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SMB HCM Technology Value Matrix 2025

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The Bottom Line

Small and midsize businesses (SMBs) are continuing to mature their HR operations and subsequent technological requirements. SMB-focused HCM vendors have matched this pace, with functionality designed to meet the needs of these organizations where they are and continue to support them as they grow. This has led to an acceleration of feature releases through R&D, mergers and acquisitions, and partnerships with third-party providers. Generative AI maintains its status as a primary point of vendor investment, with dedicated digital assistants launched to improve the usability of platforms and answer employee inquiries that would have otherwise burdened HR teams. Additionally, AI-powered insights and suggestions in HR analytics tools can equip leaders with the understanding of data required to make informed strategic decisions. Whether SMB clients plan to scale operations or simply continue to build upon the existing benefits of their deployments, vendor support and partnership is critical to demonstrating the value of new features and ensuring that customers can maximize the returns on their investment.

Market Overview

Small and midsize businesses (SMBs) face unique HR challenges, with smaller HR teams expected to manage more work with fewer in-house resources. This has made a strong business case for a modern HCM solution that enables teams to do “more with less.” Additionally, when considering smaller organizations in more complex industries, such as healthcare or construction, lightweight functionality presents a barrier to existing operations and their ability to scale.

SMBs face unique HR challenges that can't be band-aided with lightweight solutions. Having smaller HR teams requires modern capabilities like automation to maintain efficiency.



Over the past few years, SMB-focused HCM solutions have matured in tandem with their customers, offering more advanced capabilities to match the evolving requirements of their client base. For example, leaders are investing in Generative AI-powered features, such as digital assistants to answer employee inquiries and

powered insights and suggestions in HR analytics tools to drive better decision-making. Once reserved for enterprise use cases, automation has now permeated the SMB HCM market and continues to grow in scope, enabling organizations to reduce time spent on repetitive, manual tasks. Broadly, vendors are investing in building out their suites. For providers that previously solely relied on API marketplaces and partnerships to fill functionality gaps, there has been a continued increase in new offerings through native development and acquisition. Some vendors have added global capabilities across areas such as payroll to provide customers with a more comprehensive, consistent experience across disparate international workforces.

Customer support and success resources continue to be crucial to the success of an SMB HCM deployment, not just in terms of configuring a system to current needs but ensuring that the setup drives increased value over time. This includes ensuring that customers are made aware of new features and their potential benefits, as well as helping them to keep up with changes in compliance regulations. Given this, proactive and continuous vendor engagement has become a non-negotiable.

In this year's Value Matrix, Nucleus assessed select HCM vendors with solutions built to support small and midsize organizations, with the ability to scale up to meet the needs of companies with up to 2,500 employees. Vendors are positioned based on their relative product usability and functionality, highlighting the value customers drive from using the solution's capabilities (Nucleus Research X222 - Understanding the Value Matrix, December 2023.) The report is intended to serve as a snapshot of the SMB HCM technology market, inform customers about the specific ways vendors are delivering value, and take stock of what can be expected in the future based on current investments.

Several vendors have introduced generative AI capabilities, adding to foundational benefits.

Continuous support is crucial to the success of an SMB's HCM deployment on an initial and ongoing basis.

Leaders

Leaders in the Value Matrix include ADP Workforce Now, HiBob, isolved, Paycor, Paylocity, and UKG Ready.

HiBob

HiBob's cloud-based HCM platform, Bob, includes modules for core HR, talent, hiring (ATS), onboarding, time and attendance, compensation, UK payroll, payroll hub, performance, learning, workforce planning, and people analytics. Built to serve as a central system of record for all of an organization's people, Bob has an intuitive, social media-like interface that eases adoption and drives user engagement. It delivers a cohesive experience across the workforce, with configurable employee profiles that can serve as a single source of record for the entire system. The platform's org chart enables users to better understand the relationships between different employees, teams, and departments. Users can add information such as hobbies and birthdays to their employee profile, and the org chart also offers the ability to filter employees by hobbies, nationality, location, and more. Additionally, Bob has a timeline feature that marks milestones such as recognition, work achievements, performance reviews, and compensation updates.

The solution combines traditional task management with HR processes to automate workflows across areas including onboarding and offboarding, reporting, and compensation management. This enables HR teams to increase productivity and allocate more time to strategic functions, such as improving retention. As it continues to innovate, HiBob provides customers with a sandbox environment to test out new capabilities before they are implemented. Bob won the Nucleus ROI Award for HCM in 2022, 2023 and 2024.

Recent updates and announcements include:

► Bob Hiring

In April 2024, HiBob released Bob Hiring, which seamlessly integrates recruitment into the flow of work while aligning with workforce planning, ensuring businesses can proactively hire the right talent at the right time, optimize headcount strategies, and support long-term growth with data-driven insights.

► UK Payroll

In September 2024, HiBob launched its UK Payroll solution, using HR and payroll data within Bob, such as sick leave, holidays, variable payments, and policy changes to keep payroll up-to-date for UK customers.

Bob combines traditional task management with HR processes to automate workflows across areas including onboarding and offboarding, reporting, and compensation management.

Over the past year, HiBob has launched Bob Hiring, Bob learning, and UK payroll.

► Bob Learning

In October 2024, the vendor announced the launch of Bob Learning, an integrated learning and development module that unifies in-house content with courses from providers such as Udemy, Go1, and LinkedIn Learning. The module also offers AI-powered course design, enabling customers to create personalized learning paths using a variety of media formats.

► Mosaic Acquisition

In February 2025, HiBob announced its acquisition of financial planning & analysis platform, Mosaic. The move will enable HiBob to offer an integrated HR and finance solution to improve insight into how workforce productivity and employee engagement drive business outcomes.

HiBob's acquisition of FP&A provider, Mosaic, will enable the vendor to offer an integrated solution for HR and finance.