



Workforce Management Technology: 2022 Market Guide

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Sponsors:



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INTRODUCTION

What "workforce management" means, has changed.

Workforce Management sounds simple, but is actually a complex series of functions designed to let organizations understand the workforce they have, maximize the deployment of that workforce to meet compliance, productivity, customer satisfaction, and other business goals, as well as understand where gaps of talent may exist in the future.

Over the last few months, our team met with dozens of HR teams, technology vendors, company workforce management leaders, and crowdsourced thoughts and experiences on social media to figure out what people think "workforce management" means. While in the past, answers were pretty much all the same. This year, our 20+ conversations all ended uniquely.

Historically, these tools were about time and attendance, scheduling, and leave management. This was vital technology when it was first released decades ago and even more important today. However, as business has become more complex and filled with more types of workers and career paths than ever, an entire ecosystem of software solutions and categories has popped up to provide deeper insight into mobilizing and managing your workforce.

Today's complex tech stack includes those core technologies and expands into employee-driven technology, contingent worker management, and the latest in workforce and people intelligence to drive business impact.

One reason for the movement in focus in today's tech stack is the greater understanding of the impact of worker engagement and experience on the core outcomes of the business.

As this continues to evolve, the strategy behind managing the workforce includes more and more features that blur the technology lines between traditional workforce management and talent management or the emerging employee experience focus.

While there are several similarities in strategy and technology, the primary difference when discussing each is the driver or focus on the end goal.

Workforce management focuses on solving the business issues related to managing the workforce - worker distribution, future planning, scheduling, compliance, customer satisfaction, productivity, etc. Employee experience and talent management focus on the day-to-day management of the individual vs. total workforce and give the individual workers more impact and control as they manage their careers. All are vital parts of a complete workforce strategy.

33%

***of companies have
uncertainty around the
value and impact of
workforce management
software¹***

Our 2022 research shows higher than expected uncertainty around the tools within the workforce management tech stack for a category that is so mature. It also shows that the number of companies buying various categories under workforce management is 32%-46% depending on the product. A significant amount of movement in this space.

Today's workforce management technology starts before someone has become an employee and includes a focus on contingent workers and data intelligence in a way we only dreamed of a decade ago.

Our goal in this paper is to help you understand what workforce management is, how modern companies are starting to look at it, the business impact of doing it right, and some insight into the tools and solutions that make up today's workforce management tech stack.

KEY INSIGHTS.

01

Candidates and employees are shifting priorities around work, changing how organizations recruit and retain talent. Companies are making changes to their workforce management strategies to support the shifts.

02

The workforce as we know it is changing and filled with all types of non-traditional workers. This started prior to the pandemic and only escalated.

03

16 categories of workforce management tools are represented on the tech stack and defined in this report. We expect to see massive consolidation in the next 36 months in this market - making the technology even better for the companies using it.

04

The most significant shift in the tech stack is the focus on people intelligence and better use of data to create workforce planning outcomes at the executive levels. Closely behind is the true inclusion of contingent workforce tools.

05

Companies will leverage more people intelligence data to connect worker outcomes to forecasting numbers, global growth targets, individual preferences, and utilizing a workforce that is not exclusively "employee" - doing so should provide better support for the workers and reduce headcount shifts and layoffs with re-deployment of talent being easily identifiable.



Part 1

EVOLUTION OF

WORKFORCE

MANAGEMENT

From the earliest points of history, work has existed.

In some cases, people worked only when needed - trading their own goods or labor in exchange for service, supplies, or money. In other cases, work for a particular person or group was consistent, but the hours could be extreme or exploitative with the compensation offered.

With the rise of the Industrial Revolution happening globally in the 1840s, the relationship between workers and business became calculated by how many hours it took to do the job, still often requiring extreme conditions and inconsistent pay².

It wasn't until 1869 that US President Ulysses S. Grant first guaranteed federal workers a base income and set a standard eight-hour workday. In 1890, more than two decades later, the government began to track the hours private sector employees were working and found the average manufacturing worker was still working more than 100 hours a week³.

As companies started tracking how labor hours impacted employees' productivity and output, mathematicians and scientists saw relationships. They started the research which laid the foundation for workforce management.

With the cost of employee overhead now quantified, statistics could be used to predict profit and price in controlled settings.

In the 1920s, Henry Ford used this research to determine the optimal effectiveness of the workforce - and how changing compensation, employee satisfaction, and hours worked could be used to increase his profits - both directly and indirectly. Instead of working more hours or cutting pay to increase profits, he took a different approach to the data and focused on retention. To make people want to work there, stay there, and have the time and money to buy the products they were building, Ford was one of the first large companies to move not only to fair wages but also to a 5-day, 40-hour work week. That was more than a decade before the US Government enacted the Fair Labor Standards Act, which made 40 hours per week the maximum for private sector workers⁴.

As regulations around hours worked were enacted, keeping track of employee schedules became challenging and required. Companies were tasked with knowing the hours an employee was expected to work, ensuring the right people were in the right roles for maximizing productivity, and having clear records of the time they actually did work all at the same time. This became the baseline for today's modern workforce management.

The standard 40-hour work week wasn't common until the 1920s, when Henry Ford used workforce planning to understand how that would impact his bottom line and help sell more cars.

The historical impact of workforce management technology is also surprisingly engrained in this process. It was the mid-1800s when jewelers in Germany first realized clocks could be used and mass-produced as "time clocks" to track the hours worked in manufacturing and farming organizations. By 1910, nearly half a dozen manufacturers of this technology globally, including one who would eventually become IBM⁵.

**Today's
workforce
management
tech stack
includes
several tools
that weren't
traditionally
included.**

More recently (1970's), it was Kronos (now UKG) who became the first time clock company to connect their timekeeping tool into a punch-card system that worked with a microprocessor (computer) - moving what is workforce technology into the modern era. This new system calculated things like total hours worked, provided attendance reports, and could be linked to payroll systems for processing⁶.

As businesses expanded the use of technology, technology expanded to integrate with the business data.

Since then, workforce management technology has continued to evolve and expand - but remained focused on the core products of time, attendance, and scheduling.

Over the past decade, as work and technology as continued to evolve, so has workforce management tools.

Today's workforce management tech stack has 15 categories, many of which were not traditionally found in conversations around workforce management - like internal mobility and people intelligence platforms. A major part of this is the shifting workforce, increased focus on retention, and technology that can now take core workforce insights and combine them with the data points of dozens of other human resources, business, sales, and finance solutions to see the direct business effect of a properly managed (and engaged) workforce.

**The workforce
management tech
stack is changing...**

**because the
workforce has
changed.**





Part 2

WORKFORCE MANAGEMENT: TODAY

At the highest level, workforce management is about understanding how the talent and people available to you can best be utilized to support today's business needs and take the business to the desired future state.

On a more day-to-day basis, workforce management allows organizations to know who is available for work at any given time, what they can do, and how to mobilize them effectively to meet company productivity and compliance goals. This occurs on a more regular basis than workforce planning and is done to manage the day-to-day needs of the business. Doing this well results in cost optimization and reduction⁷, improved productivity⁸, higher retention, and improved employee value propositions⁹.

Over the last decade, the workforce has evolved - how we work, who is working, and where we work has been expanded, modified, and redefined. Understanding today's new workforce and how technology can support these efforts will help you make more strategic decisions that impact the business's bottom line and legal protection with compliance.

Although Workforce Management solutions and plans often use models and data, it's essential to understand that no model will be perfect. The goal isn't to be perfect; it's to identify trends that help you make more informed decisions. We encourage HR professionals considering buying or already using these solutions not to wait for the data to be perfect to start leveraging it.

How we work today

Over the past several years, more people are choosing to work as part of the contingent workforce, and businesses are hiring more of this type of worker. As of 2019, there were roughly 54 million contingent workers in the US alone¹⁰, and 47% of managers are more likely to hire contingent workers now than in 2020¹¹. The various non-direct workers comprise the contingent workforce. They function in several capacities within an organization, providing short and long-term services and specialized expertise that may not be necessary or readily available in-house.

With so many more kinds of workers and so many more people choosing to work as part of independent or contingent workforces, it can be challenging to keep track of all the different kinds of workers doing all types of work. It's easy to mistake who is categorized as an employee vs. an independent contractor because there isn't a clear definition of "employee," and the federal government has determined one is not forthcoming¹². Instead, employment classification is based on multiple factors related to the relationship between the employer and the worker.

Here are some of the main differences:

	Employee	Independent Contractor
Pay	Hourly Rate or Salary	Agreed upon flat rate or hourly rate
Materials	Paid by the company	Paid by the individual
Autonomy	Company assigns when and how to work	Decides when and how to work
Relationship	Ongoing	Defined endpoint, temporary

At a high level, this may not seem like a big deal. However, the consequences of getting it wrong are perilous - including back pay to workers, any unpaid benefits or sick pay, back taxes with penalties and interest, and more¹³. Getting it right is critical.

Who is working today

Today's workforce comprises many different kinds of workers doing all kinds of work. Some people prefer to spend their entire working time in a single role at a single company as a direct employee. In contrast, others prefer contingent work.

Keeping up with each of these can be challenging. Let's take a look at what each means:



Direct Employees

These are direct employees of the organization and are "W-2" workers for tax purposes. These can be full-time or part-time. Today's part-time employees include highly skilled workers, retirees, and others seeking a more flexible work schedule while being dedicated to one organization. Many work part-time better to meet home or personal demands outside of work. Only 34% of part-time workers are looking for full-time work¹⁴.



Contractors

Independent workers hired temporarily are commonly referred to as "contingent" workers. This group includes 1099 workers hired directly, as well as those hired through an agency. These roles may be temporary, temp-to-hire, or standard contractors working long term. In some cases, these contractors may be in the same role at the same company for years at a time and become integral to the success of the business, while never being a direct employee.



Freelance or Gig Workers

These workers are typically hired for a specific project or task to augment the team. They may provide on-demand expertise that may not be needed long-term or fill a functional role (like food delivery or graphic design) that doesn't require any additional skills or training specific to the company. Many gig workers partner with multiple organizations or are employed full-time elsewhere and enter these roles to supplement their income or gain new skills.



Consultants

These are experts with knowledge or skills who have entered into an arrangement with the company to find and implement solutions to a specific problem. These workers may be independent contractors or employed by consulting firms.



Alumni and Retirees

These are workers that have previously worked for an organization as a direct employee and have left to retire, stay home with family commitments, moved to freelancing or consulting roles, or moved out of the area. They have experience within the corporate culture and pre-established relationships allowing them to jump in/out easily. They are sometimes rehired as direct employees (often referred to as "boomerang" employees) and/or redeployed to meet changing business needs or hired as contractors or consultants independently.

Where we work today

One of the major shifts organizations face today is related to where work gets done. In the past, most workers were required to go to an office full time to complete work. While the pandemic significantly sped up the remote work revolution, the trajectory of moving to remote or hybrid workplaces had been underway since the early 2000s¹⁵.

As companies think about where work gets done, it's important to understand different options and how employees and workers will respond to these decisions. Here's a breakdown of those options:

Onsite: This type of workplace has a defined physical location, the office or worksite where business is based, and work is done.

Offsite: This type of workplace has a defined physical location, but it's not where the business is based and is typically at a designated place such as a client site.

Remote: Work is accomplished away from a defined location, whether at a dedicated home office, a specified time zone, or a role that could be done anytime or anywhere. Some companies are specific to someone working from home/remote office, while others allow a true digital nomad role. As remote work becomes more popular, this may split into separate categories.

Hybrid: Work takes place both onsite and away from a business location. This can look different based on business needs. Hybrid schedules may be based on a set number of hours or days within an office. Or, it might be based on a requirement to regularly be in the office for specific meetings or company events with the rest of your time free to work remotely.

Today, remote and hybrid work environments are the most popular and requested ways to work, and preferences for working full-time onsite positions are seeing hefty declines. Our 2022 Insights at Work research found that 56% of employees prefer hybrid environments, 29% prefer remote, and just 16% prefer to work onsite¹⁶. Gallop expects the hybrid model to rise to 53% of all workplaces¹⁷.

Analyst Insight: As companies focus on workforce management and planning, work location should be combined with retention modeling. 64% of workers said they would consider quitting their jobs if asked to work full-time in an office¹⁸.

**Job location -
remote, hybrid, in-
office - will have an
increasing impact
on retention.**



Modern Workforce Management:

The 5 Areas of Focus

When creating a modern workforce management approach, a company needs to think beyond the logistical support of hourly workers. Today's workforce management strategies include a holistic approach to employee management, productivity goals, business drivers, and employee engagement. While the exact process of achieving this will look very different for a regional manufacturing facility compared to a global consulting firm, similar components exist throughout.

Five areas of focus mark a modern workforce management approach:

1

Strategy Driven

Companies have clearly defined business needs and strategically approach the utilization of the workforce to meet these, both currently and in the future. As the market and business goals change, they adjust with the broader corporate goals to determine the best solution to meet these changing needs.

2

People First Approach to Talent

Modern workforce management leaders are keeping close watch of business impact areas like retention and employee experience, not just productivity, and utilization. They are mindful of workers' needs and preferences. Companies keeping this in mind may ask employees about their preferred work schedules or provide access to self-scheduling and shift swapping tools as well as have an understanding of skills and interests if talent redeployment is needed.

3

Talent Mobilization

Talent mobilization is about understanding whom you have, what skills, abilities, and interests they have, and how to move workers within the organization - career pathing, project mobility, skills pools, etc. - to meet business needs. It also takes into account their goals and abilities to increase retention. For forward-looking companies, it's also about being aware of and taking advantage of all types of talent that contribute to the workforce, including full-time, part-time, contingent, consultants, alums, and retirees.

4

Compliance isn't an afterthought

Organizations today function on a national/global scale bringing the required regulations that come with it. As you evaluate your workforce needs and deployment, you have to ensure you provide the right legal compliance level with all the planning. Today, much of that is done with your technology creating notifications and flags when you are missing certain requirements.

5

Data Driven Approach

Above all else, modern workforce management is run by metrics. The teams use technology, often predictive analytics tools, to make decisions and take calculated risks. People intelligence and business data provide the statistics needed for informed predictive and prescriptive decisions. These solutions can help answer questions: So what? and Now what? through real-time data. With this information, companies can determine past trends, current state, and future needs in their workforce - and the external factors at play. The technology models multiple forecasts based on decision points, creating a Choose Your Own Adventure-style process where decision-makers can test theories and select the optimal path forward. The data is visible and actionable.



Part 3

THE BUSINESS IMPACT OF WORKFORCE MANAGEMENT

It has been nearly a century since Henry Ford implemented his time and attendance changes, and businesses started focusing on their workforce management initiatives to increase profits. Since then, decades of new experiences and data have come to light, highlighting the value of a strategic approach to managing the workforce.

Who does the work, how it gets done, and when it gets done impacts almost every area of business - from employee engagement and retention to productivity, revenue, and customer satisfaction. Managing the workforce strategically makes the business better by positioning people in the right roles at the right time.

A key part of workforce management is workforce planning. This part of the strategy ensures your staffing levels are optimized for predicted needs today and in the future. Doing this effectively helps companies ensure they are not overstaffed or understaffed. UKG research found that businesses can reduce payroll costs by 5% by optimizing labor and scheduling¹⁹.

Overstaffed companies are paying for unnecessary labor, overhead, and insurance expenses. They are also more likely to experience layoffs, which can impact the brand reputation and shareholder values. This can lead to higher turnover of remaining employees and lower engagement with them, reducing the positive impact of the workforce size.

Those that are understaffed face even more issues. Understaffing causes your employees to work in less safe conditions and meet goals that are not sustainable long term. Beyond the retention and engagement factors, there is a high risk to the business related to safety and opening the door to potential legal action caused by worker fatigue and the resulting workplace accidents. For office workers, understaffing increases turnover and decreases job satisfaction rates, which can impact the customer experience.

**Manufacturing companies are
only staffed correctly**

38%
of the time

The right balance can be harder to achieve than most people initially assume - a recent study found manufacturing companies were appropriately staffed only 38% of the time²⁰. That number is likely similarly experienced in other industries with high numbers of hourly workers and multiple shift types. If retailers had the correct balance, they could save 4-12% in costs²¹, significantly impacting the bottom line by not paying for unnecessary labor. Organizations with those employee demographics should also be particularly focused on the effects of fatigue on the workforce. More than 43% of workers are sleep-deprived, and those most at risk work the night shift, long shifts, or irregular shifts²². Shifts lasting 10 hours or longer are linked to diminished performance and increased risk of injury²³.

Companies also impact business results by creating better employee experiences during scheduling and time tracking. For customers to have the products and services they want, workers must be assigned where and when needed and equipped with the skills to do the day's work. When this aligns with worker strengths, employees are 6x more engaged²⁴, resulting in higher productivity and retention. When employees have a better experience, customers have a better experience.

An improved employee experience also takes shape as scheduling aligns with employee needs, skills, goals, and requests. Beyond just being scheduled effectively, the ability to easily track their hours and time is also a factor.

One in five companies continues to use paper or spreadsheet tracking to prepare work schedules and manage attendance²⁵, a practice that can take up 140 hours per year per manager²⁶ and is prone to errors.

Companies with a high focus on the employee experience have found that bringing in time clock technology - traditional or the newer types including geofencing, biometric or onscreen- not only simplifies the process for employees to record their time but also simplifies the process for employees to record creates fewer errors - benefiting the company as well. By simply moving from paper to electronic or digital time tracking and scheduling, employers can save up to 30 minutes per month per employee²⁷ and reduce the time dedicated to scheduling by 75%²⁸.

The impact that workforce management can have on the bottom line both directly and indirectly serves as a clear guide for companies to leverage this strategic advantage. Henry Ford believed, and ongoing research has proven, that workforce management is good for businesses, employees, and customers.

Deeper Dive: Hiring, Mobility & Retention

Knowing what talent will be needed to achieve business goals today and in the future (forecasting) helps companies identify whom to recruit and hire. This insight allows companies to be strategic with their hiring plans and not end up in an under or overstaffed scenario.

Newer people intelligence tools are leading the way with some of these features, pulling in data points from all facets of an organization to identify needs that may be seasonal or projected based on sales and growth. They also pull data related to talent availability and trends outside the organization and can even include your contingent workforce.

When companies adequately forecast and manage the workforce, they can get ahead of upcoming downturns or upturns more effectively and create better outcomes through strategic partnerships with talent acquisition and talent management teams.

Workforce management done right, includes talent acquisition

Talent acquisition teams can use forecasted talent needs to begin building talent pipelines and sourcing for roles that are on the horizon. Knowing what is coming also allows them to bring to the attention star players that may happen to cross paths before the job is officially ready. Generally, it takes 60 days to fill a position²⁹ and an additional 6-12 months for a new employee to reach total productivity³⁰. By creating these talent pipelines, organizations can move into a more productive place faster because you aren't waiting for the right talent to become available.

As part of recruiting, prospective employees will want to learn more about what it is like to work at your company. They will turn to online rating sites, network with existing employees, and assess your employer's brand and the candidate experience to get a feel. One of the most significant impacts on recruiting is a focus on internal mobility and retention. Our Insights at Work research found that retention and hiring were the two greatest concerns for companies in 2022³¹.

Deeper Dive: Hiring, Mobility & Retention, cont

Retention is directly impacted by workforce management strategies and is factored in by voluntary and involuntary turnover. In research by UKG, they found a 30-60% reduction in turnover by leveraging workforce management to better recruit and retain talent³².

Voluntary turnover is when the employee chooses to leave the organization. This is often caused by the working conditions, the schedule, lack of promotion, or overall negative experience. 4.2 million Americans quit their jobs in June of 2022, continuing a trend of high voluntary exits³³. In addition to those who quit, our research found that 51% of workers have thought about leaving their job, and more than a third had interviewed for a new position³⁴.

Companies looking at workforce management from a recruiting and retention perspective will focus on internal mobility to identify current employees who are interested and skilled in emerging roles. Utilizing internal workers means lower cost, faster time to fill, and quicker time-to-productive rates, and it also increases engagement and retention.

Involuntary turnover can be caused by a change in market conditions, unexpected decline in sales, or poor workforce planning. This can be a minor issue impacting the bottom line or turn into a need to do large-scale layoffs, as we see with many companies in late 2022.

When companies are facing large-scale layoffs, they may benefit from internal mobility and talent redeployment. These help the organization by allowing them to take the talent that already exists within the organization but is at risk of losing their job and moving them into roles that will still exist. This results in quickly and efficiently filling open positions with talent that already knows the business and industry. It also reduces the number of people that would need to be laid off, reducing the costs of severance, outplacement, and other downsizing-related expenses.

You must understand the available talent to be strategic with your workforce management strategies.

Only 38% of companies feel they have ample data about the workforce to understand the strengths and potential vulnerabilities from a skills perspective.

**An equitable
workplace will take
into account
scheduling and
workforce
management.**



Deeper Dive: Diversity & Inclusion

Diversity is often described as focusing on representation, while inclusion carries this deeper into engagement. Both impact and are affected by workforce management.

Research shows that diversity and inclusion of the workforce have a positive impact on companies. Higher profits and higher employee engagement come from more diverse teams. Companies with higher gender and ethnic diversity ranked 35% more profitable³⁵, and additional correlations demonstrate that diversity is a strategic advantage³⁶. In addition, diversity and inclusion impact recruiting and retention. 74% of millennial employees believe their organization is more innovative when it has a culture of inclusion, and 47% actively look for diversity and inclusion when evaluating potential employers³⁷.

Recently, studies have been conducted on diversity and inclusion's relationship to an employee's sense of belonging at work. Belonging is the feeling of acceptance and the sense of security that comes from embracing them as a whole person. Employees who feel they belong are more engaged and productive. Research shows 91% engagement levels for employees who felt they belong compared to 20% of those who don't³⁸. Less engaged employees lead to higher turnover. Over 50% of employees leave their job because they don't feel they belong³⁹.

One factor to consider concerning workers' sense of belonging is to look at who belongs to the workforce. Workforce management can help you know who is represented in your workforce and ensure fair, not just compliant, treatment to promote inclusion and engagement.

While basic reporting may be provided to the Equal Employment Opportunity Commission to ensure regulatory compliance, intelligence tools can tell a much richer and more actionable story. By looking at who actually belongs to the workforce through this data, companies can understand the existing diversity of the workforce, identify where the gaps exist, and gain insight into possible solutions. These tools can dive deep into all of the information about your workforce - gender, race, and ethnicity, of course, but also educational background, residential location, and disability. All of this data can be used to identify gaps in the workforce overall, specific departments, and particular levels of leadership. These data insights can inform the policies and practices of workforce management.

Deeper Dive: Diversity & Inclusion, cont

Workforce management practices can impact the inclusion of whole sections of the workforce and their families. For hourly and shift workers, unstable and unpredictable shift scheduling leads to isolation as a whole and specific groups in particular. Women and people of color are subject to the most unstable and unpredictable scheduling practices⁴⁰.

For parents, unstable work schedules have a broader impact on their children, resulting in high anxiety and behavioral challenges. This can result in higher absentee rates and more stress for the parent when they are at work.

When scheduling is predictable and stable, hourly or shifts workers as a whole, and these groups, in particular, receive a fair opportunity to work without the negative effects on them and their families. Incidentally, this data type has led some states and localities to institute predictive scheduling laws, further discussed in the Deeper Dive: Compliance section.

When workforce management is done right, every worker has the opportunity to work in a way that works for them and benefits the business.

Unpredictable work schedules negatively affect children at home, resulting in high anxiety and behavioral challenges.

Deeper Dive: Compliance

As increased federal, state, and local regulation comes into play, this number may increase, and compliance challenges are an expensive issue for companies to make errors on. In 2021 alone, the DOL Wage and Hour Division recovered more than \$230 million back wages from businesses, and on top of that were fines and fees the companies had to pay⁴¹.

Compliance requirements are developed to ensure a fair and equitable workplace, which is good for both businesses and workers. Effective companies meet these challenges in workforce management, while some companies utilize workforce management technology to leverage compliance opportunities as a strategic advantage.

We will dive into 5 key compliance areas where we see confusion or high errors: Predictive Scheduling, Distributed Workforce, Employment Classifications, FLSA, and Leave.

Predictive Scheduling

Scheduling is one of the basic functions of workforce management and has become a recent area of attention. Some state and local governments have enacted “predictive scheduling laws” to address the often unpredictable nature of workforce scheduling.

In a study of the largest retail and food-service firms in the United States, over 60% of workers receive less than two weeks’ notice of their schedules, and half of those get less than one weeks’ notice⁴².

Predictive scheduling laws require the employer to provide work schedules and notice a schedule change within a specified timeframe. If a company violates these laws, they may have to pay a penalty to the government entity and the affected employees. For example, one employer violated Seattle’s 14-day advance notice of schedules requirement and paid \$55,000 in civil penalties and fines.

We expect to see these laws spread in labor-friendly areas, but we also see preventative measures from some states that prohibit local governments from enacting such laws. Scheduling solutions automate the task and can take these local laws into account, reducing time and effort while mitigating risk.

20%

Companies struggle with Compliance and Regulatory issues (ADP)

**Less than half of
retail and food-
service workers get
a 2 week notice of
their work
schedule.**



Deeper Dive: Compliance, cont

Distributed Workforce

Since labor and employment law occurs on the U.S.'s federal, state, and local levels, geography plays a leading role in workforce management. Companies with workers and worksites distributed in more than one location may be required to comply with a mix of regulations. Since 2005, the number of U.S. employees working from home at least part of the week has expanded by over 170%, with predictions of continued growth⁴³. With employees worldwide and states worldwide, compliance with local laws and regulations requires careful attention, regular updates, and more communication.

For example, work time regulations should be clearly communicated and checked to ensure the manager and employee are scheduling and recording according to laws and labor agreements. Even though the employee enters the time worked, the company is responsible for accurate records and proper payment. So this oversight function may need to look different with a distributed workforce to ensure everyone is aware of and following the rules.

Keeping policies and practices aligned with the range of regulations can be challenging, especially as more workers are working in more places in more ways.

Leave

Employees' time away from work requires tracking and compliance as much as their time at work. Consistent application of leave policies and regulations must be considered in workforce management efforts, while awareness of leave trends and employer responsibilities makes these efforts more effective. Failure to do so can result in violations of federal regulations, causing damage to the finances and reputation of the company.

The Family & Medical Leave Act (FMLA) of the United States protects a worker's employment if they take time away from work for eligible reasons. These reasons and corresponding responsibilities create a matrix of schedules, deadlines, and notices the DOL checks. In addition, companies also need to include state and local leave regulations, company PTO, disability insurance, and workers compensation. FMLA violations can result in two types of penalties: lost pay damages and liquidated damages. Lost pay is the wages, salary, benefits, or other compensation denied to the employee. Liquidated damages, equal to the lost pay, can be issued if the court finds the business acted in bad faith.

Workforce management practices aligned with relevant leave requirements support employees during difficult times and keep companies in compliance.

Deeper Dive: Compliance, cont

FLSA

The Fair Labor Standards Act (FLSA) establishes minimum wage, overtime pay, recordkeeping, and youth employment standards affecting private, federal, state, and local government employees. Three main aspects of the FLSA directly interact with workforce management: wage, hour/time, and position classification.

The federal minimum wage is set by Congress and enforced through FLSA by the Department of Labor (DOL). Willful/repeated violations can cost \$2200+ per instance. Thirty states and Washington, D.C. have minimum wages higher than the federal government's, while 46 cities/counties have implemented minimum wages higher than their state.

Effective workforce management practices and technologies are designed with this web of regulations in mind.

Forty hours of work is designated as the standard work week by the FLSA. For employees covered by these regulations, any time worked over 40 hours must be paid at a higher rate. Like the minimum wage, state and local governments may set their own standard work week, as long as it is equal to or less than the federal standard. Accurate time-tracking methods to calculate regular pay and overtime pay keep companies in compliance.

FLSA recognizes that not all positions fit neatly into the 40-hour workweek standard, so some types of positions are exempt from the requirements. This exemption requires a minimum salary to qualify, known as the salary threshold, currently set at \$684/week with intentions to raise it. State and local governments may impose additional requirements for exemptions, as long as they are equal to or greater than the federal regulation. California, for example, requires a salary of twice that of equivalent state minimum wage for a position to be classified as exempt, currently equated to \$1200/week.

Regulations provide exemptions for certain types of employees from FLSA requirements, but first, they define what type of worker is categorized as an "employee." Misclassification can lead to penalties, back pay, and poor publicity. Recently, a staffing agency was ordered to pay more than \$7.2 million back wages and damages due to misclassifying employees as independent contractors⁴⁶.

While FLSA covers employees' time at work, other regulations cover employees' time away from work.

Deeper Dive: Compliance, cont

Independent Contractors

Over the past few years, the independent contractor workforce has grown as workers found the variety and freedom of such work appealing.

In the last half of 2021, 31% of employees who resigned did so to start their own business⁴⁴. Even before 2020, the Bureau of Labor Statistics acknowledged the changing landscape of the workforce and began taking steps to update their surveys to correspond to the growing number of contractors.

Regulatory departments recognize this changing workforce, and both the National Labor Relations Board (NLRB) and the Department of Labor are revising the definition of the independent contractor standard.

If an independent contractor is misclassified, the organization can be responsible for wages, taxes, and benefits dating back to the start of that individual's work.

Companies need to be extra diligent in this complicated area, as the federal Department of Labor hires additional wage-hour investigators to manage the claims and enforcement of Fair Labor Standards Act (FLSA) regulations.

It also must be aware that some states are enacting their own laws around employee classifications.

The California "ABC" independent contractor test is much more stringent and assumes a worker is an employee unless they meet one of the designated exceptions.

California "ABC" Independent Contractor Test

(A) The person is free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact.

(B) The person performs work outside the usual course of the hiring entity's business.

(C) The person is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed.



Part 4

WORKFORCE MANAGEMENT TECH STACK

The 2022 Workforce Management tech stack represents one of the most evolutionary we've seen in recent years. It no longer includes Core and Point solutions. Instead, it is a cohesive grouping of point solution technology that ranges from functional to strategic, with employee-centric solutions bridging the gap. Much of this technology is sold together in "bundles," but there is no single core grouping on which we found more than 50% of market agreement.

Some Workforce Management technologies will show up here and on tech stacks for other umbrella categories like talent acquisition and employee experience. That is because workforce management today overlaps with other areas of human resources, but in many cases, the use case of how it is being used is slightly different. This is also in part due to the maturity of the technology and how interconnected they have been able to create the tools. Something that was a struggle not that long ago.

The tech stack has 16 technology categories. We expect to see a lot of consolidation in the next 36 months - starting quickly - based on both companies buying patterns, demands, and the rise of small point solutions that can supplement a full suite solution quickly.

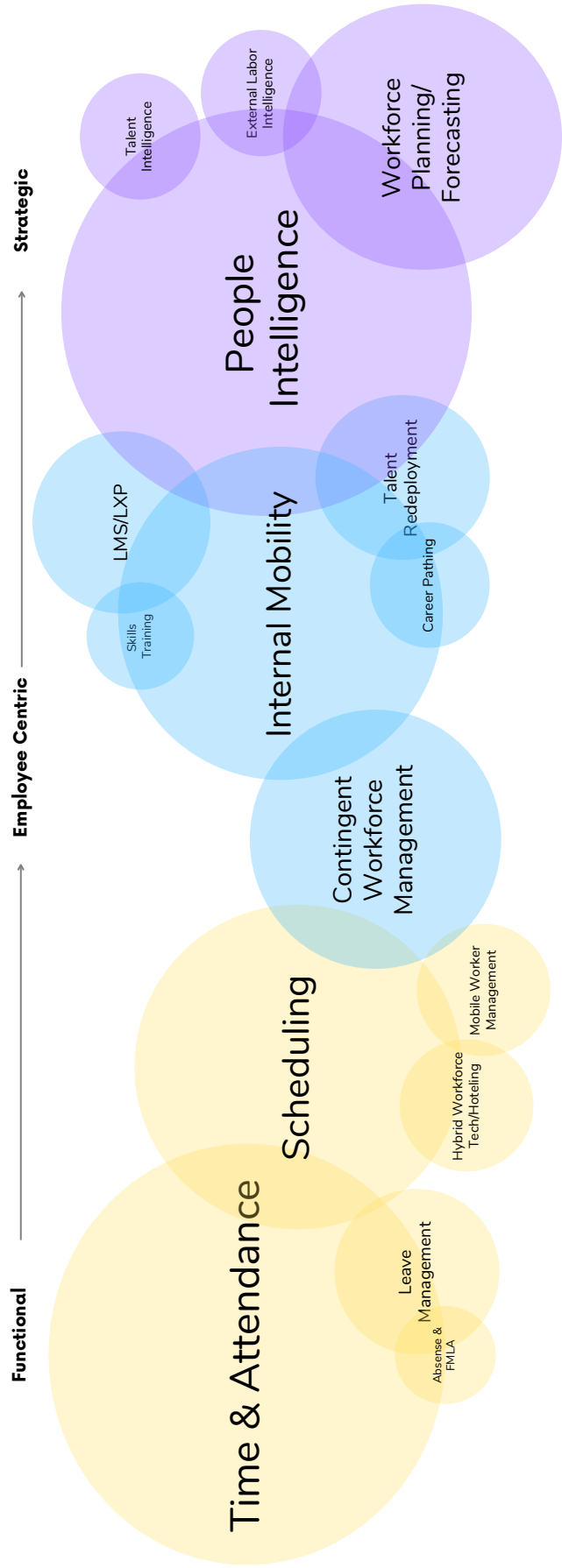
In our Insights at Work research this year, we found that workforce management technology was top of mind for many organizations and the company size didn't seem to be as large a factor as expected.

More than 1/3 of companies expect to replace or make a first-time investment in Time and Attendance, Workforce Planning, Internal Mobility, Intelligence/Analytics tools, and Scheduling solutions - making them three of the top four biggest moves in Core HRIS technology this year⁴⁷.



Workforce Management Tech Stack: 2022

Today's Workforce
Today's workforce includes more than just traditional employees - here are the five most common workers to account for.



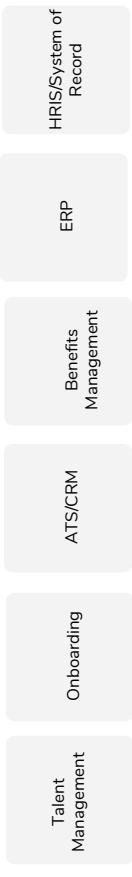
Foundational Functionality

Features that exist in core & point solutions



Complementary Tech

Tools outside of wfm that have impact on strategic workforce management in high performing organizations.



Analyst Note:

Building your WFM Tech Stack.

With the expanded tech stack, growing types of workers, and increasing regulations, knowing how and what to buy for Workforce Management technology can be a confusing and complex process even for the most experienced software buyer.

Workforce Management deals with both the people and the business, so multiple disciplines should influence the decision-making process. As each organization is unique with different needs, your tech stack will also be. For example, a retail chain will have very different requirements from an enterprise technology or construction company. Each business benefits from workforce management solutions, but the relevant category bubbles may differ.

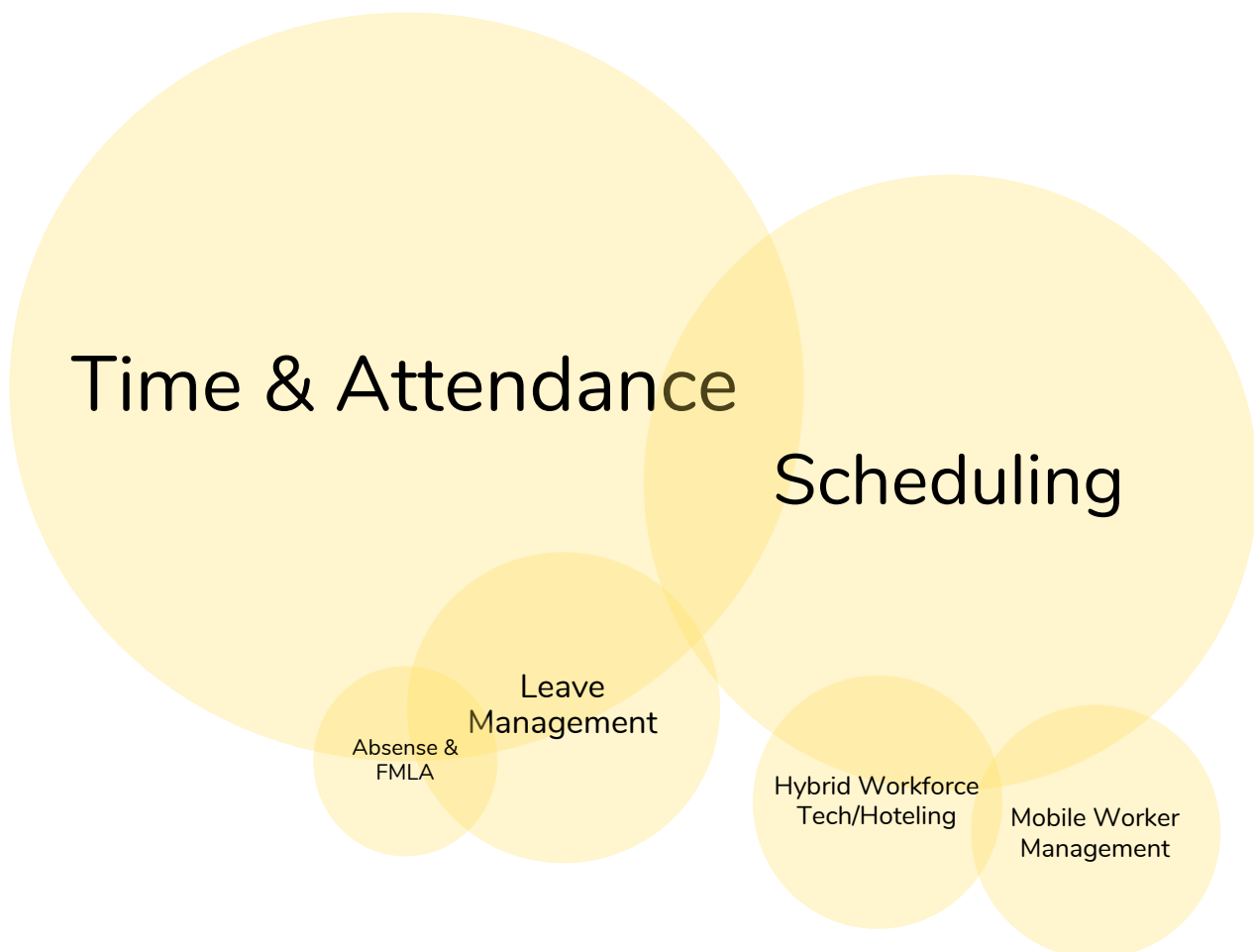
Organizations considering Workforce Management tools should consider:

- **The business strategies and goals you are trying to support**
- **User Experience - How simple will this be for an employee, manager, or executive to use?**
- **Broad understanding of "workforce" - Are contingent and part-time workers included in the functionality? Can you get a holistic picture of your workforce? Will the software accommodate differing work relationships with ease?**
- **Integrations & Ecosystems - How does this solution integrate existing tools and data, like your Core HRIS or Payroll software? How about non- HR Solutions like sales CRM, ERP, or external market data?**
- **Intelligence and Analytics - Does the product provide readable and actionable analytics for current state and forecasting? Does the user need a college-level statistics class to get it to work, or can they drag and drop to get good information?**
- **Real-Time Data - Can you get the information you need when you need it? Does the technology update and share data in real-time? Or does it make you wait a while to produce results?**
- **Scalability - Will your Workforce Management or Workforce Planning technology grow with your business? Will it give you the data you need both now and in the future? Will it connect with any future technology needs or purchases you make?**

SOLUTIONS DEFINED: FUNCTIONAL

The functional section of our tech stack includes much of the traditional workforce management solutions and some of the newer solutions designed to solve specific issues and supplement the original core. For most, this section of products remains the essential component of Workforce Management.

While the primary function of these solutions hasn't changed much in the last ten years, the depth of experience has seen a rapid improvement. We expect these to deepen as the line between employee experience and workforce management continues to blur. We also expect to see some categories related to hybrid and mobile workforce management acquired into the larger categories. On the other hand, the contingent workforce bubble will likely expand even further and fracture into a number of sub-bubbles before the next release of this report.



Time and Attendance

Time and attendance is typically a single product designed to manage the time employees work and are used by companies of all sizes and industries globally. Our 2022 research found that 38% of companies planned to buy or replace their Time and Attendance solutions in the next 12 months.

Standard features include the ability to clock in and out, request time off, navigate the time employees work, how much of that is overtime, and the time employees are away for paid time off, sick days, and holidays. These solutions almost always integrate with payroll software to ensure employees are correctly paid for their work.

Some salary-only companies use just PTO Management tools to help request, manage, and approve paid time off for employees. Common features include visibility into who is taking time off, what kinds of time off they are taking (i.e., sick leave, vacation, etc.), and ensuring the right people are notified about time off requests. These solutions provide simple functionality for time off as opposed to the more robust Leave and Absence Management but have heavy overlap.

Time Clocks

Time Clocks record when someone is working and when they take breaks. For decades, companies would have a single time clock for all employees or may offer kiosks strategically located near each work area in more extensive facilities. Today, time tracking and time clocks can be accessed from a mobile device or an employee's computer.

Geofencing, technology that enables software to trigger a response when a device enters or leaves a particular area, is another advancement in this space. Geofencing creates a virtual geographic boundary for employees working offsite or at a client location. Under normal circumstances, geofencing ensures a worker is within the specified work location to use their mobile device to clock in and out or access work materials.

Advanced features of time clocks can also reinforce security, and time card fraud is minimized. Biometric features, such as face and fingerprint recognition, ensure that the person clocking in is the actual worker and authorized to access the equipment, space, or information when it is being accessed.

50%
US workers
are hourly

Scheduling

Scheduling tools facilitate the creation, management, and communication of work schedules and are frequently used for hourly or shift-based workers.

Standard features include:

- Seeing team availability.
- Assigning working times to employees.
- Requesting shift swaps and trades.
- Managing tasks.

Newer automated scheduling tools also consider factors such as employee preferences, productivity outcomes, employee skill level, labor regulations, and demand factors to create the most efficient schedule for employees. Scheduling automation can reduce scheduling-related grievances by 95%⁴⁸.

In addition to reducing miscommunication and errors, scheduling tools impact the employee experience and engagement levels and directly correlate to cost savings for the business.

Employers spend 2-12 hours per week on scheduling⁴⁹, and most do so manually. With nearly 80% of shift workers have no input into their schedule⁵⁰. A lack of worker input and unpredictability leads to inequality in employee experience and economic instability. It also can create frustration for the manager or team when the employee cannot work on the assigned day.

And this isn't just happening for a few employees, either.

Over 50% of all US wage workers are paid at hourly rates⁵¹.

Many of the 76 million employees receive their schedules on paper with less than two weeks of notice and struggle with last-minute shift changes, personal conflicts, fatigue, and missed shifts⁵².

Nearly 35% of companies are uncertain of the impact, or value scheduling technology can have, one of the highest of all workforce management categories. Most scheduling tools today include business impact factors around compliance, talent deployment, and self-scheduling features to connect the dots between employee scheduling and employee input, allowing employees to feel heard, valued, and engaged.

Some unique features to consider include:

Scheduling Optimization

Scheduling Optimization automatically puts together the most efficient work schedule, so the right people work at the right times. Common features of these solutions include assessing work projects and tasks, what skills are required to complete those tasks, and scheduling the right team at the right time. It also considers labor costs, compliance regulations, overtime, and last-minute call-outs.

Schedule Forecasting

Schedule Forecasting tools help companies create efficient working schedules by predicting how many workers will be needed at certain times and helps identify the right workers with the right skills to work at the right times.

Shift Marketplace or Substitution Management

A shift marketplace allows workers to swap or pick up shifts without manager involvement. Substitute Management helps employees find other employees to help cover their shifts. This may also be referred to as Shift Swapping. These solutions often have features that let employees post shifts they can't work, pick up shifts they can, and request manager approval for the swap. This is commonly used in hourly or shift-based roles and industries.

Leave

Leave & Absence Management tools help companies keep track of employee time off during more extended leaves. These tools look at who is eligible for time off, what kind of time off is requested/taken (i.e., vacation, holiday, sick time, FMLA, sabbatical, leave, etc.), how long people are scheduled to be away, and how time off impacts compliance - whether with labor laws or union rules.

Leave, and absence is one of the trickiest areas of compliance but also one of the most configurable. Technology can minimize error rates by automating and streamlining these processes. This results in a greater return on investment, more accurate processing, and reduced liability⁵³.

Solutions that use leave and absence data to provide input on predictive models offer decision-makers robust information. Reports on absentee trends can be used by companies to prepare for potential gaps in the workforce and to seek ways to address the root issues causing absenteeism.

For example, if the reports show a spike in sick time every November, the benefits team can provide information on preventing the cold and flu next year.

If vacation time off increases during July, but there is a big order for production this year, the company can prepare for and hire temporary workers to fill the gap they know is coming ahead of time without scrambling at the last minute.

We have seen an increase in attention to this area and expect this to continue for the following year. Increasing leave regulations and rising requests for accommodations have significantly impacted business, and we don't expect this to slow.

We expect this category's features to be fully absorbed into other categories shortly as many organizations are already accessing this as part of their Time & Attendance, Scheduling, or Payroll systems.

Significant overlap also exists with modern workforce/people intelligence software for the insights and predictive components.

Hybrid Workforce Technology

Hybrid Workforce Technology, sometimes referred to as Hoteling software, allows a company to manage office and desk spaces in the work location. It also helps ensure the right people from the proper departments are available in-house to support various groups when needed.

This was a heavily emerging category over the pandemic as certain countries mandated limits on people in-office, companies moved to a remote-first environment (but still needed to staff specific client-facing areas in person), and the hybrid approach moved to be the standard for many organizations. From both the space and compliance perspectives, many large organizations needed a way to limit the number of people in the office, give people a chance to reserve a dedicated space when they did come in and help identify at a glance with other critical members of the team who may be available.

These solutions are just starting to pop up in scheduling technologies. Still, in many cases, they are used by companies with a higher salary vs an hourly workforce that may not be using a scheduling tool other wise.

Mobile Worker Management

Mobile Worker Management solutions support companies with deskless workers outside the traditional office, such as sales, construction, or repair. These tools address the unique challenges of a distributed workforce by supporting communication, work order planning and scheduling, location and mileage tracking, and route optimization and modification.

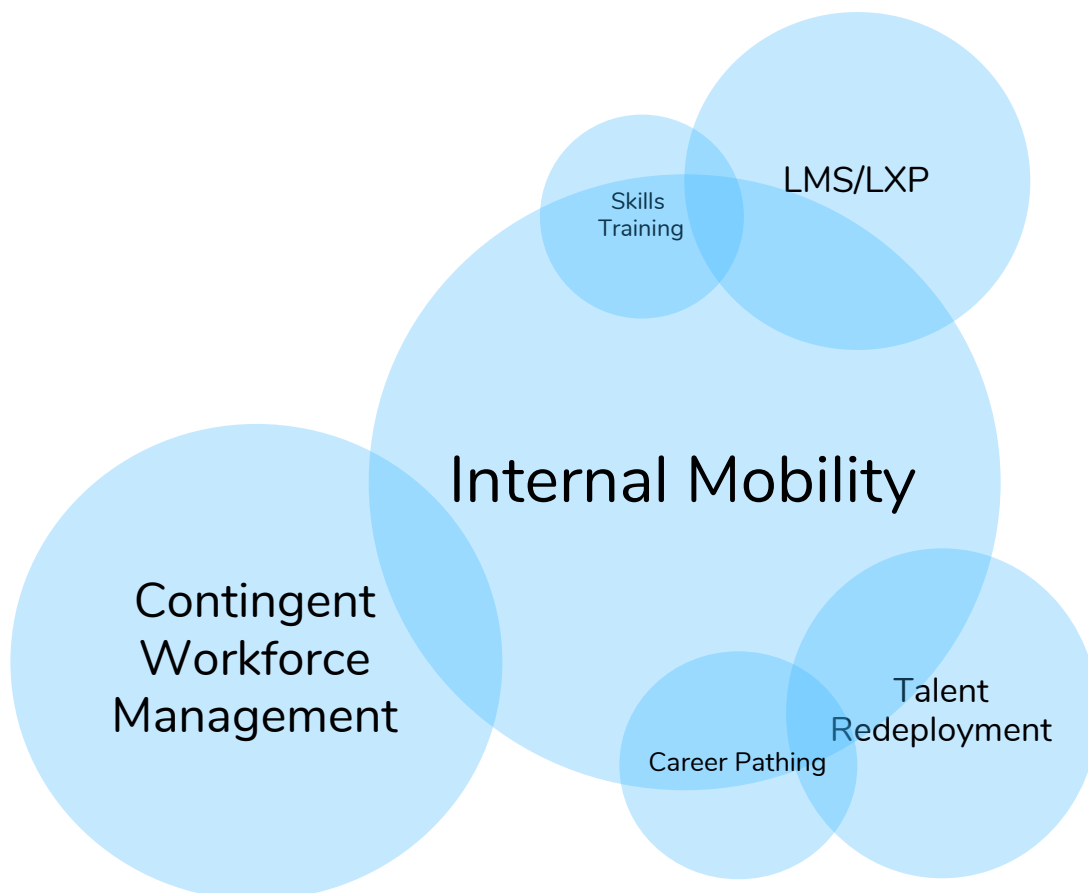
These will continue to increase in popularity, and the use cases from this category are highly varied. We expect this to target down more effectively in the next 36 months and include more contingent labor as part of their support processes.

SOLUTIONS DEFINED:

EMPLOYEE CENTRIC

Employee-centric solution categories bring the employees more closely into workforce management processes and planning. Modern workforce management requires information on individual workers' skills, abilities, and interests to strategically plan and deploy the workforce to meet business needs. It also fully understands the contingent labor an organization may have access to and that group's skills. This tends to be the "missing link" in workforce management, talent management, and employee experience.

Many of these categories also exist in other tech stacks - primarily Talent Management or Employee Experience - and we do expect to see some consolidation in these bubbles in the coming 36 months. One category of note that is rapidly gaining traction is talent redeployment technology. As companies are laying off workers, we are seeing the use of this technology to support brand management, employee engagement for other workers, and as cost savings on severance and recruiting/training costs.



Contingent Worker Management

Contingent Workforce tools help companies manage non-employee workers (contract, freelance, or gig) working at the company. Currently, much of this management is decentralized from workforce management technology and operates as a standalone functionality managed by people outside of human resources or talent.

The impact of this category should not be overlooked as many larger companies are managing tens of millions of dollars in worker costs through this technology, with little to no integrations with HR or intelligence technology. A centralized solution to track and manage these worker types can help with reporting, security, productivity, and cost management, with companies reporting as much as a 20% increase in contingent worker productivity⁵⁴.

The products in this space traditionally focus on managing the contractors and temporary workers provided via contracted services, not the ones hired directly. Newer technologies, like Stoke Talent and ADP's WorkMarket, are changing this and giving companies a place to manage and engage with the contingent worker directly.

We have talked about this market segment for over two decades, and it still has limited adoption. With the rise of contingent workers and the benefits of integrating them with employees into the larger workforce management scope, this will need to change. Either Core HRIS will need to find a way to manage these types of workers, or this type of software will need to be available on more minor scales with simple integration into workforce management solutions..

47% of managers say they are more likely to hire contingent workers today, compared to 2020

Internal Mobility

Internal Mobility technology allows employees to share their skills, abilities, and interests and identify new projects or roles they would like to pursue within the organization. You will often find career pathing within these tools, allowing employees to move forward with skills training or another curriculum specific to the next step they want to achieve, even if outside of their current department or area of focus.

Traditionally, these solutions lived in the talent acquisition tech stack and were limited to an internal job board for employees to see open positions and apply. Tools have evolved beyond that internal job board, benefiting the company and the employees.

Today's technology allows employees to create a robust talent profile, highlighting and featuring areas of their interest, training, skillset, or even relocation goals that the company may not be aware of. This can be used for a temporary assignment, a project, or a full-time position.

When used for Workforce Management, Internal Mobility technology helps companies fully understand the workforce available and identify and utilize existing employees that may be a good fit for new or future roles within the company.

An emerging use case for this technology is the inclusion of the contingent workforce - partnering closely with the people intelligence tools - and utilizing these to support talent redeployment during downsizing and right sizing. Since summer 2022, there has been a significant uptick in both areas.

Companies with high internal mobility rates find that employees stay 41% longer than those with low internal hiring⁵⁵.

Talent Redeployment

Talent Redeployment is a new bubble category that has emerged from the off-label use of talent mobility tools. Since July of 2022, this has been one of the fastest growing areas of interest for vendors and business leaders we have spoken to.

These systems look at your current workforce's skills, interests, and preferences and open roles available or coming soon. It then tries to match up as many employees as possible with potential new opportunities. There is a lot of overlap with Internal Mobility, but the use case and some specific features differ.

Companies use this specifically to move as much talent into open roles during times of uncertainty and changing business needs, such as layoffs and M&As. Too often, we have seen numbers of companies announcing layoffs of 500-1000 employees while having 400 openings they are still trying to recruit for. Talent redeployment is a favorable brand impact decision and a business decision. Retaining more talent lessens training that a new employee may require, enhances employee experience for those not part of a layoff, reduces recruiting expenses and lost productivity of the open roles, and, in the case of a layoff - reduces the cost of severance packages.

LMS/LXP

Learning Management Systems help organizations administer, deliver, and track learning opportunities. Learning may include required training, compliance, and certification programs or may be more focused on professional and leadership development. These systems often use learning content from various sources, including the company's custom solutions. It allows learning to be delivered online, face-to-face, or in a hybrid environment. Using the paths or journeys in these programs enables you to track the training an employee is receiving or certifications and can support internal mobility, workforce planning, and people intelligence data systems.

Skills Training

Skills Training is a specific learning program focused on targeted skills to fulfill specific job requirements. It may be used with new equipment, technology, or processes. In other cases, it could be a way for employees to learn a new skill to move into a different department or level within their organization

When workforce management is done right, every worker has the opportunity to work in a way that works for them and benefits the business.



SOLUTIONS DEFINED:

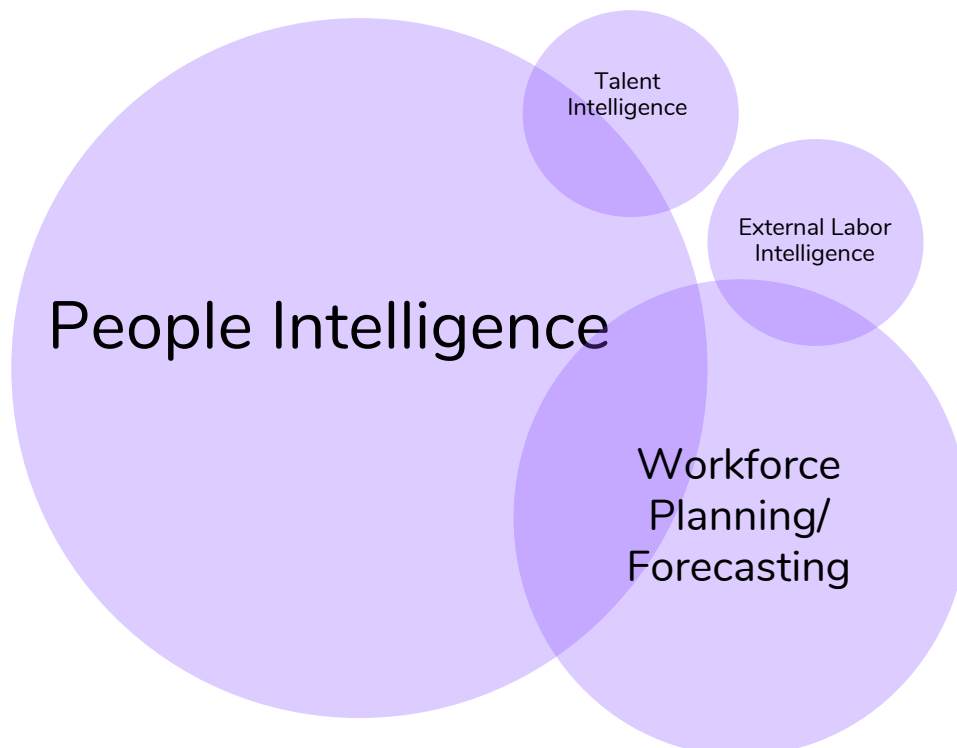
STRATEGIC WFM

Our strategic solutions product bubbles represent the intelligence technology that has emerged, providing deep, executive-level insights and practical outcomes. These tools often incorporate data from multiple areas of the business, not just HR, and give companies the ability to make data-driven decisions for today and the future.

Unlike traditional reporting tools, these are designed with the end user in mind. Anyone in the company with access can use the easy-to-use interfaces, visuals, and data insights to make the most informed data-driven decisions.

These solutions are typically stand-alone software highly integrated into the full tech stack, not just in workforce management but in talent acquisition, employee experience, and even sales & operations.

42% of companies are uncertain about how to effectively leverage the data from intelligence tools⁵⁶. However, 32% plan to buy these tools this year⁵⁷, and we expect these categories to gain much wider adoption as companies use their workforce strategy to align with business outcomes.



People Intelligence

People Intelligence solutions utilize data from several other hr and business systems to provide strategic insights that align with the business strategy. They offer a much more holistic in both their breadth of data and the products they integrate with. This provides a much more advanced approach to analytics, well beyond what most full-suite solutions can offer. This, combined with the easy-to-use interfaces and predictive modeling, allows companies to quickly make informed decisions on talent with significant impact from planned growth, scaling, forecasting, and revenue.

These tools are also called Workforce Analytics, People Analytics, HR Analytics, or Workforce Intelligence. We expect consistent terminology to emerge next year as this market segment matures. People Intelligence seems to be the leading choice for practitioners and solution providers based on our conversations.

There is a lot of overlap with Workforce Planning/Forecasting tools, and we expect them to fully merge into a single category for many companies - with workforce planning's more tactical features integrated into scheduling. We expect this set of solutions, along with Workforce Planning, to increase utilization and adoption as the advantage to the business is better understood.

External Labor Intelligence

Companies use this technology to understand what talent exists in the labor market with real-time and location-based market data. They will often use external data in the talent planning and hiring process, including governmental labor reports, information on business changes, geographic insights on talent availability, and more. It can also include compensation data.

This insight is important when planning for hiring. If required skills are in short supply, talent acquisition professionals can work with business partners to understand the locations and compensation they may need to offer or address to meet business goals.

This is not as common of technology as most of the others on the tech stack. Still, organizations doing site planning and expansion or having remote worker options can be a great tool to grow and market where talent is most available. We expect this to roll into other intelligence platforms eventually.

Talent Intelligence

Talent Intelligence solutions offer deep insights into the data and analytics related to talent acquisition. They go beyond standard metrics and often include predictive or prescriptive analytics and external insights to support more strategic decision-making.

There is an expansive definition currently falling under talent intelligence, with vendors using the phrase very liberally when they aren't exactly sure how to position their technology otherwise. Some products are entirely focused on data analytics. Others also integrate advanced AI, ML, and recruitment automation into their systems to create a layover dashboard in which recruiters and human resource leaders can work.

In general, these tools provide "intelligence" about the health of the talent pipeline, current skills or diversity gaps within talent pools and employee base, best sources of hires for individual roles, lead time to start sourcing or promoting an opening and even analyze indicators of a good quality of hire for long term retention. Some solutions can even analyze emerging labor market trends, employee turnover, and how competitors are likely to poach employees.

These tools will remain standalone for talent acquisition teams. Still, we do see the consolidation of this feature set already emerging in people intelligence technologies for companies looking at buying a single intelligence/insights tool.

Analyst Insight:

Companies that refer to themselves as "talent intelligence" often have a talent acquisition slant or founding.

Companies that use "people analytics" are typically more robust talent management or executive insights direction.

This will eventually merge into a single category, but it is essential to be aware of it as a buyer for the next 12-18 months.

Workforce Planning

Workforce Planning tools help companies understand their workforce, identify goals that can be achieved with the current workforce, and plan the appropriate resources to achieve future goals. This includes things like goal planning, resource allocation, and headcount planning. These solutions also account for things like turnover, M&As, and more. Workforce Planning tools have been used by HR for years, and now we are seeing their use move into the rest of the organization, scaling up and down.

Forecasting features use data to predict future needs in the workforce. Some solutions incorporate external data to predict the market, supply chain, and talent trends. Organizations use the information provided from forecasting to identify areas of opportunity and prepare the workforce appropriately.

This is the tech many first associates with strategic workforce management and traditionally has been seen as a luxury reserved for larger companies.

With features emerging in other areas of this tech stack and processes similar to People Intelligence's and where the scheduling technology is moving, we expect to see a merging of this product into those categories.

37%

**of companies are investing in
some kind of workforce
planning tool this year.**

WFM TECH STACK DEFINED: FOUNDATIONAL FUNCTIONALITY.

Analytics &
Reporting

Compliance

Integrations,
API &
Ecosystem



Analytics and Reporting

Most standalone options once positioned under analytics have transitioned to talent intelligence. Today, analytics and reporting functionality is a required part of any technology in the TA tech stack, and it is also one of the most frustrating for buyers. Our 2021 Insights at work study had disappointing analytics near the top of the list. Improved dashboarding, more flexible custom reports, and more consumer-like usability will need to be rolled out to see this corrected.



Compliance

With changing laws and the increase in remote workers, compliance is more critical than ever. Ensuring your technology has a team constantly monitoring change and updating the tools is essential. Every vendor needs to have ownership and responsibility for their part of your tech stack.



Integrations, API & Ecosystem

The ability to work together is not optional. A company doesn't have to have every partner already in place, but it should easily add new ones. Understand costs - one-time, annual, and ongoing - and if different levels of integrations exist in the ecosystem. Many vendors have tiers of partnership with their integration partners. A robust integration approach will make your tech stack have a more significant business impact, be more effective, and make candidates and recruiters happy.

WORKFORCE MANAGEMENT TECH STACK: COMPLIMENTARY TECHNOLOGY.



Talent Management Suites

Talent Management is a broad category of technology that is often referred to in suites, including performance management, succession, compensation, and learning. You will often see applicant tracking and onboarding included as well. It is a collection of tools that manages the day-to-day experience of developing, engaging, and managing the workforce.



Onboarding Tools

Onboarding solutions help companies bring new hires into the organization by designing, delivering, and automating new hire workflows - improving the experiences for the company and the new employee. They ensure administrative tasks are completed as well as help individuals acclimate to a new company or team and get productive quickly.



Payroll

Payroll software automates the pay process for an organization, calculating the rate of pay with the time worked, taking into account deductions such as taxes and benefits, communicating the outcome with method of payment, and providing reports. With so many moving parts, this is a very complex and challenging undertaking.



ATS/Recruiting CRM

Applicant Tracking Systems manage the hiring process as a whole, automating workflow for candidates, recruiters, interview teams, and hiring managers from requisition opening to hire. Key features include creating and managing career sites, opening and managing job requisitions, moving candidates throughout the hiring process, designing and distributing job applications, accepting job applications, managing candidates throughout the hiring process, etc.



Compensation & Benefits

Benefits Management tools help organizations define, plan, and administer benefit programs for different groups of employees. Standard features include enrollment, reporting, and change administration, while some advanced options are calculators, advisory tools, and benefit communication platforms. This also includes pay equity and total compensation analysis.



ERP

Enterprise Resource Planning solutions help organizations manage standard business processes including accounting, finance, procurement, project management, risk management, and supply-chain management. ERPs come as a suite of tools that interact seamlessly. They use core definitions and functions connected by workflows across the organization. As modern workforce management requires coordination of business data and processes with people data and processes, integration with ERPs will become more important than ever.



CONCLUSION

Since Henry Ford fine-tuned the production line, workforce management and the technology supporting it have come a long way. We now know that when workforce management is done right, organizations have the tools to plan and manage the work that needs to be done. They know who is available to work and how to mobilize them effectively to meet company productivity goals and compliance requirements. When businesses tap into strategic workforce management, they see higher retention, cost optimization, improved productivity, and the ability to predict future needs through forecasting and scenario planning.

Workforce management technology incorporates all we know about all our talent with all we know about our business to give a complete picture of how to achieve our goals. The 16 solutions in the tech stack each provide an integral piece of this puzzle. The functional solutions provide the basis of the information, tracking data on where, when, and how work gets done. Employee-centric tools dive deep into the people who make up the workforce, focusing on skills and interests. And the strategic technologies bring it all together so we can make data-driven decisions on how to best deploy the workforce to achieve goals and plan for the future.

Companies that want to increase productivity and be prepared for the future, and engage and retain employees will proactively update their approach to workforce management. They will bring employees into the processes and tap into the strategic advantages of technology to make data-driven decisions, improving both the employee experience and business outcomes.

Acknowledgements

A huge thank you to the lead sponsors, the dozens of vendors, investors, and corporate HR leaders and so many that were excited to share market feedback on the initial tech stack design.

About Aspect43



Aspect43 is a leading analyst, advisory & strategy firm - and the experts behind the biggest names in HR and Work Tech. Each year we conduct research with thousands of organizations to help understand the needs, goals and challenges they face to hire, manage and retain their workforce. This data driven approach has helped more than 300 vendors & investment teams better understand their buyers, quickly identify and solve challenges impacting customer satisfaction, user adoption, revenue, product gaps, brand impact and investment.

All to make work a little better experience for employees.

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A very special thank you to our lead sponsors for this report - UKG, ADP, PeopleStrategy & WorqDrive



ADP is a comprehensive global provider of cloud-based human capital management (HCM) solutions that unite HR, payroll, talent, time, tax and benefits administration, and is a leader in business outsourcing services, analytics, and compliance expertise. Serving over 920,000 clients in 140 countries, ADP has the experience and scale to customize solutions for businesses of all sizes – from small businesses to global enterprises – across all industries. With integrated technology platforms, data analytics, and strategic guidance in all aspects of human capital management, ADP continues to meet our clients’ needs and shape the future of work. For more information, visit adp.com.



UKG is a leading provider of HR, payroll, and workforce management solutions for all people. They have been recognized worldwide for our workplace culture, innovative practices, and commitment to customer success. Born from a historic merger (Ultimate Software and Kronos Incorporated) that created one of the world’s leading HCM cloud companies, we help 70,000+ organizations across every industry anticipate and adapt to their employees’ needs beyond just work. UKG has created an unmatched suite of HR and workforce management solutions, backed by our people who care about yours. Their solutions help organizations across geographies and in every industry deliver work experiences that truly reflect the connection between life and work today. For more, visit ukg.com.



PeopleStrategy is a full-service employee benefits broker that offers an intuitive, hire-to-retire HR technology suite plus comprehensive administrative services. The HR platform provides functionality to manage employee data, payroll, benefits administration, hiring, recruiting, onboarding, time and attendance tracking, performance management, compensation planning, compliance, reporting and analytics - in a single platform. PeopleStrategy Insurance Services offers expert benefits consulting to help employers build a long-term, sustainable benefits strategy that meets the needs of its employees, their families and the company's financial obligations. Through the strategic combination of broker services, proprietary HR technology and administrative support services, PeopleStrategy offers small and mid-sized companies a single source for the tools and resources essential to attract, manage and retain talent. To learn more, visit peoplestrategy.com.

WORQDRIVE

WORQDRIVE is an internal mobility tool that matches current employees to open jobs based on their skills and aspirations, serves up relevant learning and development based on the employee's growth goals, and allows them to apply for internal jobs with one click. WORQDRIVE also allows recruiters to anonymously source internal talent based on their skills. We do this to eliminate bias and bring real internal equity to the mobility space. Because we are storing skills and aspirations, we empower leaders to see organization-wide skill and opportunity gaps. We built WORQDRIVE with a consumer-grade interface to ensure adoption because we know without the talent participating, internal mobility cannot work. To learn more, visit worqdrive.com.



Harri is the global leader in Frontline Employee Experience. The Harri platform is built for companies that have service at the heart of their business and believe that the customer experience will never exceed the employee experience. The Harri suite of talent attraction, workforce management, employee engagement and compliance technologies enable organizations to intelligently attract, manage, engage and retain the best talent to run and improve their business. Harri serves over 20,000 restaurant and hotel locations and four million hospitality employees globally with emerging growth in retail and healthcare. www.harri.com

Footnotes

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