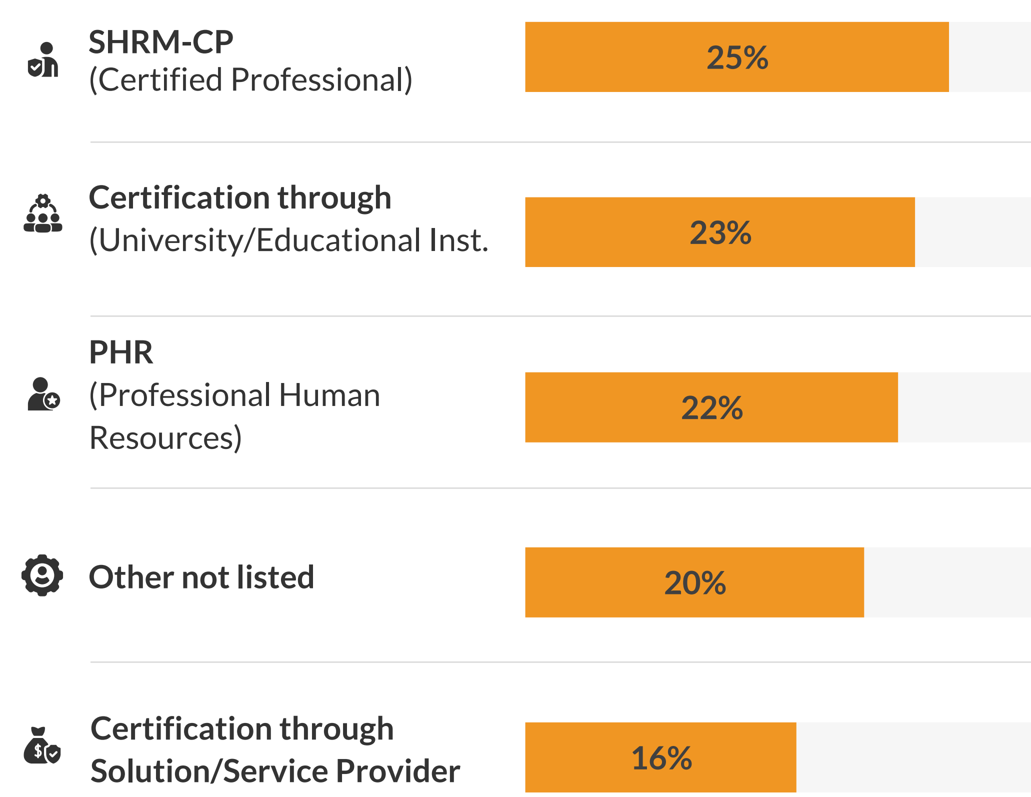
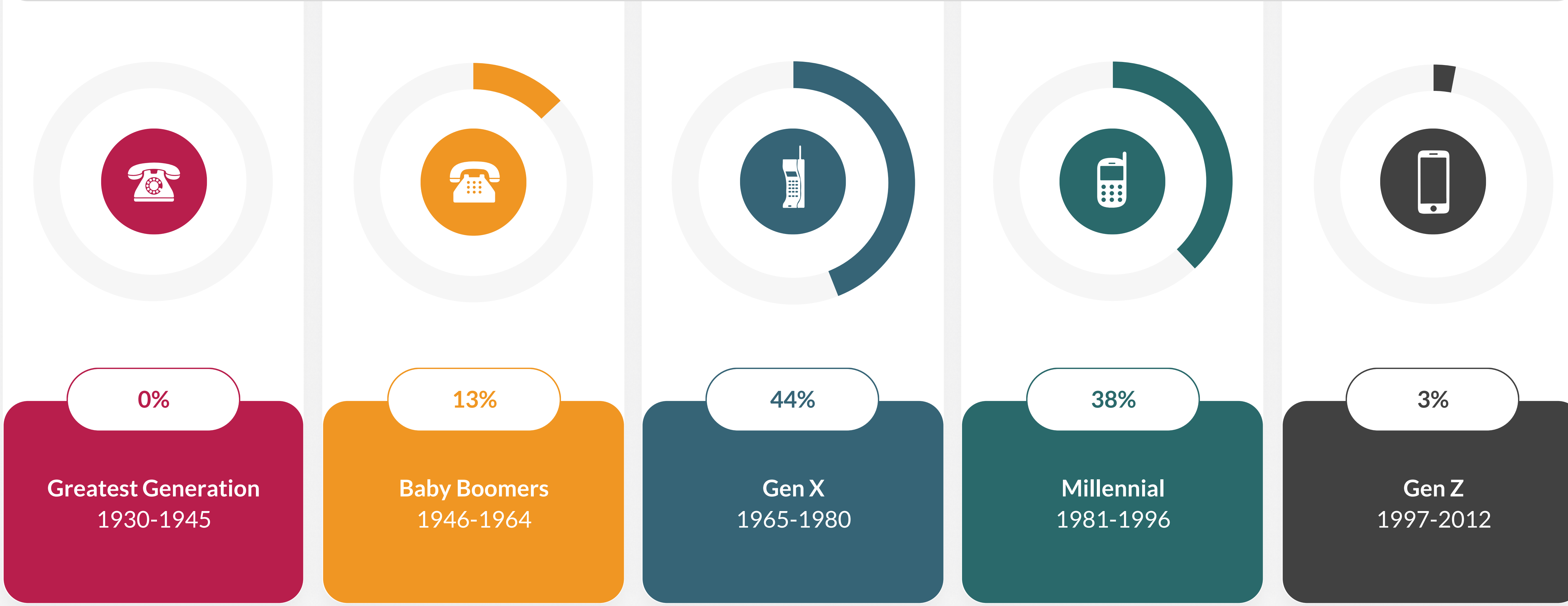


FIGURE 26: GENERATION IDENTIFICATION



2% PREFER NOT TO ANSWER

This year's major changes in participant demographics are as follows:

ROLE:

The minor variations in percentages of respondents by role can be easily explained by standard statistical fluctuations. There was a slight (2-3%) percentage decrease in managers, and a correspondingly small increase in individual contributors and directors in this year's survey responders. Otherwise, the responders' role demographics remain roughly the same as in 2023 with just short of half (47%) of responders in a director level role or higher.

GENERATIONAL MAKEUP:

Of all the demographics shifts we saw this year, the generational makeup of survey responders showed the most significant change. In 2023, Gen Xers made up the largest percentage of survey takers, with 49% , followed distantly by Millennials at 33%. This year, Gen X is still the most represented demographic but at only 44%, compared to Millennials at 38%. Also, as predicted, the Greatest Generation is no longer represented among respondents, although it is still represented (albeit in very small numbers) in the workforce.

FUNCTION:

As usual, the majority (76%) of respondents were from human resources and related fields. One interesting change from last year is the percentage of respondents from the executive leadership function, which nearly doubled from from 5% in 2023 to 9% this year.

EDUCATION:

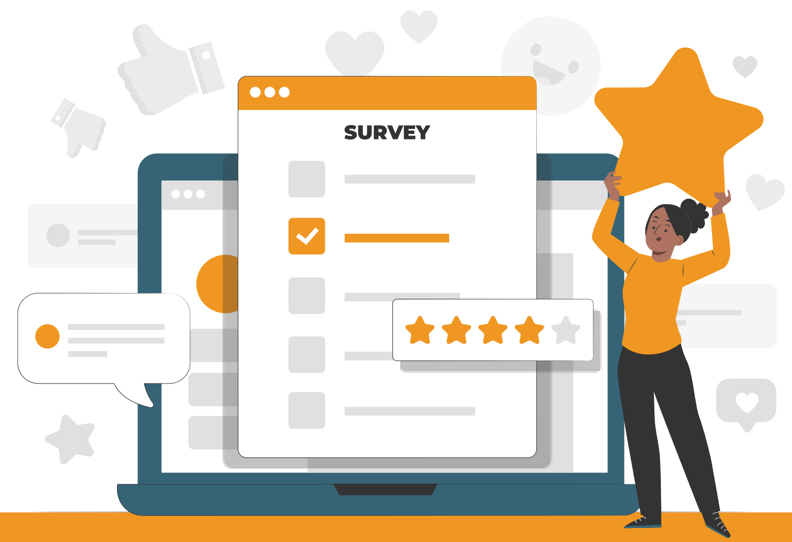
In terms of the educational levels of survey responders, this year's percentages were exactly the same as those from last year. So for the second year in a row, those with bachelor's degrees (or the equivalent) or higher degrees make up 80% of survey responders.

YEARS IN ROLE:

We continue to see a decline in job-related experience. In 2023, 54% percent of respondents had been in their roles for three years or less; that percentage went up to 58% this year. This corresponds with global employment trends, but it does raise the question on how long the trend can continue before reaching a natural tipping point.

CERTIFICATIONS:

Survey participants who held HR- or IT-specific certifications decreased again in 2024, continuing a downward trend observed in 2023. In fact, 2024 marks the first time in many years that fewer than 50% of survey takers had an HR or IT certification of any kind. This finding could be related to HR professionals being in their jobs for fewer years, on average, than ever before.



At Sapient Insights Group, we believe it's important to know why people participate in research since survey completion requires a significant amount of participant time and effort.

The figure on this page gives an overview of the reasons why participants participated in the 27th Annual HR Systems Survey. Topping the list is the desire to see the results and receive a free version of this report, followed by using the report data for benchmarking. The third and fourth most common reasons are related to the ongoing need to have informative conversations with others in the organization and to support HR work. Of course, there is no wrong reason to participate in the survey. We welcome all participants and appreciate the continued support of the HR community.

FIGURE 27: REASONS FOR PARTICIPATION IN 2024

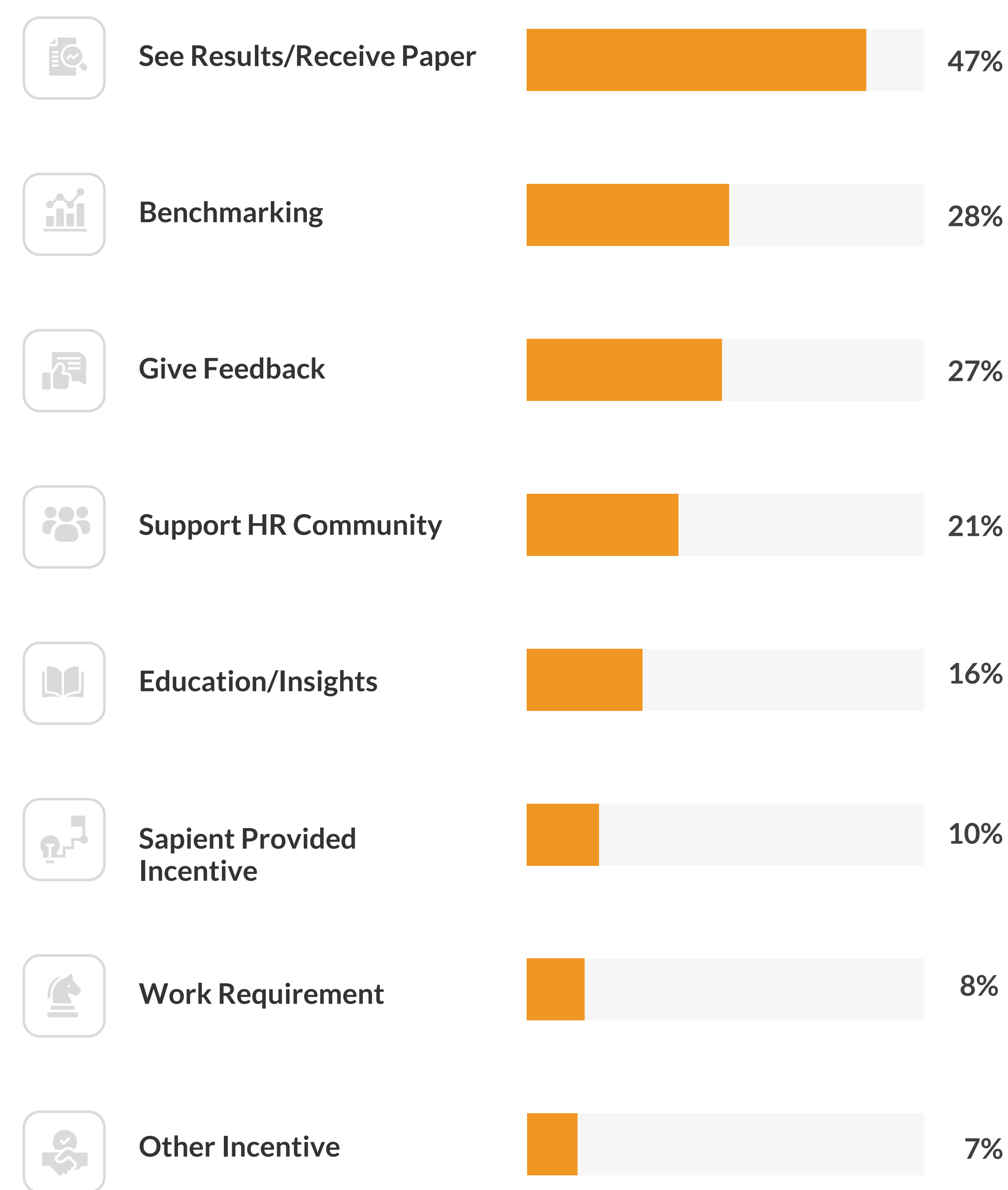


FIGURE 28: TOP 5 MOST VALUABLE RESEARCH TOPICS

	≥5000 EE	500-4999 EE	<500 EE
HR Process Improvement	57.8%	66.7%	69.9%
Emerging Trends in HR Tech	51.1%	41.7%	37.4%
HR Systems Adoption Strategy	36.3%	37.5%	25.6%
Artificial Intelligence	37.8%	23.6%	14.9%
Change Management Practices	14.8%	19.4%	22.9%
Vendor UX/VS Rankings	16.3%	20.5%	19.4%
Implementation Practices	11.9%	12.8%	22.0%

We also ask survey participants to select the research topics most valuable to them. As noted in the accompanying chart, the selections vary somewhat by company size.

HR process improvement is the top research topic in all three size categories. This is hardly a surprise considering the survey participants.

Emerging trends in HR tech is the next most valuable topic across all company sizes. However, it should be noted that the percentages of interested respondents from small and mid-market organizations did drop this year.

HR systems adoption strategy is the third most popular topic for small and mid-market organizations, and it is a close fourth topic of interest for enterprise organizations.

Artificial intelligence was a topic of frequent conversation in 2024, so it makes sense that the topic would be important to survey responders in mid-market and enterprise organizations. We are not surprised that AI didn't make the top ten list for respondents in small organizations since technology options for AI are limited for this group.

Other topic areas respondents could choose from include HR investment outcomes, expenditures and budgeting, security and data privacy, service delivery models, resourcing strategies, and social responsibility. The value survey takers placed on these topics is reflected in their order.

CELEBRATING OUR RESEARCH COMMUNITY

All survey participants who complete the survey and provide a valid business email will receive a copy of their results and a full copy of the 28th Annual HR Systems Survey Report. Ninety-six percent of participants request an individual snapshot comparing their responses with our aggregate data set for benchmarking purposes. We look forward to welcoming you to our rapidly growing HR community.

For more details on this year's 2024-2025 Annual HR Systems Survey data set, please contact us at Research@SapientInsights.com

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Communication and Change Management

Culture Building and Leadership Coaching

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- Informing technology vendors and investors using primary data, market landscapes, and analyst insights to guide product roadmaps, sales strategies, market pricing and vendor partnerships.
- Providing consultants with targeted data to shape their advice to customers and inform their consulting practices.

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Sapient Insights Group does not endorse any solution or vendor referenced in our research. This report consists of aggregate research data gathered from Sapient Insights Group's 2024-2025 HR Systems Survey, 27th Annual Edition, and insights from our analysts and consultants. The report, based on responses from around 6,000 respondents, is provided for informational purposes only.

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To request a media interview, email us at **Research@SapientInsights.com.**

More details on our research approach can be found on our website under **research methodology.**

To learn more about additional research efforts conducted by Sapient Insights Group, please visit **our website**.

Our research is an annual community effort; key aggregate findings can be found **here**.