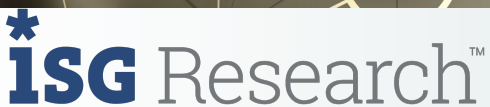


Compensation Management Buyers Guide

Software Provider and Product Assessment

A network diagram with various icons representing people and groups, connected by lines. The background is a blurred image of a group of people. A dark blue circle on the right contains the text 'EXECUTIVE SUMMARY'.

EXECUTIVE
SUMMARY

The logo for ISG Research, featuring a blue asterisk above the letters 'ISG' in a bold, sans-serif font, followed by the word 'Research' in a lighter, sans-serif font with a trademark symbol.

ISG Research™



Compensation Management

The strategic oversight of compensation planning and management processes plays a crucial role in how businesses attract, retain, and motivate talent within a competitive marketplace. Recent trends and innovations have significantly influenced this area, particularly through the adoption of technology and data analytics. As the digital transformation accelerates, enterprises are utilizing advanced software and artificial intelligence-driven tools to streamline compensation processes, enhance wage equity, and personalize employee rewards. Additionally, the rise of remote work and the gig economy has prompted a re-evaluation of compensation strategies to accommodate diverse work arrangements and expectations. This evolution necessitates flexible and inclusive approaches that not only address the changing needs of the workforce but also foster a more engaged and productive workplace culture.

ISG Research defines compensation management as designing, implementing, and overseeing of pay structures and incentivization schemes for employees within an organization. Compensation management practices directly influence employee motivation, retention and recruitment, ensuring the organization can attract and keep top talent in an increasingly competitive and dynamic marketplace. Organizations have long depended on technology to facilitate compensation management processes, evolving from spreadsheets to more sophisticated solutions that provide data-driven decision support with rich analytics and more consumerized user experiences. Enterprises are moving away from traditional methods, focusing instead on continuous compensation management that aligns with real-time market conditions and employee performance.



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Employees expect a more personalized experience in the workplace, especially when it comes to compensation and rewards. Total rewards, including compensation, benefits, perks and development opportunities, are competitive differentiators and should be a key part of an organization's efforts to attract and retain top talent. As the world experiences innovation and rapidly changing conditions, enterprises are feeling increasing pressure to

accommodate worker preferences in total compensation, where flexibility and personalization combined with equitable practices are critical. AI and machine learning technologies increasingly make it possible to personalize compensation and rewards in a way that scales. Today's digital tools for compensation management are innovating rapidly. They don't just personalize rewards; they also allow enterprises to model funding for compensation pools and structure pay according to their unique needs. These systems can handle a multitude of complex plans and automatically tweak compensation packages whenever an employee's



situation changes. They can also match jobs with market compensation data even when there are no direct comparisons available, helping enterprises understand the costs of making pay adjustments for specific job families or business sectors. This is especially important now that skills-based hiring is gaining traction. Enterprises are looking beyond just job titles to evaluate roles and pay based on the actual skills and competencies required, making it easier to ensure that everyone is compensated fairly, no matter where they fit in the organizational hierarchy.

In the past, compensation management involved issuing a compensation statement annually that outlined base salaries and bonuses. These statements have evolved significantly, to align with the expectations of workers, now showcasing the comprehensive investment an organization makes in each employee. This includes not only benefits—beyond just insurance and retirement plans—but also the value of accrued paid time off, potential variable compensation, incentive payout scenarios, various non-financial rewards and even investment in professional development. What was once a dreaded yearly review cycle for compensation and rewards has transformed into a more modern approach focused on continuous compensation management, met with enthusiasm. Historically, enterprises followed a cyclical process, assessing market conditions annually, or less frequently, to ensure competitive and fair employee remuneration. While this structured method helped gauge market trends, today's competitive landscape has prompted enterprises to adopt continuous planning as a crucial strategy. Those that use technology to constantly monitor and adapt their compensation plans will be better equipped to stay agile and responsive in an ever-changing market. By 2027, the compensation processes in one-quarter of enterprises will be deemed ineffective and require a strategic assessment as to whether the methods and systems are aligned to desired priorities and values.

Total Compensation Management
Market Assertion

By 2027, the compensation processes in one-quarter of enterprises will be deemed ineffective and require a strategic assessment as to whether the methods and systems are aligned to desired priorities and values.

Matthew Brown
Director of Research, HCM



ISG Research

Long-standing behaviors of compensation professionals have many businesses still leaning heavily on spreadsheets for managing and reporting data during compensation cycles. This process creates barriers for collaboration and deprives the enterprise of the benefits to be recognized through the adoption of compensation technologies. Research indicates that nearly one-third of enterprises using spreadsheets encounter occasional errors that result in incorrect employee payments, with an additional one-half identifying error before payment is processed. In 2024, there are far too many enterprises that still depend on spreadsheets in their compensation practices. Fortunately, today's top rewards platforms have evolved to offer a more user-friendly experience that mimics spreadsheet layouts, drastically reducing the learning curve while providing superior security and version control. Software today now includes powerful visualization tools, seamless integration with employee data and market pricing information, and enhanced modeling capabilities for what-if scenarios—far surpassing



what traditional spreadsheets can deliver. These systems significantly reduce the risk of data errors, which can lead to financial discrepancies or employee dissatisfaction, and position organizations for greater accuracy and efficiency in their compensation practices.



Today, ensuring pay equity is more critical than ever as workers increasingly expect fair compensation across all demographics, including race, gender, ethnicity, age and even geography.

Today, ensuring pay equity is more critical than ever as workers increasingly expect fair compensation across all demographics, including race, gender, ethnicity, age and even geography. This expectation aligns with the growing investor focus on environmental, social, and governance criteria, where social consciousness is becoming a vital consideration in investment choices. Coupled with evolving regulatory and legal requirements around pay transparency and compensation practices, the spotlight on pay equity is intensifying. Yet, strikingly, fewer than one-half of enterprises actively manage compensation equitably. To address these challenges, using these advanced systems, businesses can make informed and equitable compensation decisions, streamline compliance with regulations, and demonstrate a genuine commitment to fairness and inclusivity in their compensation practices.

The ISG Buyers Guide™ for Compensation Management evaluates products based on their ability to deliver against the capabilities as defined to support general

best practices for compensation management processes at large organizations. These capabilities include, but are not limited to, administration of employee wages, salaries, bonuses and benefits. It is important to evaluate software for the organization's specific needs because it can directly impact employee satisfaction, retention and compliance with legal standards. To be included in this Buyers Guide, products must include capabilities that support overall compensation operations and compensation management needs, as well as the needs of multiple personas involved in the compensation management activities (employees, managers, administrators and executives), integration with various tools and processes in support of compensation management practices, and support for multiple aspects of ensuring pay equity. Some of the providers featured in this guide may also offer features that support aspects of the compensation planning processes, but those capabilities are not in scope for this report.

This research evaluates the following software providers that offer products that address key elements of compensation management as we define it: ADP, beqom, Cornerstone OnDemand, Darwinbox, Dayforce, HiBob, HRSoft, Infor, isolved, Oracle, Paycom, Paycor, Paylocity, PeopleFluent, Salary.com, SAP, UKG, Unit4 and Workday.



Buyers Guide Overview

For over two decades, ISG Research has conducted market research in a spectrum of areas across business applications, tools and technologies. We have designed the Buyers Guide to provide a balanced perspective of software providers and products that is rooted in an understanding of the business requirements in any enterprise. Utilization of our research



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methodology and decades of experience enables our Buyers Guide to be an effective method to assess and select software providers and products. The findings of this research undertaking contribute to our comprehensive approach to rating software providers in a manner that is based on the assessments completed by an enterprise.

The ISG Buyers Guide™ for Compensation Management is the distillation of over a year of market and product research efforts. It is an assessment of how well software providers' offerings address enterprises' requirements for compensation management software. The index is structured to support a request for information (RFI) that could be used in the request for proposal (RFP) process by incorporating all criteria needed to evaluate, select, utilize and maintain relationships with software providers. An effective product and customer experience with a provider can ensure the best long-term relationship and value achieved from a resource and financial investment.

In this Buyers Guide, ISG Research evaluates the software in seven key categories that are weighted to reflect buyers' needs based on our expertise and research. Five are product-experience related: Adaptability, Capability, Manageability, Reliability and Usability. In addition, we consider two customer-experience categories: Validation and Total Cost of Ownership/Return on Investment (TCO/ROI). To assess functionality, one of the components of Capability, we applied the ISG Research Value Index methodology and blueprint, which links the personas and processes for compensation management to an enterprise's requirements.

The structure of the research reflects our understanding that the effective evaluation of software providers and products involves far more than just examining product features, potential revenue or customers generated from a provider's marketing and sales efforts. We believe it is important to take a comprehensive, research-based approach, since making the wrong choice of compensation management technology can raise the total cost of ownership, lower the return on investment and hamper an enterprise's ability to reach its full performance potential. In addition, this approach can reduce the project's development and



deployment time and eliminate the risk of relying on a short list of software providers that does not represent a best fit for your enterprise.

ISG Research believes that an objective review of software providers and products is a critical business strategy for the adoption and implementation of compensation management software and applications. An enterprise's review should include a thorough analysis of both what is possible and what is relevant. We urge enterprises to do a thorough job of evaluating compensation management systems and tools and offer this Buyers Guide as both the results of our in-depth analysis of these providers and as an evaluation methodology.



How To Use This Buyers Guide

Evaluating Software Providers: The Process

We recommend using the Buyers Guide to assess and evaluate new or existing software providers for your enterprise. The market research can be used as an evaluation framework to establish a formal request for information from providers on products and customer experience and will shorten the cycle time when creating an RFI. The steps listed below provide a process that can facilitate the best possible outcomes.

1. Define the business case and goals.
Define the mission and business case for investment and the expected outcomes from your organizational and technological efforts.
2. Specify the business needs.
Defining the business requirements helps identify what specific capabilities are required with respect to people, processes, information and technology.
3. Assess the required roles and responsibilities.
Identify the individuals required for success at every level of the enterprise from executives to frontline workers and determine the needs of each.
4. Outline the project's critical path.
What needs to be done, in what order and who will do it? This outline should make clear the prior dependencies at each step of the project plan.
5. Ascertain the technology approach.
Determine the business and technology approach that most closely aligns to your enterprise's requirements.
6. Establish software provider evaluation criteria.
Utilize the product experience: Adaptability, Capability, Manageability, Reliability and Usability, and the customer experience in TCO/ROI and Validation.
7. Evaluate and select the technology properly.
Weight the categories in the technology evaluation criteria to reflect your enterprise's priorities to determine the short list of software providers and products.
8. Establish the business initiative team to start the project.
Identify who will lead the project and the members of the team needed to plan and execute it with timelines, priorities and resources.



The Findings

All of the products we evaluated are feature-rich, but not all the capabilities offered by a software provider are equally valuable to types of workers or support everything needed to manage products on a continuous basis. Moreover, the existence of too many capabilities may be a negative factor for an enterprise if it introduces unnecessary complexity. Nonetheless, you may decide that a larger number of features in the product is a plus, especially if some of them match your enterprise’s established practices or support an initiative that is driving the purchase of new software.

Factors beyond features and functions or software provider assessments may become a deciding factor. For example, an enterprise may face budget constraints such that the TCO evaluation can tip the balance to one provider or another. This is where the Value Index methodology and the appropriate category weighting can be applied to determine the best fit of software providers and products to your specific needs.

Overall Scoring of Software Providers Across Categories

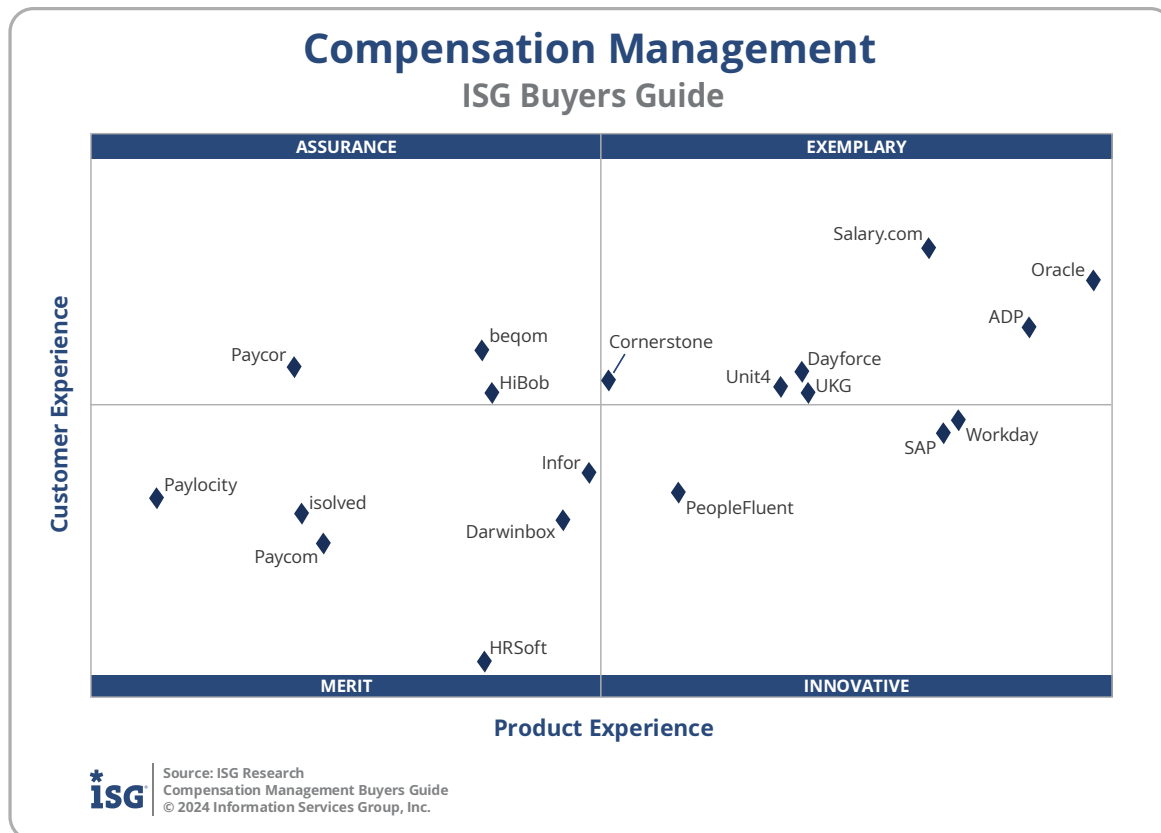
The research finds Oracle atop the list, followed by Salary.com and ADP. Companies that place in the top three of a category earn the designation of Leader. ADP has done so in seven categories; Oracle in six; Salary.com in three; UKG in two and SAP and Dayforce in one category.

The overall representation of the research below places the rating of the Product Experience and Customer Experience on the x and y axes, respectively, to provide a visual representation and classification of the software providers. Those providers whose Product Experience have a higher weighted performance to the axis in aggregate of the five product categories place farther to the right, while the performance and weighting for the two Customer Experience categories determines placement on the vertical axis. In short, software providers that place closer to the upper-right on this chart performed better than those closer to the lower-left.

The research places software providers into one of four overall categories: Assurance, Exemplary, Merit or Innovative. This representation classifies providers’ overall weighted performance.

Compensation Management Overall			
Providers	Grade	Performance	
Oracle	A	Leader	88.9%
Salary.com	A	Leader	87.6%
ADP	A-	Leader	86.7%
Workday	A-		83.4%
SAP	A-		82.6%
Dayforce	A-		82.1%
Unit4	B++		81.0%
UKG	B++		80.9%
beqom	B++		79.5%
PeopleFluent	B++		79.2%
Cornerstone	B++		78.5%
HiBob	B++		77.2%
Darwinbox	B++		76.1%
Infor	B+		75.0%
Paylocity	B+		72.9%
HRSOFT	B+		72.3%
isolved	B+		72.0%
Paycom	B+		68.8%
Paycor	B		68.0%

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Exemplary: The categorization and placement of software providers in Exemplary (upper right) represent those that performed the best in meeting the overall Product and Customer Experience requirements. The providers rated Exemplary are: ADP, Cornerstone, Dayforce, Oracle, Salary.com, UKG and Unit4.

Innovative: The categorization and placement of software providers in Innovative (lower right) represent those that performed the best in meeting the overall Product Experience requirements but did not achieve the highest levels of requirements in Customer Experience. The providers rated Innovative are: PeopleFluent, SAP and Workday.

Assurance: The categorization and placement of software providers in Assurance (upper left) represent those that achieved the highest levels in the overall Customer Experience requirements but did not achieve the highest levels of Product Experience. The providers rated Assurance are: beqom, HiBob and Paycor.

Merit: The categorization of software providers in Merit (lower left) represents those that did not exceed the median of performance in Customer or Product Experience or surpass the threshold for the other three categories. The providers rated Merit are: Darwinbox, HRSoft, Infor, isolved, Paycom and Paylocity.



We warn that close provider placement proximity should not be taken to imply that the packages evaluated are functionally identical or equally well suited for use by every enterprise or for a specific process. Although there is a high degree of commonality in how enterprises handle compensation management, there are many idiosyncrasies and differences in how they do these functions that can make one software provider's offering a better fit than another's for a particular enterprise's needs.

We advise enterprises to assess and evaluate software providers based on organizational requirements and use this research as a supplement to internal evaluation of a provider and products.



Product Experience

The process of researching products to address an enterprise’s needs should be comprehensive. Our Value Index methodology examines Product Experience and how it aligns with an enterprise’s life cycle of onboarding, configuration, operations, usage and maintenance. Too often, software providers are not evaluated for the entirety of the product; instead, they are evaluated on market execution and vision of the future, which are flawed since they do not represent an enterprise’s requirements but how the provider operates. As more software providers orient to a complete product experience, evaluations will be more robust.

The research results in Product Experience are ranked at 80%, or four-fifths, of the overall rating using the specific underlying weighted category performance. Importance was placed on the categories as follows: Usability (20%), Capability (25%), Reliability (10%), Adaptability (10%) and Manageability (15%). This weighting impacted the resulting overall ratings in this research. Oracle, ADP and Workday were designated Product Experience Leaders.

Many enterprises will only evaluate capabilities for workers in IT or administration, but the research identified the criticality of Usability (20% weighting) across a broader set of usage personas that should participate in compensation management.

Compensation Management Product Experience			
Providers	Grade	Performance	
Oracle	A	Leader	72.2%
ADP	A	Leader	70.2%
Workday	A-	Leader	69.0%
SAP	A-		68.7%
Salary.com	A-		68.5%
UKG	A-		66.1%
Dayforce	A-		66.0%
Unit4	A-		65.6%
PeopleFluent	B++		63.9%
Cornerstone	B++		63.3%
Infor	B++		62.8%
Darwinbox	B++		62.0%
HiBob	B++		60.8%
HRSOFT	B++		60.7%
beqom	B++		60.6%
Paycom	B+		57.9%
isolved	B+		57.6%
Paycor	B+		57.5%
Paylocity	B+		55.2%

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Customer Experience

The importance of a customer relationship with a software provider is essential to the actual success of the products and technology. The advancement of the Customer Experience and the entire life cycle an enterprise has with its software provider is critical for ensuring satisfaction in working with that provider. Technology providers that have chief customer officers are more likely to have greater investments in the customer relationship and focus more on their success. These leaders also need to take responsibility for ensuring this commitment is made abundantly clear on the website and in the buying process and customer journey.

The research results in Customer Experience are ranked at 20%, or one-fifth, using the specific underlying weighted category performance as it relates to the framework of commitment and value to the software provider-customer relationship. The two evaluation categories are Validation (10%) and TCO/ROI (10%), which are weighted to represent their importance to the overall research.

The software providers that evaluated the highest overall in the aggregated and weighted Customer Experience categories are Salary.com, Oracle and ADP. These category leaders best communicate commitment and dedication to customer needs.

Several software providers we evaluated did not have sufficient information available through websites and presentations to evaluate Customer Experience. While few have customer case studies to promote success, others lack depth in articulating commitment to customer experience and an enterprise’s compensation management journey. As the commitment to a software provider is a continuous investment, the importance of supporting customer experience in a holistic evaluation should be included and not underestimated.

Compensation Management		
Customer Experience		
Providers	Grade	Performance
Salary.com	A	Leader 18.2%
Oracle	A-	Leader 16.8%
ADP	A-	Leader 16.5%
beqom	B++	15.8%
Paycor	B++	15.5%
Dayforce	B++	15.1%
Cornerstone	B+	15.0%
Unit4	B+	14.9%
HiBob	B+	14.8%
UKG	B+	14.8%
Workday	B+	14.5%
SAP	B+	14.2%
Infor	B	13.2%
PeopleFluent	B	12.9%
Paylocity	B	12.8%
isolved	B	12.6%
Darwinbox	B-	12.4%
Paycom	B-	11.9%
HRSOft	C+	9.3%

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Appendix: Software Provider Inclusion

For inclusion in The ISG Buyers Guide™ for Compensation Management in 2024, a software provider must be in good standing financially and ethically, have at least \$10 million in annual or projected revenue verified using independent sources, sell products and provide support on at least two continents, and have at least 50 customers. The principal source of the relevant business unit's revenue must be software-related and there must have been at least one major software release in the last 18 months.

Compensation management is a critical HR function that encompasses analyzing, defining, and overseeing the salary, incentives and benefits of every worker within an organization. Its strategic focus lies in aligning employee compensation with business goals. The activities involved in compensation management include conducting internal and external research to benchmark salary ranges, developing pay structures, setting pay rates, designing bonus plans, conducting job evaluations, administering bonuses and ensuring that the compensation and benefit management program aligns with the enterprise's goals and values.

The research is designed to be independent of the specifics of software provider packaging and pricing. To represent the real-world environment in which businesses operate, we include providers that offer suites or packages of products that may include relevant individual modules or applications. If a software provider is actively marketing, selling and developing a product for the general market and it is reflected on the provider's website that the product is within the scope of the research, that provider is automatically evaluated for inclusion.

All software providers that offer relevant compensation management products and meet the inclusion requirements were invited to participate in the evaluation process at no cost to them.

Software providers that meet our inclusion criteria but did not completely participate in our Buyers Guide were assessed solely on publicly available information. As this could have a significant impact on classification and ratings, we recommend additional scrutiny when evaluating those providers.



Products Evaluated

Provider	Product Names	Version	Release Month/Year
ADP	ADP Compensation Management	SaaS	August 2024
beqom	beqom	SaaS	August 2024
Cornerstone	Cornerstone Compensation	SaaS	August 2024
Darwinbox	Compensation Planning	SaaS	August 2024
Dayforce	Dayforce Compensation	SaaS	August 2024
HiBob	HiBob Compensation Management	SaaS	August 2024
HRSOFT	HRSOFT	SaaS	August 2024
Infor	Infor Compensation Management	SaaS	August 2024
isolved	isolved Compensation Management	10.8	May 2024
Oracle	Oracle Cloud Workforce Compensation	24C	August 2024
Paycom	Compensation Budgeting	SaaS	August 2024
Paycor	Compensation Management	SaaS	August 2024
Paylocity	Compensation Management	SaaS	August 2024
PeopleFluent	PeopleFluent Compensation	24.07	July 2024
Salary.com	CompAnalyst	SaaS	August 2024
SAP	SuccessFactors Compensation	1H 2024	May 2024
UKG	UKG Pro Compensation	2024.R1	May 2024
Unit4	Unit4 Compensation Planning	SaaS	August 2024
Workday	Workday Compensation	2024R1	March 2024



Providers of Promise

We did not include software providers that, as a result of our research and analysis, did not satisfy the criteria for inclusion in this Buyers Guide. These are listed below as “Providers of Promise.”

Provider	Product	Revenue	Countries	Customers	Capability
CompLogix	CompLogix Compensation	No	Yes	Yes	Yes
Decusoft	Decusoft Compose	No	Yes	Yes	Yes
emPerform	emPerform	No	Yes	Yes	Yes
Leapsome	Leapsome Compensation	No	Yes	Yes	Partial
MorganHR	SimplyMerit	No	No	Yes	Yes
Zimyo	Zimyo Compensation	No	Yes	Yes	Yes



About ISG Software Research

ISG Software Research provides authoritative market research and coverage on the business and IT aspects of the software industry. We distribute research and insights daily through our [community](#), and we provide a portfolio of consulting, advisory, research and education services for enterprises, software and service providers and investment firms. Our premier service, ISG Software Research On-Demand, provides structured education and advisory support with subject-matter expertise and experience in the software industry. ISG Research Buyers Guides support the RFI/RFP process and help enterprises assess, evaluate and select software providers through tailored [Assessment Services](#) and our Value Index methodology. Visit www.ventanaresearch.com to sign up for free community membership with access to our research and insights.

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