

10. Vendor Profile: Workscape Inc.

Contact Information

Company Name	Workscape, Inc.
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Business Information

Established	1999
Private/Public	Private Funded by early investors Warburg Pincus and ABS Capital and additional investors Coleman Swenson Booth Inc., HLM Management Company, AOL, BEA Systems, Inc., DaimlerChrysler, Humana Ventures, and Sun Microsystems. The company's final round of venture funding was received in December 2001.
Revenue: 2002	Approximately \$50 million; the company also achieved a break-even cash flow position in Q4 2002. Additionally, due to the company's large-scale ASP services, Workscape has the benefit of a predictable revenue model through multi-year client agreements (generally 3-5 years).
Revenue: 2001	\$35 million
Number of Employees: 2002	Approximately 300
Marquee Clients	General Motors, Nokia, PepsiAmericas, National City Corporation, Union Bank of California, USAA, Sun Microsystems, AdvancePCS, T-Mobile USA, and LSI Logic
Number of Clients	50+ mid- to large size organizations, including several very large companies (such as Nokia and Sun Microsystems) with complex international compensation planning requirements.
First Installation	Workscape acquired Noah Software in 1999 and incorporated that technology into the company's existing software suite. The first deployment of Workscape's integrated Compensation Planner solution followed in early 2000 with the release of Workscape Enterprise 3.0.

Vendor “Snapshot”: What does Workscope do?

- Workscope provides a comprehensive suite of online benefits and workforce management applications, including employee self-service, manager self-service, and online benefits administration as well as an employee portal framework. Workscope Compensation Planner was integrated with the existing suite of products following the acquisition of Noah Software in 1999. Compensation Planner is part of the manager self-service application set within Workscope Enterprise, joining Workforce Events, Executive Reporter, and Organization Builder modules.

Compensation Planner can be seen as complementary to EIM software in that it enables organizations to plan for and manage variable pay and base pay elements not managed by EIM offerings. Workscope Compensation Planner is planning and budgeting software that is not designed to manage the transactional elements of sales commissions addressed by core EIM products covered in this report.

- Workscope Enterprise is a fully Java-based web application suite that provides organizations with an integrated and comprehensive single-source solution for managing benefits and workforce management on an enterprise basis. In addition to standard merit and promotional salary increase, the Compensation Planner module includes broad support for multiple bonus plans with multiple weighted objectives as well as support for equity compensation such as stock option grants. Global compensation management is provided through international currency and conversion rates. Intuitive “just-in-time” decision support tools and real-time calculators, in addition to sound data management capabilities of the product, ensure visibility, flexibility and control for users throughout the entire compensation planning process.
- With complementary modules such as Workforce Events and Executive Reporter, companies can extend the value of their investment by enabling such things as off-cycle salary changes or spot bonuses outside the focal

planning period. The compensation planning application can be accessed via its Workscope Employee.com and Employee Central portals or as a stand-alone application consistent with a client's business needs. With the portal offering, Workscope enables easy and effective communication and application access for both managers and employees alike. Reports and statements as well as other functional elements are easily accessible via the 100 percent Web-based Workscope Employee Portal interface, simplifying the delivery model for customers. In other words, flexibility is maximized and adjustments are simplified – elements that can pose challenges to competitive offerings.

- Workscope maintains extensive partnerships with leading systems integrators (such as Deloitte and Touche, Towers Perrin, Watson Wyatt Worldwide, and Cedar), and technology alliances (such as AOL, Authoria, and Edify).
- While not currently supported, Workscope has stated that it is currently exploring the inclusion of incentive management functionality to complement the planning and management capabilities of the Compensation Planner module. This will likely be accomplished in the short term via a partnership with one of the leading EIM vendors. With this, Workscope would represent a complete end-to-end base salary and variable pay planning and incentive management offering with rich complementary functionality to provide a holistic approach to compensation within mid- to large size organizations.

Strengths

Key strengths of Workscope and its software include:

- Product
 - Compensation Planner can be accessed via an intuitive browser-based interface when deployed as a standalone module, via an existing enterprise portal, or via Workscope Employee Portal. Regardless, it offers superior usability and interface, particularly

when deployed as part of a Workscope Employee Portal implementation, which allows for greater customization and tailoring of content from other systems, news sources, and productivity suites.

- Excellent role-based model that provides contextualized content for managers, non-managers, and HR administrators. In addition, “sub-roles” are made available for compensation managers, compensation specialists, and compensation generalists to extend the flexibility of the solution and allow these specialized roles.
- Strong standard reporting is provided for everything from budget compliance, variable pay modeling, and audit reports to adverse impact, plan status, and “headcount” snapshots. Ad hoc reporting requirements are provided through the use of Crystal Reports Tools and custom reporting requirements can be facilitated during the implementation process.
- Good support for international currencies – Workscope Compensation Planner allows multinational customers to work across 28 currencies and innumerable international plans.
- Flexible adjustment/modification during compensation planning process – Workscope has clearly channeled resources to ensure that HR managers and administrators can “shift on the fly” with regard to changing plan parameters such as guidelines and budgets.
- Sound product architecture – The entire Workscope Enterprise suite is based on the J2EE standard. The inherent Web-based architecture minimizes maintenance and deployment times while maximizing scalability (reported levels of up to 14,000 plan completions per day for Workscope’s largest hosted customer and several locally installed customers managing compensation for upwards of 50,000 employees worldwide).

- Company
 - Sound financial record with reported profitability achievement in late 2002.
 - Strong product vision with a holistic approach – Workscape Enterprise not only offers compensation planning and base/variable salary management, but also leading benefits administration and a variety of employee/manager self-service applications.
 - Strong cross-industry customer base with a good number of references using Workscape products globally.
 - Strong professional services and technical support (24/7 international support available). Workscape is able to leverage partnerships with leading systems integration firms when required or requested.

Considerations

Key considerations for Workscape and its software include:

- Product
 - Only adequate multilingual capabilities – currently English is the primary language for interface elements and help files. Customization of the interface requires the use of an XML-based utility. According to Workscape, the near-term product roadmap does include support for switching language of preference on the interface.
 - Pure compensation planning solution – no native ability to administer or calculate against plans created by the software. It should be noted that Workscape has stated that it is currently exploring the inclusion of incentive management functionality to complement the planning and management capabilities of the Compensation Planner module.

- Company
 - No global presence – Workscape maintains all support and service operations at its headquarters in Massachusetts, although 24/7 support is available for global customers. It should be noted that Workscape is in the process of evaluating locations for international offices.
 - Workscape has a markedly aggressive strategy in terms of both enhancing existing product functionality and building/acquiring complementary products. Failure to execute on this strategy may adversely affect the business.
 - The market for compensation planning software has only recently been defined. Currently, market researchers and analysts have begun identifying the software as Enterprise Compensation Management. Prior to this new moniker, compensation planning fell under the much broader category of “Human Capital Management” as a solution that helps attract and retain key talent through sound compensation planning processes. Failure of the compensation planning segment to gain traction among customers may see the solution roll-up into broader human resources offerings or be engulfed in EIM solutions in the long term.

Company Background

Workscape was founded in 1999 by current Chairman Jim Carlson and President and CEO Tim Clifford. A privately owned company with a final round of venture capital in December 2001, Workscape has received funding from such investors as Warburg Pincus, ABS Capital, Coleman Swenson Booth, AOL, BEA Systems, Sun Microsystems, and Humana Ventures. Through in-house development as well as the acquisition of ECS, Edify, and Noah Software, Workscape has developed a comprehensive product suite that delivers employee and manager self-service applications, benefits administration and compensation planning.

Currently, there are more than 140 customers worldwide for the company's Workscope Enterprise suite supporting in excess of seven million employees. Customers are typically mid- to large size organizations with 5,000 to more than 100,000 employees. The Workscope Compensation Planner module has more than 50 customers in various stages of production with many of those supporting international compensation planning requirements.

The company is headquartered in Framingham, Massachusetts and employs a dedicated research and development team of more than 50 people (about 20 percent is dedicated to the Compensation Planner product) and a fair sized technical support and professional services operation as well at that office.

Product Background

Compensation Planner was originally integrated with Workscope 3.0 in early 2000. Since then, Workscope Enterprise has undergone several point releases and a major release that featured enhancements to existing manager and employee self-service applications, a completely overhauled product architecture to support the J2EE standard, improved workflow, and new plan administration, decision support, and reporting features for the Compensation Planner module.

Compensation Planner provides functionality that addresses plan creation, plan administration, data management, organization (payee) management, and reporting.

Compensation Modeling and Planning – Compensation managers and administrators can budget and model not only base salary, merit and promotional salary increase but also a variety of bonus and stock option plans. Once budgets and plans are set, compensation managers can distribute proposed plans to executives and management for recommendations as part of the product's workflow capabilities.

Once plans are approved and in place, Compensation Planner is made available to individual managers to work out base and variable compensation for individual reports. Onscreen, interactive features of Compensation Planner simplify the process for managers. For example, sorting and analysis, complemented by extensive but straightforward standard reports, can be conducted in short order. Also, a decision support, or “guidance system,” is available throughout the planning process to provide managers with information about guidelines, recommendations, and so forth.

Calculators and dynamic “snapshots” of plans and the effects of proposed modifications are available through a centralized, browser-based view. This enables the manager to see performance rating distributions, ranges, exceptions, and overall impact of proposals on their team, department, or individual budget.

Exceptions to compensation plan guidelines are highlighted, alerting managers of the need to resolve or bypass the exception. Upon plan approval (again, arrived at through the product’s more than adequate workflow capabilities), the compensation team and managers can begin working with specified plans, controlled with timelines, notifications, and alerts to ensure deadlines are met.

The real differentiator with respect to the planning capabilities of Compensation Planner lies in the intuitive and straightforward functionality made possible by Workscape’s superior user interface. Uncomplicated yet flexible and powerful controls are made available in a remarkably intuitive environment. Managers are not left to their own devices at any point, whether they are planning merit increase, bonus allotment, stock plan, or other variable pay components.

In terms of managerial planning for various compensation aspects, Compensation Planner allows for:

Salary Planning – Managers have access to historic and current employee data, as well as competitive market data, throughout the planning process. Managers are free to make recommendations that fall outside the plan guidelines and submit them for approval for such things as merit increases, promotions, or lump sum/spot bonuses adjustments. Performance ratings can be entered or imported from a performance management system to allow managers to more closely analyze pay for performance criteria.

Finally, spot bonuses, salary adjustments or other “off cycle” work performed during non-planning periods can be conducted via the Workforce Events module of Workscape Enterprise. Working in complement to Compensation Planner, Workforce Events supports an array of additional off-cycle transactions including salary changes, bonus awards, job changes, voluntary terminations, organization transfers, and status changes.

- **Variable Pay Planning** - Designed to accommodate management incentive programs, allowing line managers the flexibility to indicate specific employee target percentages, performance percentages, or a fixed bonus amount for multiple bonus plans with multiple weighted objectives. Managers can obtain ad hoc reports at any time to view the impact of their recommendations on budgets or compensation guidelines.
- **Stock Planning** – Managers can designate a percentage of salary, dollar value, or specific share amounts and view reports of share allotment.

Plan Review - Upper level managers and executives can use Compensation Planner to view a comprehensive report or summary view of budgets and subordinate plans. These managers can verify that company strategic compensation directives are being met, and ensure an appropriate level of consistency in their operating units. An automated roll-up process eliminates the need for spreadsheet aggregation and reconciliation, and other manual, paper-based processes. The ability to view the status of a plan in process gives senior management and the compensation/human resources team visibility into the

process along the way, avoiding discovery of issues at the last moment. Summary charts, exception listings, and worksheets allow straightforward decision making for faster approvals. Reviewers may drill-down to see incumbent details, and can make comments or changes to recommendations. Approval or rejection in this automated method reduces planning rework, decreases cycle time, provides critical visibility into variance data, and eliminates post-implementation issues.

Plan Administration – In the same vein as all Workscape Enterprise modules, Compensation Planner offers superior self-service functionality. Security and permissions delegation are carried out by plan administrators in a straightforward manner. Roles can be assigned for managers, non-managers (employees), and administrators, and “sub-roles” can be assigned for compensation administrators/managers, specialists, and generalists to provide specialized users with increased flexibility and functionality.

Participant management is also carried out using the plan administration tools. Compensation managers can define merit budget, salary adjustment budget and promotion budget values, define performance ratings, and determine variables for pro-ration, for example, on a group or individual basis.

Again, leveraging the Workforce Events module, HR managers and administrators can access the system year-round to make recommendations or modifications to existing compensation elements. This helps transform compensation planning into a year-round process as opposed to an annual ritual.

Reporting Functionality - Reporting is available to all users of the Compensation Planner module. A good selection of stock reports are included with Compensation Planner and using Crystal Reports Tools, customers can tailor existing reports to their specific needs or create custom reports. Ad hoc reporting for managers and administrators is basic but certainly adequate.

Rules Management – Compensation Planner comes with a standard set of business rule templates and entry edits rules. However, custom business rules can be accommodated during implementation. Additionally, exceptions, guidelines and other compensation rules are all stored in a central repository for reusability purposes.

Data Management and Integration – Workscope has a proven track record of handling the complex system integration and data management requirements of compensation planning. Data from major Enterprise Resource Planning (ERP) (PeopleSoft, Oracle, and SAP), Customer Relationship Management (CRM), and other business systems is readily handled, as is access to legacy data on mainframe or midrange systems. Data can be imported/exported leveraging native data extraction and loading tools. Workscope leverages Oracle as its repository for all compensation data and elements.

Internationalization – Workscope currently supports 56 countries and 28 international currencies. While Compensation Planner has several large multinational customers, the interface is currently available in English only. The product does not currently support multi-byte character sets but Workscope has outlined plans for support in the near future.

Services and Support Background

Workscope provides customers with standard 8 – 6 (EST) telephone support with 24/7 telephone support for critical issues. Workscope also maintains a skilled staff of project managers with diverse expertise in such areas as UNIX, database administration, network and security, and Windows NT, to assist the technical support team.

Workscope offers a full range of training and education from project kickoff, through advanced project team training, and “train the trainer” programs. Courses range from basic level overviews to advanced architecture and technical

training. Training can be at the customer site or at Workscape's training facility in Framingham, Massachusetts.

Pricing

A typical implementation for 15,000 to 20,000 employees being planned for ranges from \$250,000 to \$400,000 with services and support ranging from 150 to 200 percent of that software licensing cost.

HR.com Findings and Conclusion

While a relatively new focus of the company in terms of marketing and product development within the scope of Workscape Enterprise, Compensation Planner is by no means a lightweight offering. Compensation Planner has been offered for more than three years as both a standalone solution and a module within Workscape's product suite. Noah Software, the previous developer of the module, had a wealth of expertise in the field of compensation design, which Workscape has leveraged. The elements of modeling, plan creation, and reporting are all more than adequate to meet the needs of mid- to large size organizations. The sound product architecture ensures that plan complexity and scalability requirements of these types of customers are readily accommodated.

In terms of direct competition, Compensation Planner runs head-to-head with modules from Advanced Information Management (AIM) and Kadiri. Suite vendors, such as Oracle and PeopleSoft also have competitive offerings but do not offer the richness of functionality that Compensation Planner does. In terms of pure-play competitors, Workscape Compensation Planner stacks up fairly well. What Compensation Planner lacks in advanced analytics, compliance, and other highly advanced functionality offered by a product like Kadiri (that focuses solely on compensation planning), it more than makes up for in both ease-of-use, flexibility, and incorporation within the overall product vision and strategy of Workscape Enterprise.

Compensation Planner does not, however, offer support for transactional incentive pay automation – the solution primarily focused on in this report. It should be noted that Workscape has outlined plans to provide this functionality in the future.

Both the larger Workscape Enterprise product suite and Compensation Planner on a standalone basis have admirable customer bases comprised of mid- to large size organizations, many of which are identified as “thought leaders” in terms of leveraging technology for human capital management.

Given the product’s outstanding interface and ease of use, ability to meet or exceed the fundamental functional requirements of compensation planning, and strong product strategy, it is not unlikely that Compensation Planner will realize (and is worthy of) a good deal of attention among both existing and prospective customers.

When to buy

If your organization is a current Workscape Enterprise customer and has plans to automate the compensation modeling, planning, and administration process for salary, merit/bonus, stock, and other variable pay elements, then Compensation Planner is definitely an immediate shortlist candidate.

If your organization is pursuing a pay-for-performance model, the natural fit of performance management software and compensation/EIM software is not to be overlooked. Compensation Planner is more than capable of leveraging employee performance data for use throughout the compensation planning process. With Workscape stating its intention to investigate/build incentive management functionality into the offering, it is worth considering Compensation Planner in hopes that it will meet the needs of a holistic pay-for-performance software solution in the future.

Finally, Compensation Planner is ideally suited for mid- to large size organizations with tens of thousands of employees, but is capable of scaling down as well. The price point is inline with industry averages and Workscape has a solid reputation for delivering quality support and services.

What to watch

Workscape has a rich heritage in the delivery of market-leading manager and employee self-service HR applications and Compensation Planner is beginning to gain traction. The company does, however, have an aggressive product strategy that may not only strain existing resources but may pose more challenges than are immediately identifiable. For example, the idea of including complementary EIM functionality to support Compensation Planner's variable pay planning and management capabilities is sound; however, it is certainly easier said than done. It will be worth noting the continued commitment to delivering on this goal and the ability to execute. It should be noted that Workscape has outlined plans to partner in order to deliver the EIM functionality within Workscape Enterprise.

Finally, the ties of a highly specialized application like compensation planning and management with traditional benefits administration and manager/employee self-service may not be that clear to existing or new customers. If your organization does not have plans to deploy or enhance these supplemental offerings to Compensation Planner, or your need is based squarely on compensation planning, then due diligence should be exercised to ensure that you are not getting technology you do not want or need.

HR.com Evaluation Chart: Workscope Inc.

(Note: The following Evaluation Chart is based on the functionality of Workscope Compensation Planner on its own merit and as it compares with Kadiri only (the only pure compensation planning product evaluated in this guide) and *not* as it compares with the pure-play and suite vendor offerings of EIM software)

Company	▲▲▲▲
Technical Platform	▲▲▲▲+
System Administration and Plan Management	▲▲▲
Reporting	▲▲▲
Modeling	▲▲▲+
Internationalization	▲▲▲+
Usability	▲▲▲▲▲
HR.com Overall Rating	▲▲▲▲

- ▲▲▲▲▲ = Outstanding
- ▲▲▲▲ = Excellent
- ▲▲▲ = Good
- ▲▲ = Fair
- ▲ = Poor
- + = Positive Degree (of rank)
- = Lesser Degree (of rank)

Company – ranking based on financial viability, mindshare, market presence, number of customers, maturity of product, proven ability to execute on strategy, and other business metrics.

Technical Platform – technical soundness of product offering

System Administration and Plan Management – strength of functionality for this element of compensation planning

Reporting - strength of functionality for this element of compensation planning

Modeling - strength of functionality for this element of compensation planning

Internationalization - strength of functionality for this element of compensation planning

Usability – ease of use, interface, navigability, look and feel of the compensation planning software

Overall Rating – HR.com evaluation based on discussions with vendor, demonstration of vendor offering, discussion with vendor customers, and research-based opinion of company, strategy, vision, and performance.

[There is no "Product Overview Chart" of Workscope Compensation Planner as the features and functionality of the software are significantly different than those of the enterprise incentive management software covered in this Buyer's Guide. A more comprehensive overview of the product and its components is provided to explain the overall functionality of the Workscope Compensation Planner "compensation planning" software.]

