

# The Workday Wake-Up Call for HR Tech

Performance Management in the AI Era



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Episode 1

## MARKET ANALYSIS

# Why All-in-One HRMS Suites Struggle with AI

The Workday lesson for buyers evaluating HRMS vendors

## Case Study: Workday's AI Transformation Journey

### February 2025:

Cut 1,750 jobs (8.5% of workforce) to fund AI investment and restructuring across all modules

### 12 Months of Work:

Retrofitting AI into existing platform architecture built in mid-2010s

### February 2026 (Now):

Cut another 400 jobs (2%). Co-founder returns as CEO. Stock down 40% over 12 months.

### Current Status:

After 12 months and 2,150 total job cuts, AI still not fully delivered. Industry analysts estimate 2-3 year total timeline.

## All-in-One HRMS Suite

Workday, SAP, Oracle, etc.



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## Specialized Performance SaaS

Focused, single-domain players



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## What This Teaches Us About All-in-One HRMS Vendors



### The Scope Challenge

When you manage payroll, benefits, recruiting, performance, compliance, AND finance, adding AI means retrofitting it across EVERYTHING. That's why it takes years.



### The Resource Allocation

Performance AI competes with payroll AI, recruiting AI, etc. for development resources. Nothing gets 100% focus.



### The Timeline Reality

Workday's 2-3 year timeline isn't unique. That's typical for all-in-one vendors retrofitting AI into legacy architecture.



### The Opportunity Window

While large vendors restructure for AI, there's a 2-3 year window for specialized solutions that have AI today.

Market Analysis • Feb 2024



## Why This Matters for Performance Management AI

### For All-in-One Vendors

Performance AI competes with payroll AI, recruiting AI, benefits AI for resources. Gets deprioritized because compliance modules are more urgent.

### For Specialists

Every AI dollar goes to performance and OKRs. No competing modules. Can deliver sophisticated capabilities while all-in-one vendors are still planning.

### Timeline Reality

Workday's 2-3 year AI timeline is for ALL modules. Performance-specific AI? Likely not prioritized until later phases. Specialists deliver in months.

### Integration Question

Modern APIs make best-of-breed integration seamless. You get specialist innovation speed WITHOUT losing HRMS connectivity.

## Questions for HRMS Buyers

If you're evaluating all-in-one HRMS vendors, ask:

"What AI capabilities are LIVE today vs. on roadmap?"

"What's your realistic timeline for AI in performance management specifically?"

"Will you need workforce restructuring to fund AI development?"

"Can I use specialized tools for performance while you build AI?"



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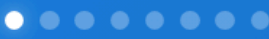


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## Best-of-Breed vs. All-in-One Suite

Why specialized performance SaaS innovates faster on AI

### All-in-One HRMS Suite

Workday, SAP, Oracle, etc.

### Specialized Performance SaaS

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#### Must Add AI to All Modules:



Payroll & Compensation



Benefits Administration



Recruiting & Onboarding



Performance Management



Compliance & Reporting



Financial Management



Workforce Planning



Learning & Development

#### Deep Focus on ONE Domain:



Performance Management



OKR Framework & Alignment



Goal Setting & Tracking



Continuous Feedback



Skills Intelligence



Performance Analytics



Development Planning



Recognition & Engagement

## The Strategic Question

Do you need your all-in-one vendor to eventually add AI to performance (2-3 years)? Or do you need intelligent workforce performance and OKRs TODAY from specialists who only focus on that?

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## The OKR & Performance Intelligence Gap

What all-in-one HRMS vendors don't prioritize

All-in-one HRMS platforms excel at payroll and compliance. But when it comes to modern performance management—OKRs, continuous feedback, AI-powered insights—there's often a significant gap.

### ✗ What's Missing in All-in-One HRMS Performance Modules

#### No Native OKR Framework

Most all-in-one vendors don't support Objectives & Key Results natively. They have annual reviews, not continuous goal alignment and cascading objectives.

#### Annual Reviews, Not Continuous

Built for compliance (annual performance docs), not for modern continuous feedback, check-ins, and real-time performance intelligence.

#### No Performance AI Today

Even if they promise "AI coming," performance module is low priority vs. payroll, recruiting, benefits where compliance drives urgency.

#### No Skills Intelligence

Can track job titles and compensation, but can't identify skills gaps, adjacent capabilities, or AI-powered development paths.

#### Limited to Core HRMS Data

Performance insights limited to what's in HRMS (basic employee data), not enriched with external signals or predictive analytics.

#### One-Size-Fits-All Approach

Performance module designed for large enterprises. SMB and mid-market get same heavy features, not tailored solutions.



### Why Specialized Performance SaaS Delivers This

When your ONLY focus is performance management and OKRs, you build deeper capabilities. All-in-one vendors spread resources across payroll, benefits, recruiting, compliance. Specialists invest 100% in making performance AI exceptional.



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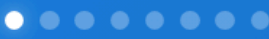



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## What Intelligent Workforce Performance Actually Requires



### Modern OKR Framework

Cascading objectives, key results with progress tracking, alignment visibility across teams, flexible frameworks (not just annual goals)



### Continuous Feedback Loops

Real-time check-ins, 360-degree feedback, manager-employee dialogue beyond annual reviews, recognition in the flow of work



### AI-Powered Insights (Live Today)

Predictive performance analytics, flight risk detection, skill adjacency mapping, development recommendations powered by Gen AI



### Skills Intelligence

Dynamic skills inventory, gap analysis, learning path suggestions, capability planning for strategic initiatives



### Real-Time Analytics

Performance trends, engagement signals, team health metrics, proactive intervention triggers—not just historical reporting



### Global & Mobile-First

Multi-language support (10+ languages), native mobile apps (iOS + Android), not just desktop web responsive design

## The Question for Buyers

Does your all-in-one HRMS vendor have native OKRs? Continuous feedback? Performance AI live today? Multi-language support? If not, how many years will you wait while competitors use specialized tools to get this NOW?

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# The Performance Management Bundling Trap

When "included" costs more than you think








## The All-in-One HRMS Vendor Pitch

|| *Why pay separately for performance management? We already handle your payroll, compliance, and benefits. Just add our performance module—it's all in one platform. Simpler for you, better integration, one vendor to manage.*








Sounds convenient, right? Here's what they don't tell you...

## True Cost Comparison (3 Years)

### Bundled Performance Module

Direct Cost	Lower 
OKR Capabilities	None 
AI Features (2026)	Zero 
Multi-language	Limited 
Innovation Speed	Slow 
Competitive Lag	High 
Exit Flexibility	Locked 

### Specialized Performance SaaS

Direct Cost	Separate 
OKR Capabilities	Native 
AI Features (2026)	Live Today 
Multi-language	10+ Languages 
Innovation Speed	Fast 
Competitive Lag	Ahead 
Exit Flexibility	Flexible 



## The Strategic Question

What's the true cost of "bundled" performance management? Lower upfront price, but you get no OKRs, no AI, slow innovation, vendor lock-in, and competitive disadvantage. Sometimes "included" is the most expensive option—because you lose market position while waiting for capabilities that may never come.



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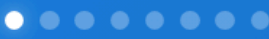


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## The Hidden Costs of "Bundled" Performance Management



### No OKR Framework

Their "performance module" is annual reviews and forms. Not modern continuous performance with OKRs, alignment tracking, or real-time insights.



### Years Behind on AI

While specialized vendors deliver AI-powered performance insights today, bundled modules are 2-3 years away (if ever). You wait while competitors advance.



### Slow Innovation

Performance is just ONE of 10+ modules competing for development resources. Gets updates once a year, not continuous innovation like specialists.



### Vendor Lock-in

"Simpler integration" really means harder to leave. When their performance module falls behind, you're stuck because everything else is bundled.

Best-of-breed costs more upfront. But delivers capabilities bundled solutions can't match.

Buyer Education • Feb 2026



### Not Really "Included"

It's priced into your overall contract. You're paying for inferior performance tools whether you use them or not. Can't opt out even if you want better.



### Limited Global Capabilities

Few languages, web-first (not mobile-native), built for large enterprises not mid-market, one-size-fits-all approach.

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End of  
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