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## ULTIMATE SOFTWARE OFFERS CLOUD FOR HUMAN RESOURCES

Sales growth from companies that help other companies hire, manage, and track their workers are improving each day despite over job growth in the United States being pretty anemic. The human capital management field is expected to grow by 6 percent per year, hitting \$8.1 billion in revenue across the world in 2015, according to IDC. The Ultimate Software Group, from Weston, Florida, is growing much faster than those numbers mentioned above as it acquires more clients for its cloud-based human resources services. "Good people can always find another job. Your top performers are always going to have some level of mobility. So there is this beginning of a recognition that the management of talent is pretty important," said Lisa Rowan, program director for HR, talent and learning strategies for IDC. The company was founded back in 1990 by Scott Scherr, who formerly was a vice president at payroll services company ADP. Scherr is still the CEO of the company. The company targets companies with workforces of 1,000 to 10,000 employees. The company has brought in a health care organization with over 7,000 employees; a home improvement company with over 6,000 employees; and a movie theater chain from Canada with over 10,000 employees in the previous quarter. The majority of their new clients have signed with the company because of services such as performance management, salary planning, time management and recruitment. "Pipelines remain robust, and our market indicators show very healthy demands," Scherr said after the third quarter. Rowan, from IDC, says that WorkDay has been able to build an elegant system from the ground on up while other companies have had to switch to their current system while supporting clients at the same time on the old system. WorkDay is one of the toughest companies out there when it comes to competition for the Ultimate Software Group. In a note to a client written on December 13, Roth Capital analyst Nathan Schneiderman said that plenty of big 2011 contract wins will ramp up slowly. He also said that those contracts will not appear fully online until the latter half of 2012. Schneiderman also said that those reasons, and the weaker outlook for 2012, keep him cautious for the present. He went on to write that, "Ultimate remains among our fastest SaaS revenue-growth stories, and it still remains our top medium-term operating margin expansion story." New companies entering this field of work would have to build the types of services offered by Ultimate, and will find it difficult to do so. New companies would also have to figure out state and local labor laws and rules, which can be very vague and complex at the same time. As soon as a new customer is won over by Ultimate, the churn is very low, because most of those customers renew their subscriptions with Ultimate.

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